

**Stanton Territorial Health Authority**

**Financial Statements**

**March 31 2012**

## Stanton Territorial Health Authority

## **Financial Statements**

**March 31 2012**

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### **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 2012, which comprise the statement of financial position and the statements of changes in net financial debt, operations and cash flows for the year then ended.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of these financial statements in accordance with the 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.

#### *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.

#### *Basis for Qualified Opinion*

Salaries and 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. Our audit scope was limited as we were instructed not to audit the components of salaries and benefits expenditures. Accordingly, we were not able to determine whether any adjustments might be necessary to salaries and benefits expenditures, accounts payable and accrued liabilities, net financial debt, and employee leave and termination benefits.

**Independent Auditors' Report (continued)**

*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 2012, and its financial operations, and changes in financial position for the year then ended in accordance with Public Sector Accounting Standards.

*Report on Other Legal and Regulatory Requirements*

As a result of the adoption of Public Sector Accounting Standards, the basis of accounting is not applied consistent with the preceding year; however, the comparative amounts in the financial statements have been reclassified to conform to the Public Sector Accounting Standards.

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.

We have also audited 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, as listed in Schedule C and F. Except for effects of the matter described in the Basis for Qualified Opinion paragraph, these statements present fairly, in all material respects, the revenues and expenditures of programs funded through contribution agreements with the Department of Health and Social Services which total \$250,000 or more, as listed in schedule C and F, for the year ended March 31, 2012 in accordance with the provisions established by the individual contribution agreements.

*Mackay LLP*

Yellowknife, Northwest Territories  
June 29, 2012

Chartered Accountants

**Stanton Territorial Health Authority****Statement of Financial Position****STATEMENT I****As at March 31,****2012****2011****Financial Assets**

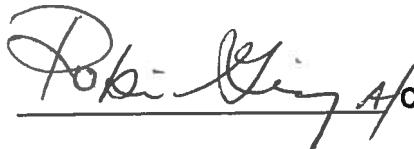
Cash	\$ 166,407	\$ 2,944,956
Restricted cash (capital advance) (Note 5 and Note 7)	297,203	705,977
<u>Accounts receivable (Note 6)</u>	<u>18,414,308</u>	<u>16,037,135</u>
	<b>18,877,918</b>	<b>19,688,068</b>

**Liabilities**

Accounts payable and accrued liabilities	\$ 28,682,938	\$ 32,414,824
Employee and payroll-related liabilities	1,478,725	3,146,919
Capital advances (Note 7)	297,203	705,977
Employee leave and termination benefits (Note 8)	5,028,118	4,710,343
Deferred revenue (Note 9)	30,000	39,524
<b>Total Liabilities</b>	<b>35,516,984</b>	<b>41,017,587</b>
<b>Net Financial Debt</b>	<b>(16,639,066)</b>	<b>(21,329,519)</b>

**Non-Financial Assets**

Prepaid expenses	380,029	481,176
<u>Inventory (Note 10)</u>	<u>1,348,370</u>	<u>1,233,239</u>
	<b>1,728,399</b>	<b>1,714,415</b>
<b>Accumulated Deficit</b>	<b>\$ (14,910,667)</b>	<b>\$ (19,615,104)</b>

