

Stanton Territorial Health Authority

Financial Statements

March 31, 2015

Stanton Territorial Health Authority

Financial Statements

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Management's Responsibility for Financial Reporting

June 26, 2015

To the Minister of Health and Social Services
Government of the Northwest Territories
and
To the Public Administrator
Stanton Territorial Health Authority

The accompanying financial statements were prepared by management in accordance with Canadian Public Sector Accounting Standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent with the information contained in the financial statements.

Stanton Territorial Health Authority maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Authority acts in accordance with the laws of the Northwest Territories. The Authority's management recognizes its responsibility for conducting the Authority's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial Health Authority.

The external auditors annually provide an independent, objective audit for the purposes of expressing an opinion on the financial statements. They also consider whether transactions which come to their notice in the course of this audit are, in all significant respect, in accordance with the specified legislation.

Brenda Fitzgerald
Brenda Fitzgerald
Chief Executive Officer
Stanton Territorial Health Authority

Gloria Badari
Gloria Badari, CGA
Director of Corporate Services /
Chief Financial Officer
Stanton Territorial Health Authority

Independent Auditors' Report

**To the Minister of Health and Social Services
Government of the Northwest Territories
and
To the Public Administrator
Stanton Territorial Health Authority**

We have audited the accompanying financial statements of the Stanton Territorial Health Authority as at March 31, 2015, which comprise the statement of operations and the statements of financial position, changes in net financial debt, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. We have also audited the revenues and expenditures for all programs funded through contribution agreements with the Department of Health and Social Services which total \$250,000 or more as listed on Schedule F.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management is also responsible for the preparation of the revenues and expenditures of all programs funded through contribution agreements with the Department of Health and Social Services which total \$250,000 or more in accordance with the financial guidelines of the Department of Health and Social Services.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



Independent Auditors' Report (continued)

Basis for Qualified Opinion

Salaries and related benefits paid to employees of the Authority are administered by the Government of the Northwest Territories and are audited as part of the Government of the Northwest Territories' audit. Our audit scope was limited as we did not audit the components of compensation and benefits expenditures and related balances. Accordingly, we were not able to determine whether any adjustments might be necessary to compensation and benefits expenditures, payroll liabilities, employee future benefits, net financial resources, and accumulated deficit as well as note disclosures associated with transactions and year-end balances relating to compensation and benefits.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material aspects, the financial position of the Stanton Territorial Health Authority as at March 31, 2015, and its financial operations, changes in its net financial debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards, applied on a basis consistent with the preceding year. Furthermore, except for the limitation relating to payroll as described above, Schedule F presents fairly, in all material respects, the revenues and expenditures of all programs funded through contribution agreements with the Department of Health and Social Services which total \$250,000 or more for the year ended March 31, 2015, in accordance with the financial guidelines of the Department of Health and Social Services.

Report on Other Legal and Regulatory Requirements

We further report in accordance with the Financial Administration Act of the Northwest Territories that, in our opinion, proper books of account have been kept by the Authority, the financial statements are in agreement therewith, and the transactions that have come under our notice have, in all material aspects, been within the statutory powers of the Authority.

Yellowknife, Northwest Territories
June 26, 2015

Crowe MacKay LLP
Chartered Accountants

Stanton Territorial Health Authority

Statement of Financial Position

STATEMENT I

As at March 31,

2015

2014

Restated (Note 14)

Financial Assets

Cash	\$ 2,679,857	\$ 2,647,247
Special purpose funds (Note 4)	153,553	355,732
Trust assets (Note 5)	14,205	11,606
Accounts receivable (Note 6)	18,478,218	19,106,984
	21,325,833	22,121,569

Liabilities

Accounts payable and accrued liabilities (Note 7)	\$ 7,843,920	\$ 7,726,057
Payroll liabilities (Note 8)	31,873,539	25,852,993
Capital advances (Note 9)	23,081	216,663
Employee future benefits (Note 10)	6,262,908	5,938,203
Deferred revenue (Note 11)	-	2,975
Trust liabilities (Note 5)	14,205	11,606
Total Liabilities	46,017,653	39,748,497
Net Financial Debt	(24,691,820)	(17,626,928)

Non Financial Assets

Prepaid expenses (Note 12)	640,408	281,839
Inventories held for use (Note 13)	1,718,743	1,716,493
	2,359,151	1,998,332
Accumulated Deficit (Note 14)	\$ (22,332,669)	\$ (15,628,596)