**Contingent Liabilities (Note 11)****Contractual Obligations (Note 12)****Approved on behalf of the Authority**

**Chief Executive Officer**

**Public Administrator**

## Stanton Territorial Health Authority

## Statement of Operations

For the year ended March 31,

2012

2011

	(unaudited)	Budget	Actual	Actual
<b>Revenue</b>				
Operating advances from the GNWT (Schedule A)	\$ 72,854,000	\$ 79,035,000	\$ 72,988,000	
Other recoveries (Schedule B)	19,963,659	23,283,538	20,722,022	
Other revenues (Schedule C)	5,003,988	5,023,649	5,997,471	
Non-insured recoveries and expenses (Schedule E)	8,399,917	9,420,952	8,965,556	
Investment revenue	60,000	76,028	75,989	
	<b>106,281,564</b>	<b>116,839,167</b>	<b>108,749,038</b>	
<b>Expenditures</b>				
Administration and support services (Schedule D)	37,486,126	38,431,548	38,280,220	
Nursing Inpatients Services (Schedule D)	20,811,609	20,376,010	19,582,310	
Ambulatory care services (Schedule D)	23,244,926	23,544,524	22,720,437	
Diagnostic and Therapeutic Services (Schedule D)	16,861,572	18,333,536	18,468,868	
Community health services (Schedule D)	926,187	844,786	824,312	
Education (Schedule D)	891,825	755,340	1,317,456	
Undistributed (Schedule D)	267,000	428,034	253,159	
Non-insured recoveries and expenses (Schedule E)	8,399,917	9,420,952	8,965,556	
	<b>108,889,162</b>	<b>112,134,730</b>	<b>110,412,318</b>	
<b>Operating Surplus (Deficit)</b>	<b>(2,607,598)</b>	<b>4,704,437</b>	<b>(1,663,280)</b>	
<b>Prior Year Funding Received</b>	<b>-</b>	<b>(6,181,000)</b>	<b>(3,601,000)</b>	
<b>Operating Deficit Before Prior Year Funding</b>	<b>(2,607,598)</b>	<b>(1,476,563)</b>	<b>(5,264,280)</b>	
<b>Unfunded Item:</b>				
Change in employee leave and termination benefits	-	317,775	154,974	
<b>Annual Deficit Before the Following:</b>	<b>(2,607,598)</b>	<b>(1,158,788)</b>	<b>(5,109,306)</b>	
<b>Rent expense - GNWT assets provided at no cost (note 13)</b>	<b>-</b>	<b>(2,126,213)</b>	<b>(2,114,299)</b>	
<b>Grant-in-kind - GNWT assets provided at no cost (note 13)</b>	<b>-</b>	<b>2,126,213</b>	<b>2,114,299</b>	
<b>Annual Operating Deficit</b>	<b>\$ (2,607,598)</b>	<b>\$ (1,158,788)</b>	<b>\$ (5,109,306)</b>	
<b>Opening Accumulated Deficit</b>	<b>\$ -</b>	<b>\$ (19,615,104)</b>	<b>\$ (17,951,824)</b>	
<b>Closing Accumulated Deficit</b>	<b>\$ -</b>	<b>\$ (14,910,667)</b>	<b>\$ (19,615,104)</b>	

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

<u>For the year ended March 31,</u>	<u>2012</u>	<u>2011</u>
	<b>(unaudited)</b> <b>Budget</b>	<b>Actual</b>
Annual operating surplus (deficit)	\$ (2,607,597)	\$ 4,704,437
Change in prepaid expenses	-	101,147
Change in inventory	-	(115,131)
<b>Increase (Decrease) in Net Financial Debt</b>	<b>(2,607,597)</b>	<b>4,690,453</b>
<b>Net Financial Debt, Beginning of Year</b>	<b>-</b>	<b>(21,329,519)</b>
<b>Net Financial Debt, End of Year</b>	<b>\$ (2,607,597)</b>	<b>\$ (16,639,066)</b>
		\$ (21,329,519)

## Stanton Territorial Health Authority

Statement of Cash Flows

For the year ended March 31,

2011

2010

**Net inflow (outflow) of cash related to the following activities:****Operating transactions**

Annual operating surplus (deficit)	\$ 4,704,437	\$ (1,663,280)
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**Non-cash charges to operations**

Accounts receivable	(2,377,173)	30,350
Prepaid expenses	101,147	(58,161)
Inventory	(115,131)	81,588
Accounts payable and accrued liabilities	(3,731,888)	(352,401)
Employee and payroll-related liabilities	(1,668,193)	1,981,282
Deferred revenue	(9,524)	(140,469)
Capital advances	(408,774)	373,630
Employee leave and termination benefits	317,776	154,974

<b>Cash provided by operating transactions</b>	<b>(3,187,323)</b>	<b>407,513</b>
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<b>Increase in cash and restricted cash during the year</b>	<b>(3,187,323)</b>	<b>407,513</b>
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<b>Cash and restricted cash, beginning of year</b>	<b>3,650,933</b>	<b>3,243,420</b>
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<b>Cash and restricted cash, end of year</b>	<b>\$ 463,610</b>	<b>\$ 3,650,933</b>
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**Represented by**

Cash	\$ 166,407	\$ 2,944,956
Restricted cash	297,203	705,977
	<b>\$ 463,610</b>	<b>\$ 3,650,933</b>