Contingent Liabilities (Note 15) Contractual Obligations (Note 16)

Approved on behalf of the Authority

Brenda Fitzgerald
Brenda Fitzgerald
Chief Executive Officer

Gloria Badari
Gloria Badari, CGA
Director of Corporate Services /
Chief Financial Officer

STATEMENT II**Stanton Territorial Health Authority****Statement of Operations****For the year ended March 31,****2015****2014**

Restated (Note 14)

	(unaudited) Budget	Actual	Actual
Revenue			
Operating advances from the GNWT (Schedule A)	\$ 89,049,000	\$ 88,956,187	\$ 83,957,155
Other recoveries (Schedule B)	22,947,480	20,574,359	24,226,215
Other revenues (Schedule C)	1,923,599	2,027,522	5,029,998
Non-insured recoveries and expenditures (Schedule E)	9,104,000	9,444,825	8,784,685
Interest revenue	70,000	89,084	77,486
	123,094,079	121,091,977	122,075,539
Expenditures			
Administration and support services (Schedule D)	45,846,979	46,868,195	45,322,476
Nursing inpatients/residents (Schedule D)	22,484,999	23,167,080	21,970,394
Ambulatory care services (Schedule D)	28,381,182	26,713,934	26,781,039
Diagnostic and therapeutic services (Schedule D)	18,718,352	19,203,296	17,897,485
Community health services (Schedule D)	877,961	775,164	775,286
Education (Schedule D)	1,372,529	1,305,607	775,140
Undistributed (Schedule D)	249,500	317,949	344,227
Non-insured recoveries and expenditures (Schedule E)	9,104,000	9,444,825	8,784,685
	127,035,502	127,796,050	122,650,732
Operating Deficit	(3,941,423)	(6,704,073)	(575,193)
Prior Year Funding Received (Note 17)	-	(370,187)	(1,379,155)
Operating Deficit Before Prior Year Funding	(3,941,423)	(7,074,260)	(1,954,348)
Unfunded Item:			
Change in employee leave and termination benefits (Note 10)	-	324,706	365,277
Annual Deficit Before the Following:	(3,941,423)	(6,749,554)	(1,589,071)
Rent expense - GNWT assets provided at no cost (note 18)	-	(2,405,173)	(2,381,450)
Grant-in-kind - GNWT assets provided at no cost (note 18)	-	2,405,173	2,381,450
Annual Deficit	\$ (3,941,423)	\$ (6,749,554)	\$ (1,589,071)
Opening Accumulated Deficit, as previously stated	-	(15,628,596)	(15,186,068)
Change in accounting policy (Note 14)	-	-	132,665
Opening Accumulated Deficit, as restated	-	(15,628,596)	(15,053,403)
Closing Accumulated Deficit (Note 14)	\$ (3,941,423)	\$ (22,332,669)	\$ (15,628,596)

STATEMENT III**Stanton Territorial Health Authority****Statement of Changes in Net Financial Debt**

For the year ended March 31,	2015	2014	
		Restated (Note 14)	
	(unaudited) Budget	Actual	Actual
Annual operating deficit	\$ (3,941,423)	\$ (6,704,073)	\$ (575,193)
Adjustments			
Decrease / (increase) in inventories held for use	-	(2,250)	(341,055)
Decrease / (increase) in prepaid expenses	-	(358,569)	77,570
Decrease (Increase) in Net Financial Resources	(3,941,423)	(7,064,892)	(838,678)
Opening Net Financial Resources	-	(17,626,928)	(16,788,250)
Closing Net Financial Resources	\$ (3,941,423)	\$ (24,691,820)	\$ (17,626,928)

Stanton Territorial Health Authority

Statement of Cash Flows

For the year ended March 31,	2015	2014 Restated (Note 14)
Net inflow (outflow) of cash related to the following activities:		
Operating transactions		
Operating surplus (deficit)	\$ (6,704,073)	\$ (575,193)
Change in non-cash assets and liabilities		
Decrease / (increase) in accounts receivable	628,766	1,109,258
Decrease / (increase) in prepaid expenses	(358,569)	77,572
Decrease / (increase) in inventory	(2,250)	(341,056)
Increase / (decrease) in accounts payable and accrued liabilities	117,862	1,789,380
Increase / (decrease) in payroll liabilities	6,020,546	(524,966)
Increase / (decrease) in deferred revenue	(2,975)	2,975
Increase / (decrease) in capital advances	(193,582)	(69,981)
Increase / (decrease) in employee future benefits	324,706	365,277
Increase / (decrease) in trust fund	2,599	1,988
Cash provided by operating transactions	(166,970)	1,835,254
Decrease in cash and restricted cash during the year	(166,970)	1,835,254
Cash and cash equivalents, beginning of year	3,014,585	1,179,331
Cash and cash equivalents, end of year	\$ 2,847,615	\$ 3,014,585
Represented by		
Cash	\$ 2,679,857	\$ 2,647,247
Special purpose fund	153,553	355,732
Trust assets	14,205	11,606
	\$ 2,847,615	\$ 3,014,585