## Stanton Territorial Health Authority

## Statement of Expenses by Object

For the year ended March 31,	2012	2011
<b>Expenditures</b>		
Advertising and promotion	\$ 81,583	\$ 101,145
Communications	307,254	282,874
Compensation	56,041,185	53,362,082
Contracted and general services	3,076,681	2,851,791
Diagnostic and therapeutic supplies	871,006	935,031
Doubtful accounts	1,097,753	1,937,579
Drugs and vaccines	3,480,997	4,096,105
Education	520,750	597,471
Equipment maintenance	941,765	1,137,449
General supplies	617,382	692,592
Insurance	108,726	108,647
Interest and bank charges	19,077	15,475
Leases	1,052,513	1,028,907
Maintenance and biomedical	394,841	310,465
Medical and surgical supplies	2,841,154	2,726,015
Medical gases	77,037	76,887
Medical travel	27,786,955	27,207,168
Minor capital	334,502	422,905
Non-capital renovations	114,917	112,514
Office and general admin expenses	397,365	493,921
Postage and freight	152,288	151,871
Professional services	130,303	157,915
Purchased services	10,035,579	9,928,791
Travel	1,641,106	1,589,267
Utilities	12,011	87,451
<b>Total Expenditures</b>	<b>\$ 112,134,730</b>	<b>\$ 110,412,318</b>

**Stanton Territorial Health Authority****Endowment and Special Purpose Fund  
Balance Sheet**

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<u>As at March 31</u>	<u>2012</u>	<u>2011</u>
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**Assets**

Cash	\$ 81,191	\$ 89,747
Accounts receivable	803	-
	<b>\$ 81,994</b>	<b>\$ 89,747</b>

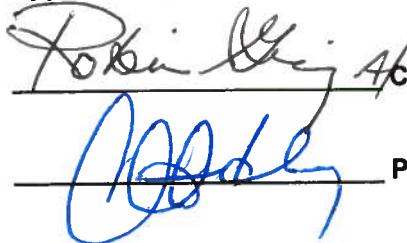
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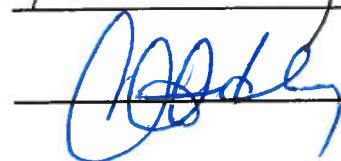
**Surplus**

Accounts payable	\$ -	\$ 450
Endowment and special purpose funds surplus	81,994	89,297
	<b>\$ 81,994</b>	<b>\$ 89,747</b>

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**Approved on behalf of the Authority**

 **Robin Shelly** Chief Executive Officer

 **Orla O'Doherty** Public Administrator

**STATEMENT VII**

**Stanton Territorial Health Authority**

**Endowment and Special Purpose Fund  
Statement of Revenue, Expenditures and Surplus**

**For the year ended March 31**

	<b>Unrestricted</b>	<b>Equipment</b>	<b>Comfort</b>	<b>Elks</b>	<b>Residents</b>	<b>Total</b>	<b>Total</b>
<b>Surplus, beginning of year</b>	\$ 19,497	\$ 31,611	\$ 12,005	\$ 26,184	\$ -	\$ 89,297	\$ 86,182
<b>Revenue</b>							
Donations and grants	12	-	-	7,500	6,000	13,512	12,658
Patient funds	-	-	4,150	-	-	4,150	8,045
Other	150	-	-	-	-	150	424
Interest	377	-	16	-	-	393	213
	539	-	4,166	7,500	6,000	18,205	21,340
<b>Expenditures</b>							
Equipment	-	-	13,706	-	-	13,706	3,448
Patient funds	-	-	10,166	-	-	10,166	13,745
Other	1,636	-	-	-	-	1,636	1,032
	1,636	-	10,166	13,706	-	25,508	18,225
<b>Net change in funds</b>	<b>(1,097)</b>	<b>-</b>	<b>(6,000)</b>	<b>(6,206)</b>	<b>6,000</b>	<b>(7,303)</b>	<b>3,115</b>
<b>Surplus, end of year</b>	<b>\$ 18,400</b>	<b>\$ 31,611</b>	<b>\$ 6,005</b>	<b>\$ 19,978</b>	<b>\$ 6,000</b>	<b>\$ 81,994</b>	<b>\$ 89,297</b>

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# Stanton Territorial Health Authority

## Notes to Financial Statements

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March 31 2012

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### 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 the Northwest Territories.

### 2. Transition to the Public Sector Accounting Standards

The Authority has adopted the use of the Public Sector Accounting Standards (PSAS). The adoption of the PSAS is accounted for by retroactive application with restatement of prior periods. The Authority prepares and presents an opening statement of financial position at the date of the transition to PSAS. This opening statement of financial position is the starting point for the Authority's accounting in accordance with Public Sector Accounting Standards. The following is a summary of the main qualitative differences for the Authority between the previous and current financial statements:

The March 31, 2011 Balance Sheet has been replaced by the Statement of Financial Position, segregating financial and non-financial assets as well as the net debt (liabilities less financial assets) of the Authority; and accumulated surplus as the Statement of Financial Position.

The Statement of Equity is no longer used. The Statement of Change in Net Financial Debt shows the impact of the financial operations throughout the year on the ability of the Authority to meet its immediate obligations. A positive net financial position is important as it shows that the Authority has sufficient financial assets on hand to meet its financial obligations.

### 3. Accounting Policies and Reporting Procedures

#### Basis of presentation

The financial statements of the Authority are the representations of management prepared in accordance with Public Sector Accounting Standards and by the directives of the Government of the Northwest Territories (GNWT) - 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 Ladies 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 Government of the Northwest Territories ("GNWT").

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## **Stanton Territorial Health Authority**

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### **Notes to Financial Statements**

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**March 31 2012**

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#### **3. Accounting Policies and Reporting Procedures (continued)**

##### **(b) Funds (continued)**

Endowment and Special Purpose Fund - reflecting activities relating to endowments, bequests, trust and other special purpose funds made available to the Authority under conditions specified by donors or the legal representatives of funds held in trust.

##### **(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 both of these reserves.

##### **(d) Capital assets**

Tangible Capital Assets (TCA) are owned by the Government of the Northwest Territories. TCAs are amortized over the estimated useful lives of the assets at the rates established in the Financial Administration Manual of the GNWT.

##### **(e) Territorial operating advance**

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 up to 1% of audited revenues to a maximum of \$250,000 subject to the provisions of the operations and maintenance surplus retention policy. 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.

##### **(f) Inventories**

Inventories are valued at the lower of cost and current replacement value

##### **(g) 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.

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## **Stanton Territorial Health Authority**

### **Notes to Financial Statements**

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**March 31 2012**

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### **3. Accounting Policies and Reporting Procedures (continued)**

#### **(h) 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

#### **(i) Revenue recognition**

Territorial Health Insurance Service funding is recognized as dictated by the DHSS. The revenue is recognized on a straight-line basis throughout the fiscal year.

Billings processed through the ICORE system by the medical centre's billing clerks are recognized as revenue upon receipt of payment from the DHSS Administration Office in Inuvik. An estimate of outstanding receipts at March 31, 2012 are included in the Authority's financial statements.

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

#### **(j) Use of estimates**

The preparation of these financial statements in conformity with Public Sector Accounting Standards (PSAS) 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.

### **4. Future changes to Significant Accounting Policies**

#### **Government Transfers – Section PS 3410**

Public Sector Accounting Board (PSAB) revised and replaced Section PS 3410 – Government Transfers. The Section applies to fiscal years beginning on or after April 1, 2012 and may be applied retroactively or prospectively. The Authority expects to adopt this standard for the year ending March 31, 2013. The impact of the transition to these accounting standards has not yet been determined.

#### **Financial Instruments, Section PS 3450 and related amendments to Financial Statement Presentation, Section PS 1200**

PSAB approved new Section PS 3450, Financial Instruments, and related to Section PS 1201, Financial Statement Presentation. The effective date for Section PS 3450 is April 1, 2012 for government organizations and April 1, 2015 for governments. Earlier adoption is permitted. Governments and government organizations adopt Section PS 3450 in the same fiscal year Section PS 2601, Foreign Currency Translation, is adopted.

The impact of the transition to these accounting standards has not yet been determined.

# Stanton Territorial Health Authority

## Notes to Financial Statements

March 31 2012

### 5. Restricted Cash (Capital Advance)

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 funds.