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2015

1. Authority

The Stanton Territorial Health Authority (the "Authority") operates under the authority of the *Hospital Insurance and Health and Social Services Act* of the Northwest Territories. The Authority provides a wide range of hospital services to residents of the Northwest Territories.

The Authority is a public body performing a function of government in Canada. Paragraph 149 (1)(c) of the federal *Income Tax Act* provides that a public body performing a function of government in Canada is exempt from taxation.

2. Significant Accounting Policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board and by the directives of the Government of the Northwest Territories - Department of Health and Social Services ("DHSS"). Significant aspects of the accounting policies adopted by the Authority are as follows:

(a) Other organizations

The financial statements do not include the assets, liabilities and activities of any organizations that are related to the Authority, such as the Stanton Territorial Hospital Auxiliary or the Stanton Territorial Hospital Foundation.

(b) Funds

The Authority records financial information in individual funds that are segregated for the purpose of carrying on specific activities or attaining certain objectives. Funds established by the Authority are:

Operating Fund - reflecting activities associated with the Authority's day-to-day operations.

Leave and Termination Liability Fund - reflecting activities in employee leave and termination benefits combined with any amounts transferred from operations to fund these liabilities. This fund represents liabilities which will be funded in the year they become due through the regular annual allocations from the Government of the Northwest Territories ("GNWT").

Endowment and Special Purpose Fund - reflecting activities relating to endowments and other special purpose funds made available to the Authority under conditions specified by donors and other providers.

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2015

2. Summary of Significant Accounting Policies (continued)

(c) Surplus reserves

The DHSS policy requires the Authority to establish the following reserves:

Surplus Reserve - reflects funds maintained in a reserve according to the DHSS Operations and Maintenance Surplus Retention Policy.

Termination Benefit Reserve - the funds received in advance for the severance liability of employees who were transferred to the Authority from the GNWT. These liabilities are reduced as employees are paid out upon termination of employment with the Authority.

The Authority does not have sufficient funds to establish either of these reserves.

(d) Tangible capital assets

The GNWT retains ownership of all tangible capital assets (TCA) used by the Authority, or purchased by the Authority (regardless of source of funding for the purchase). The GNWT amortizes TCAs over the estimated useful lives of the assets at the rates established in the Financial Administration Manual over the following terms:

Buildings	40 years
Mainframe and software systems	5 - 10 years
Leasehold improvements	Lesser of useful life or lease term plus renewal option

The TCAs used by the Authority and held on behalf of, or in trust for, the GNWT are not recognized by the Authority in the financial statements.

The statement of operations reflects the amount that would otherwise be considered amortization expense for the fiscal year with an offsetting corresponding amount as a Grant-In-Kind revenue.

(e) Inventories of supplies

Inventories of supplies include inventories held for use in the process of providing services and are distributed to clients at no charge or for a nominal charge. Inventories consist of pharmacy items, parts for various equipment, and office supplies. Inventories of supplies are valued at the lower of cost and replacement value.

(f) Accrued employee leave and termination benefits

In accordance with GNWT accounting policies specified for public agencies, the Authority annually accrues estimated employee leave and termination benefits payable.

(g) Pension contributions

The Authority and its employees make contributions to the Public Service Superannuation Plan administered by the Government of Canada. These contributions represent the total liability of the Authority and are recognized in the accounts on a current basis.

The Authority and its contracted physicians make contributions to a physician directed investment fund administered by MD Management. These contributions represent the total pension liability of the Authority and are recognized in the accounts on a current basis

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2015

2. Summary of Significant Accounting Policies (continued)

(h) Revenue recognition

The Authority is primarily funded by the GNWT in accordance with budget arrangements established by the DHSS. Under the arrangements, the Authority is responsible for the net deficit from operations and is allowed to retain surpluses from core programs. Any capital funding not spent may be retained for future capital purchases. These policies do not apply to contribution agreements, where an accounting of and return of surpluses may be required.