### 6. Accounts Receivable

	Accounts Receivable	Allowance for Doubtful Accounts	Net 2012	Net 2011
Clinical	\$ 139,133	\$ 36,654	\$ 102,479	\$ 96,904
Government of NWT	1,906,000	-	1,906,000	275,000
Government of Nunavut	2,454,009	1,669,234	784,775	962,493
GST receivable	6,186	-	6,186	160,085
Inpatients	5,732,066	660,521	5,071,545	4,491,122
Medical travel	4,890,893	808,855	4,082,038	4,716,930
Miscellaneous	4,912,013	35,581	4,876,432	4,397,948
Outpatients	1,782,704	198,899	1,583,805	916,098
Travel advances	1,048	-	1,048	20,555
	<b>\$ 21,824,052</b>	<b>\$ 3,409,744</b>	<b>\$ 18,414,308</b>	<b>\$ 16,037,135</b>

### 7. Capital Advances

The following accountable capital advances are included in accounts payable and accrued liabilities:

	2012	2011
Opening balance	\$ 705,977	\$ 332,347
Additions - GNWT	30,353	400,000
	736,330	732,347
Disbursements	(439,127)	(26,370)
Closing balance	\$ 297,203	\$ 705,977

# Stanton Territorial Health Authority

## Notes to Financial Statements

March 31 2012

### 8. Employee Leave and Termination 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.

	2012	2011
Removal	\$ 1,296,051	\$ 1,231,592
Termination	1,905,583	1,794,550
Leave	1,826,484	1,684,201
	<hr/> <b>\$ 5,028,118</b>	<hr/> <b>\$ 4,710,343</b>

### 9. Deferred Revenue

Deferred revenue consists of amounts received for which project completion dates extend beyond the fiscal year end, or conditions attached to the use of the funds have not yet been met, or an operating advance from the DHSS for the upcoming fiscal year. These amounts will be recognized in revenue as expenditures are incurred or conditions of funding are satisfied.

	2012	2011
Canadian breast cancer screening database	\$ -	\$ 12,000
F2007/2008 physician funding overpayment	-	27,524
Sterilization steam infrastructure	30,000	-
	<hr/> <b>\$ 30,000</b>	<hr/> <b>\$ 39,524</b>

### 10. Inventories

	2012	2011
General	\$ 64,148	\$ 62,441
General plant	207,022	233,200
Laboratory	147,531	141,654
Medical/Surgical	675,999	580,602
Pharmacy	253,670	215,342
	<hr/> <b>\$ 1,348,370</b>	<hr/> <b>\$ 1,233,239</b>

Inventories are held for consumption in the process of providing services and are distributed at no charge or for a nominal charge.

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## Stanton Territorial Health Authority

### **Notes to Financial Statements**

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**March 31 2012**

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#### **11. Contingent Liabilities**

In common with many health authorities, claims are made against the Authority and its staff. The Authority is defending actions brought against them and management does not believe a significant loss will occur.

#### **12. Contractual Obligations**

The Authority has commitments for office space leases, contractual agreements for services and purchases, and program contribution agreements which will require payment in upcoming years. The minimum annual payments for these commitments are as follows:

<b>Fiscal Year</b>	<b>Leased Space</b>	<b>Service Contracts</b>	<b>Total</b>
2013	\$ 886,321	\$ 24,134,062	\$ 25,020,383
2014	625,439	2,631,925	3,257,364
2015	299,919	553,424	853,343
2016	100,032	163,754	263,786
2017	-	638,716	638,716
2018 and thereafter	-	146,303	146,303
<b>Total</b>	<b>\$ 1,911,711</b>	<b>\$ 28,268,184</b>	<b>\$ 30,179,895</b>

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## Stanton Territorial Health Authority

### Notes to Financial Statements

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March 31 2012

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#### 13. GNWT Assets Provided

The GNWT retains ownership of all tangible capital assets (TCA) used by the Authority. The GNWT charges the Authority annual rent expense for the use of the assets equal to the amortization expense of those assets to the GNWT. The GNWT provides the Authority with an annual grant-in-kind equal to the rent expenses to offset the expenditure.

Tangible Capital Assets are amortized over the estimated useful life of the assets at the following rates:

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

		2012	2011
	Cost	Accumulated Amortization	Net Book Value
Buildings	\$ 44,356,552	\$ 25,731,701	\$ 18,624,851
Mainframe and software systems	910,561	887,316	23,245
Medical equipment	8,603,960	5,906,540	2,697,420
Furniture and fixtures	412,400	407,826	4,574
	<hr/>	<hr/>	<hr/>
	\$ 54,283,473	\$ 32,933,383	\$ 21,350,090
	<hr/>	<hr/>	<hr/>
			\$ 22,906,015

Rent expense for 2012 is \$2,126,213 (2011: \$2,114,299) with an offsetting grant-in-kind.