Billings processed through ICORE system by the medical centre's billing clerks are recognized as revenue upon submission of claim to the DHSS's Health Services Administration in Inuvik.

Other revenue is recognized when the service is performed or the goods are provided.

Government transfers

Government transfers are recognized as revenues when the transfer is authorised and any eligibility criteria are met, except for the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Operating transfers are recognized as revenue in the period in which the events giving rise to the transaction occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be determined.

(i) Financial instruments

The Authority classifies its financial instruments at cost or amortized cost.

The Authority's accounting policy for this financial instrument category is as follows:

This category includes cash, special purpose funds, trust assets, accounts receivable, accounts payable and accrued liabilities, payroll liabilities, capital advances, and trust liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2015

2. Summary of Significant Accounting Policies (continued)

(j) Measurement uncertainty

The preparation of these financial statements in conformity with Canadian public sector accounting standards require management to make estimates and assumptions. This affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the updated amounts of revenue and expenses during the period. Actual results could differ from these estimates.

3. Future accounting changes

a) Related party disclosures, Section PS 2200

In December of 2014, PSAB approved Section PS 2200, Related Party Disclosures. The new section defines related parties and establishes disclosures required for related party transactions. It is expected that reasonable efforts would be made to identify related party transactions. This may involve adopting policies and procedures designed to ensure that these transactions are appropriately identified, measured and disclosed in the financial statements. Not all related party relationships or transactions occurring between related parties are required to be disclosed. Disclosure is generally required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated. However, not all of these transactions are reportable under this Section. Only those transactions that have or could have a material financial effect on the financial statements are disclosed.

The effective date for Section PS 2200 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has not yet been determined.

b) Inter-entity transactions, Section PS 3420

In December of 2014, PSAB approved Section PS 3420, Inter-entity Transactions. This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section may be applied in conjunction with Related Party Disclosures, Section 2200.

The effective date for Section PS 3420 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has not yet been determined.

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2015

4. Special Purpose Funds

	2015	2014
	Restated (Note 14)	
Donation reserves		
Elks fund	18,089	18,604
Equipment fund	\$ 31,611	\$ 61,611
Other	80,772	58,854
<hr/>		
Capital asset advance	\$ 130,472	\$ 139,069
	23,081	216,663
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	\$ 153,553	\$ 355,732
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5. Trust Assets and Liabilities

The trust assets represents cash being held in trust for patients.

	2015	2014
Patient cash in trust	\$ 14,205	\$ 11,606

6. Accounts Receivable

	Accounts Receivable	Allowance for Doubtful Accounts	Net 2015	Net 2014
				Restated (Note 14)
Government of the Northwest Territories	12,947,848	1,608,281	11,339,567	13,100,580
Government of Nunavut	1,951,038	157,963	1,793,075	735,728
Government of Canada	500,137	185,292	314,845	435,068
WSCC - NWT	606,067	50,554	555,513	466,656
WSCC - Other jurisdictions	49,232	25,176	24,056	17,878
Other receivables	6,850,535	2,399,373	4,451,162	4,351,074
<hr/>	\$ 22,904,857	\$ 4,426,639	\$ 18,478,218	\$ 19,106,984
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Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2015

7. Accounts Payable and Accrued Liabilities

	2015	2014
		Restated (Note 14)
Government of the Northwest Territories	\$ 592,504	\$ 929,527
Government of Canada	7,225	14,632
Other	7,244,191	6,781,898
	\$ 7,843,920	\$ 7,726,057

8. Payroll Liabilities

	2015	2014
Government of the Northwest Territories	\$31,873,539	\$25,852,993

9. Capital Advances

	2015	2014
Opening balance	\$ 216,663	\$ 286,644
Disbursements	(193,582)	(69,981)
Closing balance	\$ 23,081	\$ 216,663

The Authority received advances from the DHSS for purchase of capital assets for the Authority and other health authorities in the Northwest Territories. This amount represents the unexpended balance.

10. Employee Future Benefits

Under the conditions of employment, employees qualify for annual leave of varying hours depending on length of service. Employees also earn retirement and severance remuneration based on number of years of service. Certain employees will also receive assistance with removal costs to return to their point of recruitment. Annual leave is payable within one fiscal year. The payment of the other amounts is dependent on employees leaving the employment of the Authority.

These liabilities are to be funded in the year they become due through regular annual budget allocations that are received from the GNWT.

	2015	2014
Removal	\$ 1,496,820	\$ 1,429,063
Termination	2,211,960	2,132,870
Leave	2,554,128	2,376,270
	\$ 6,262,908	\$ 5,938,203

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2015

11. Deferred Revenue

Deferred revenue consists of fees collected in advance for courses with dates beyond the fiscal year end. These amounts will be recognized in revenue as expenditures are incurred.

	2015	2014
Fees collected for courses	\$ -	\$ 2,975

12. Prepaid Expenses

	2015	2014
Insurance	\$ 232,261	\$ -
Equipment and Software	194,777	87,009
Maintenance	116,800	10,079
Other	96,570	184,751
	\$ 640,408	\$ 281,839

13. Inventories held for use

	2015	2014
General	\$ 56,911	\$ 59,186
General plant	204,889	212,504
Laboratory	152,175	165,480
Medical/Surgical	763,630	739,896
Pharmacy	541,138	539,427
	\$ 1,718,743	\$ 1,716,493

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2015

14. Accumulated Deficit

	2015	2014
Unfunded leave and termination benefits	\$ (6,262,908)	\$ (5,938,203)
Donations reserve	130,736	132,665
Operating deficit	(16,200,497)	(9,823,058)
	\$ (22,332,669)	\$ (15,628,596)

During the year, the Authority combined the "endowment and special purpose" fund with the operating fund. As a result the prior years financial information changed as follows:

	As previously stated	Restated	Change
Statement of Financial Position at March 31, 2013			
Ending accumulated deficit	15,143,247	15,053,403	89,844
Statement of Financial Position at March 31, 2014			
Special purpose funds	216,663	355,732	139,069
Accounts receivable	19,106,720	19,106,984	264
Accounts payable	7,719,387	7,726,055	6,668
Ending accumulated deficit	15,761,259	15,628,596	132,665
Statement of Operations for the year ended March 31, 2014			
Interest income	77,038	77,486	448
Other revenue	21,996,970	22,050,300	448
Administration and support services expenditures	45,311,519	45,322,476	10,957

15. Contingent Liabilities

In the normal course of business, the Authority is subject to claims and pending and threatened litigation against the Authority and its staff. The Authority is defending actions brought against it and the Authority has recorded an allowance for any claim or litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. The allowance is based upon estimates determined by the Authority's legal experts experience or case law in similar circumstances.

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2015

16. Contractual Obligations

The Authority has commitments for building and apartment leases, and service agreements that will require payment in future years. The minimum annual payments for these commitments are as follows:

	Expires in Fiscal Year	2016	2017 and thereafter	Total
Commercial and residential leases	2018	\$ 390,362	\$ 226,597	\$ 616,959
Services contracts	2026	25,937,482	140,667,541	166,605,023
Total		\$ 26,327,844	\$140,894,138	\$167,221,982

17. Prior Year Funding

The Authority received funding for restricted physician funding during the year.

	2015	2014
Restricted physician Funding	\$ 370,187	\$ 1,379,155

18. GNWT Assets Provided At No Cost

	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 48,947,390	\$ 29,874,444	\$ 19,072,946	\$ 20,489,014
Mainframe and software systems	2,387,424	2,387,424	-	-
Medical equipment	16,078,036	10,231,386	5,846,650	6,372,946
Furniture and fixtures	218,604	218,604	-	-
	\$ 67,631,454	\$ 42,711,858	\$ 24,919,596	\$ 26,861,960

Rent expense for 2015 is \$2,405,173 (2014: \$2,381,450) with an offsetting grant-in-kind.

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2015

19. Pension Payable

The Authority does not have pension payable as of March 31, 2015.

20. Budget

Budget figures were those approved by the Authority's Public Administrator. The budget figures are not audited and are intended for information purposes only.

21. Economic Dependence

The Authority receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that the Authority operations would be significantly affected.