#### 14. Budget

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

#### 15. 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.

# Stanton Territorial Health Authority

## Notes to Financial Statements

March 31 2012

### 16. 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 by the Department of Finance, compensation services provided by Department of Human Resources, and internal audit services provided by the Department of Finance.

The Authority also 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,	2012	2011
Total assets	\$ 1,059,707	\$ 1,251,131
Total liabilities (1)	511,989	705,892
<b>Net assets (2)</b>	<b>\$ 547,718</b>	<b>\$ 545,239</b>
Results of Operations for the year ended March 31,	2012	2011
Total revenues (3)	\$ 465,665	\$ 730,758
Total expenditures	346,312	570,033
<b>Excess of revenue</b>	<b>\$ 119,353</b>	<b>\$ 160,725</b>
Cash Flows as at March 31,	2012	2011
Cash from operations	\$ 16,918	\$ (366,880)
Cash generated by (used in) financing and investing activities	20,573	25,310
<b>Change in cash position</b>	<b>\$ 37,491</b>	<b>\$ (341,570)</b>

- (1) At March 31, 2012 the Foundation owed \$55,638 (2011 - \$400,000) 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 \$93,665 (2011 - \$321,475) and a surplus of \$58,936 (2011 - \$58,936) is restricted for Run for Our Lives Fund and Capital Acquisition Fund respectively as designated by the donors.
- (3) The Authority provided \$50,000 (2011 - \$50,000) to the Foundation as an operating contribution. The Authority also provides office space to the Foundation at no charge.

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## **Stanton Territorial Health Authority**

### **Notes to Financial Statements**

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**March 31 2012**

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#### **17. Financial Instruments**

The following sections describe the Authority's financial risk management objectives and policies and the Authority's financial risk exposures.

Financial risk management objectives and policies:

The Authority has a formalized risk management position that adheres to the risk management objectives and policies as set by the GNWT. Risks identified are addressed by the GNWT Insurance Policy which sets out reporting of risk and potential litigation to the insurer, who in turn determines acceptance and assignment of external legal counsel. GNWT employment, labour relation and policy risk matters are addressed by the GNWT Department of Justice.

The Authority is exposed to the following risks in respect of certain of the financial instruments held:

(a) Credit risk

Credit risk arises from the potential that a customer will fail to perform its obligations. The Authority is exposed to credit risk from its customers. However, the Authority's customers are the GNWT as well as other Health Authorities in the territory, therefore credit risk is mitigated. The Authority's customers also include the Government of Nunavut and credit risk for this customer is mitigated as there are agreements between the territorial governments regarding service provision and payments. The Authority also has a significant number of individual customers which help to minimize the concentration of credit risk.

## Stanton Territorial Health Authority

Schedule of Operating Advances from the GNWT

<u>For the year ended March 31,</u>	<u>2012</u>	<u>2011</u>
	<u>(unaudited)</u> <u>Budget</u>	<u>Actual</u>
Application systems	\$ 100,000	\$ 100,000
Authority administration	2,008,000	2,008,000
Hospital services	46,545,500	46,545,500
Medical equipment	69,000	69,000
Medical travel	12,665,500	12,665,500
Medical travel prior year deficit	-	-
Physician services to NWT residents	11,375,000	11,375,000
Reallocation of surpluses - prior year	-	6,181,000
Social service delivery	91,000	91,000
	<b>\$ 72,854,000</b>	<b>\$ 79,035,000</b>
		<b>\$ 72,988,000</b>

**Stanton Territorial Health Authority****Schedule of Other Recoveries for Direct Charges for Services****For the year ended March 31,****2012****2011**

	(unaudited) Budget	Actual	Actual
<b>Other Recoveries from the GNWT</b>	<b>\$ 15,725,476</b>	<b>\$ 17,647,329</b>	<b>\$ 14,796,979</b>
<b>Other Direct Recoveries</b>			
Federal Government	308,030	339,935	311,273
Nunavut	1,565,472	1,754,838	2,382,755
Other	1,897,008	2,673,630	2,691,792
Workers' Safety and Compensation Commission	467,673	867,806	539,223
	<b>4,238,183</b>	<b>5,636,209</b>	<b>5,925,043</b>
	<b>\$ 19,963,659</b>	<b>\$ 23,283,538</b>	<b>\$ 20,722,022</b>