22. Comparative Figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2015

23. Expense By Object

<u>For the year ended March 31,</u>	2015		2014
	(unaudited) Budget	Actual	Actual
Expenditures			
Advertising and promotion	\$ 95,649	\$ 73,264	\$ 122,991
Communications	256,745	289,445	243,750
Compensation	66,257,676	65,336,637	63,126,004
Contracted and general services	4,504,500	4,651,767	4,336,007
Diagnostic and therapeutic supplies	976,045	989,779	1,097,541
Doubtful accounts (recovery)	-	(110,779)	2,375,567
Drugs and vaccines	2,135,135	2,379,085	1,876,198
Education	963,936	684,111	681,417
Equipment maintenance	1,176,233	1,101,237	1,043,287
General supplies	714,336	718,875	647,745
Insurance	161,208	63,386	152,629
Interest and bank charges	27,100	22,170	30,104
Leases	469,048	470,329	409,439
Maintenance and biomedical	356,000	376,530	293,479
Medical and surgical supplies	3,311,725	3,450,931	3,107,825
Medical gases	94,300	96,807	91,224
Medical travel	31,441,825	32,799,105	30,508,522
Minor capital	366,230	771,395	520,832
Non-capital renovations	109,000	113,473	306,282
Office and general administration	518,717	532,181	416,184
Postage and freight	130,500	168,447	165,587
Professional services	226,000	626,428	145,209
Purchased services	10,776,392	10,220,796	9,185,422
Travel	1,955,201	1,960,675	1,756,093
Utilities	12,000	9,975	11,394
Total Expenditures	\$ 127,035,502	\$ 127,796,050	\$ 122,650,732

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2015

24. Related Party Transactions

The Authority is related in terms of common ownership to all GNWT created departments, agencies, and corporations. The Authority enters into transactions with these entities in the normal course of business. The Authority is provided various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage and internal audit services by the Department of Finance and compensation services provided by Department of Human Resources.

Due from related parties:

	2015	2014
Accounts receivable (net of allowances):		
Government of the Northwest Territories		
Government of the Northwest Territories	\$ 4,530,331	\$ 6,206,674
Health Services Administration - THIS	3,020,231	4,018,209
Health Services Administration - NIHB	3,783,501	2,856,728
Health Services Administration - EHB	5,504	18,969
Health and Social Services Authorities		
Beaufort-Delta Health and Social Services Authority	51,091	79,147
Dehcho Health and Social Services Authority	6,180	30,697
Fort Smith Health and Social Services Authority	20,323	27,758
Hay River Health and Social Services Authority	69,326	60,226
Sahtu Health and Social Services Authority	128,204	188,761
Tlicho Community Services Agency	-	59,899
Yellowknife Health and Social Services Authority	221,606	171,257
Stanton Territorial Hospital Foundation	115,574	112,497
	\$ 11,951,871	\$ 13,830,822

Due to related parties:

	2015	2014
Accounts payable:		
Beaufort-Delta Health and Social Services Authority	18,003	495
Government of the Northwest Territories	592,504	929,527
Yellowknife Health and Social Services Authority	35,307	49,506
Payroll liabilities		
Government of the Northwest Territories	31,073,539	25,052,993
	\$ 31,719,353	\$ 26,032,521

Transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2015

24. Related Party Transactions (continued)

The Authority controls the Stanton Territorial Hospital Foundation (the "Foundation"). The Foundation raises funds to be contributed to the acquisition of assets for the Authority. The Foundation is incorporated under the *Societies Act* of the Northwest Territories and is registered as a charity under the *Income Tax Act*.

The Foundation has not been consolidated in the Authority's financial statements. Financial statements of the Foundation are available upon request. A financial summary of this unconsolidated entity is as follows:

Financial Position as at March 31,	2015	2014
Total assets	\$ 2,115,322	\$ 1,729,394
Total liabilities (1)	1,113,687	887,593
Net assets (2)	\$ 1,001,635	\$ 841,801
Results of Operations for the year ended March 31,	2015	2014
Total revenues (3)	\$ 468,677	\$ 518,906
Total expenditures	199,719	239,116
Excess of revenue	\$ 268,958	\$ 279,790
Cash Flows as at March 31,	2015	2014
Cash from operations	\$ 139,543	\$ 228,349
Cash generated by (used in) financing and investing activities	(431,297)	703
Change in cash position	\$ (291,754)	\$ 229,052

(1) At March 31, 2015 the Foundation owed \$115,574 (2014 - \$112,497) to the Authority.

(2) All of the Foundation's net assets must be provided to the Authority or be used for the Authority's benefit. In accordance with donor imposed restrictions, a surplus of \$153,742 (2014 - \$137,809) is restricted for Run for Our Lives Fund by the donors.

(3) The Authority provided \$50,000 (2014 - \$50,000) to the Foundation as an operating contribution. The Authority also provides office space to the Foundation at no charge.

Stanton Territorial Health Authority

Notes to Financial Statements

March 31, 2015

25. Risk Management

The Authority is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risk from the Authority's financial instruments by type of risk is provided below:

(i) Credit risk

Credit risk is the risk of financial loss to the Authority if a debtor fails to make payments of interest and principal when due. The Authority is exposed to this risk relating to its, cash, special purpose funds, trust assets and accounts receivable.

The Authority holds its cash, special purpose funds and trust assets deposits in trust accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Authority's cash and special purpose funds deposits in trust accounts are insured up to \$300,000.

Accounts receivable are due from various governments, government agencies, corporations and individuals. Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. Management has determined that a portion of accounts receivable are impaired based on specific identification as well as age of receivables. These amounts are as disclosed in Note 6.

The Authority's maximum exposure to credit risk is represented by the financial assets for a total of \$ 21,325,833 (2014 \$ 22,260,902).

Concentration of credit risk

Concentration of credit risk is the risk that a customer(s) has a significant portion (more than ten percent) of the total accounts receivable balance and thus there is a higher risk to the Authority in the event of a default. The Authority does have concentration risk. At March 31, 2015, receivables from one customer comprised 59% of the total outstanding accounts receivables (2014 - 82%). The Authority reduces this risk by monitoring overdue balances.

The Authority also has concentration risk of credit risk as deposits are held in one Canadian chartered bank.

(ii) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise. All of the Authority's financial assets and financial liabilities at March 31, 2015 mature within the next six months. Total financial assets are \$ 21,325,833 (2014 \$ 22,260,902 and financial liabilities are \$ 39,754,745 (2014 \$ 33,807,319). The authority has disclosed future financial liabilities and commitments in Note 16.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures, and methods used to measure the risk.

SCHEDULE A**Stanton Territorial Health Authority****Schedule of Operating Advances from the GNWT**

For the year ended March 31,	2015	2014
	(unaudited) Budget	Actual
Authority administration	\$ 4,451,000	\$ 4,451,000
Hospital services	51,847,000	51,847,000
Medical equipment	69,000	69,000
Medical travel	19,633,000	19,633,000
Physician services to NWT residents	12,958,000	12,495,000
Reallocation of surpluses - prior year	-	370,187
Social service delivery	91,000	91,000
	\$ 89,049,000	\$ 88,956,187
		\$ 83,957,155

SCHEDULE B

Stanton Territorial Health Authority

Schedule of Other Recoveries for Direct Charges for Services

For the year ended March 31,	2015	2014	
	(unaudited)		
	Budget	Actual	Actual
Other Recoveries from the GNWT	\$ 16,145,367	\$ 13,840,796	\$ 17,052,738
Other Direct Recoveries			
Government of Canada	295,600	228,866	277,004
Government of Nunavut	2,258,400	2,083,101	2,038,056
Other	3,274,013	3,046,377	3,950,008
Union of Northern Workers	158,000	190,254	198,853
Workers' Safety and Compensation Commission	816,100	1,184,965	709,556
	6,802,113	6,733,563	7,173,477
	\$ 22,947,480	\$ 20,574,359	\$ 24,226,215

SCHEDULE C**Stanton Territorial Health Authority****Schedule of Other Revenues****For the year ended March 31,**

		2015	2014
	(unaudited)		
	Budget	Actual	Actual
Other Revenues from the GNWT			
Department of Health and Social Services			
Allocation from Capital Advance for Cystoscopes	\$ -	\$ 193,582	\$ 69,981
Breast Cancer Risk Factor Brochure	- -	3,000	-
Chief Clinical Advisor (HSS01 - 2744)	399,000	388,492	87,419
Healthy Children, Families and Communities			
Work Plan (HSS01 - 2654)	177,167	157,146	147,895
French Language Services (HSS01 - 2170am1)	229,700	110,642	85,187
Deputy Chief Public Health Officer (HSS01 - 2435)	410,397	397,790	363,593
MNE Graduate Nurse Placement (HSS01-2624am1, 2625am1, 2626am1, 2627am1, 2628am1, 2629am, 2630am1, 2631am1, & 2638am1)	479,339	468,653	104,002
EMR Ergotron Equipment	- -	17,753	-
Implementation Specialist for the Electronic Medical Record (HSS01 - 2497)	66,678	66,249	8,505
Foot Care Training Program for NWT Health Care Practitioners (HSS01 - 2454)	14,450	11,732	14,248
THSSI - Medical Travel (HSS01 - 2239)	- -	- -	3,200,000
THSSI - Physician Staffing Model, Dialysis Program, Physician Resident Program (HSS01 - 1883)	- -	- -	764,000
Human Resources			
Relevant Experience Program	- -	62,633	50,925
Progressive Experience Program	- -	- -	5,000
	1,776,731	1,877,672	4,900,755
Yellowknife Health & Social Services			
DI Clerk - Yellowknife Primary Care Clinic	43,860	43,860	26,705
French Language	54,588	57,570	56,244
Northern Options for Women	48,420	48,420	46,294
	\$ 1,923,599	\$ 2,027,522	\$ 5,029,998