**Stanton Territorial Health Authority****Schedule of Other Revenues**

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<u>For the year ended March 31,</u>		<b>2012</b>	<b>2011</b>
	<b>(unaudited)</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Other Revenues from the GNWT</b> Government of Northwest Territories	\$ 5,003,988	\$ 5,023,649	\$ 5,997,471

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**Stanton Territorial Health Authority**

**Schedule of Expenses by Functional Centre**

**For the year ended March 31,**

**2012**

**SCHEDULE D**

Functional Centre	For the year ended March 31,			2012		
	Grants and Contributions (unaudited) Budget	Operations and Maintenance (unaudited) Budget	Compensation and Benefits (unaudited) Budget	Actual	Actual	Total (unaudited) Budget
711 Administrative and support services	\$ 50,000	\$ 50,000	\$ 20,508,550	\$ 20,971,865	\$ 16,927,576	\$ 37,486,126
712 Nursing inpatient services	-	-	2,257,959	1,617,102	18,553,650	\$ 38,431,548
713 Ambulatory care services	-	-	2,268,750	2,304,431	20,976,176	21,240,093
714 Diagnostic and therapeutic services	-	-	6,349,068	7,881,000	10,512,504	10,452,536
715 Community health services	-	-	198,592	142,135	727,595	702,651
718 Education	-	-	515,017	336,690	376,808	418,650
719 Undistributed and Service Contracts	-	-	-	-	-	-
<b>Total</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 32,364,936</b>	<b>\$ 33,681,257</b>	<b>\$ 68,074,309</b>	<b>\$ 68,982,521</b>
						<b>\$100,489,245</b>
						<b>\$102,713,778</b>
						<b>428,034</b>

## Stanton Territorial Health Authority

Schedule of Non-Insured Recoveries and Expenses

For the year ended March 31,	2012	2011
	(unaudited) Budget	Actual
<b>Recoveries</b>	<b>\$ 8,399,917</b>	<b>\$ 9,420,952</b>
<b>Expenditures</b>		
Eye team	720,960	872,227
Eyeglasses	210,280	254,090
Medical travel	7,303,677	8,076,713
Patient aides	165,000	217,922
	<b>8,399,917</b>	<b>9,420,952</b>
<b>Surplus</b>	<b>\$ -</b>	<b>\$ -</b>

**Stanton Territorial Health Authority****SCHEDULE F-1****Schedule of Contributions****Health Promotion (HSS01-0000001445)****For the year ended March 31,****2012**

	<b>Actual</b>	<b>(Unaudited) Budget</b>
<b>Funding</b>		
Government of Northwest Territories - Department of Health and Social Services	\$ 420,877	\$ 397,957
<b>Expenditures</b>		
Compensation	383,246	397,957
Sundry	1,152	-
	<b>384,398</b>	<b>397,957</b>
<b>Surplus</b>	<b>\$ 36,479</b>	<b>\$ -</b>

**See scope limitation in the Independent Auditors' Report.**

**Stanton Territorial Health Authority****SCHEDULE F-2****Schedule of Contributions (continued)**  
**THSSI - Medical Travel (HSS01-0000001068)****For the year ended March 31,****2012**

	<b>Actual</b>	<b>(Unaudited) Budget</b>
<b>Funding</b>		
Government of Northwest Territories - Department of Health and Social Services	\$ 3,200,000	\$ 3,200,000
<b>Expenditures</b>		
Travel	3,200,000	3,200,000
<b>Surplus</b>	\$ -	\$ -

**Stanton Territorial Health Authority****SCHEDULE F-3****Schedule of Contributions (continued)****THSSI - Physician Staffing Model (HSS01-0000001066)****For the year ended March 31,****2012**

	<b>Actual</b>	<b>(Unaudited) Budget</b>
<b>Funding</b>		
Government of Northwest Territories - Department of Health and Social Services	\$ 612,000	\$ 612,000
<b>Expenditures</b>		
Compensation	612,000	612,000
<b>Surplus</b>	\$ -	\$ -

**See scope limitation in the Independent Auditors' Report.**

## Stanton Territorial Health Authority

### Schedule of Reserves

		Surplus / Deficit Reserve	Leave and Termination Benefits Reserve	Special Projects Reserve	Total	
	2012	2011	2012	2011	2012	2011
Balance, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

This is not used by the Authority