Stanton Territorial Health Authority

Schedule of Expenses by Functional Centre

For the year ended, March 31,

2015

Functional Centre	Grants and Contributions		Operations and Maintenance		Compensation and Benefits		Valuation Allowance		Total	
	(unaudited) Budget	Actual	(unaudited) Budget	Actual	(unaudited) Budget	Actual	(unaudited) Budget	Actual	(unaudited) Budget	Actual
711 Administrative & support services	\$ 245,318	\$ 361,794	\$ 28,762,808	\$ 30,230,367	\$ 16,838,853	\$ 16,386,813	\$ -	\$ (110,779)	\$ 45,846,979	\$ 46,868,195
712 Nursing inpatient / resident services	-	32,550	2,342,600	2,520,508	20,142,399	20,614,022	-	-	22,484,999	23,167,080
713 Ambulatory care services	505,581	542,596	2,462,714	2,128,189	25,412,887	24,043,149	-	-	28,381,182	26,713,934
714 Diagnostic and therapeutic services	43,860	55,260	6,903,035	7,383,075	11,771,457	11,764,961	-	-	18,718,352	19,203,296
715 Community health services	588,922	549,501	159,094	111,022	129,945	114,641	-	-	877,961	775,164
718 Education	493,789	480,385	538,081	469,260	340,659	355,962	-	-	1,372,529	1,305,607
719 Undistributed	-	-	249,500	317,949	-	-	-	-	249,500	317,949
Total	\$ 1,877,470	\$ 2,022,086	\$ 41,417,832	\$ 43,160,370	\$ 74,636,200	\$ 73,279,548	\$ -	\$ (110,779)	\$ 117,931,502	\$ 118,351,225

Stanton Territorial Health Authority**Schedule of Non-Insured Recoveries and Expenses**

<u>For the year ended March 31,</u>	<u>2015</u>	<u>2014</u>
	(unaudited) Budget	Actual
Recoveries	\$ 9,104,000	\$ 9,444,825
Expenditures		
Eye team	950,000	883,597
Eyeglasses	280,000	314,697
Medical travel	7,645,000	8,050,461
Patient aides	229,000	196,070
	9,104,000	9,444,825
Surplus	\$ -	\$ -

Stanton Territorial Health Authority**SCHEDULE F-1****Schedule of Contributions**
Deputy Chief Public Health Officer (HSS01-000000-2435)

For the year ended March 31,**2015**

	(Unaudited) Budget	Actual
Funding		
Government of Northwest Territories - Department of Health and Social Services	\$ 410,397	\$ 397,790
Expenditures		
Administration fee	5,743	-
Compensation	403,598	416,867
Sundry	1,056	530
	410,397	417,397
Surplus	\$ -	\$ (19,607)

See payroll scope limitation in the Independent Auditors' Report.

Stanton Territorial Health Authority**SCHEDULE F-2****Schedule of Contributions (continued)**
Chief Clinical Advisor (HSS01 - 000000 - 2744)

For the year ended March 31, 2015

	(Unaudited) Budget	Actual
Funding		
Government of Northwest Territories - Department of Health and Social Services	399,000	388,492
	399,000	388,492
Expenditures		
Compensation	388,492	388,492
Surplus	\$ 10,508	\$ -

See payroll scope limitation in the Independent Auditors' Report.

Stanton Territorial Health Authority

Schedule of Reserves

	Surplus / Deficit Reserve		Leave and Termination Benefits Reserve		Donations Reserve		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Balance, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ 132,665	\$ 89,844	\$ 132,665	\$ 89,844
Transfer from (to) operating fund	-	-	-	-	(1,929)	42,821	(1,929)	42,821
Balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ 130,736	\$ 132,665	\$ 130,736	\$ 132,665

During the year, the Authority reclassified internally restricted reserves from endowment funds to special purpose funds