

PHYSICIAN RECRUITMENT AGENCY OF SASKATCHEWAN
FINANCIAL STATEMENTS
For the year ended March 31, 2014



INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Physician Recruitment Agency of Saskatchewan, which comprise the statement of financial position at March 31, 2014 and the statement of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 for Treasury Board's approval, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 auditor's 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 and fair presentation 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 entity'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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Physician Recruitment Agency of Saskatchewan as at March 31, 2014, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Judy Ferguson, FCA
Acting Provincial Auditor

Regina, Saskatchewan
June 24, 2014

Statement 1**Physician Recruitment Agency of Saskatchewan
Statement of Financial Position
As at March 31**

	<u>2014</u>	<u>2013</u>
Financial Assets		
Due from the General Revenue Fund (Note 3)	\$ 1,958,640	\$ 2,619,570
Accounts Receivable	<u>17,408</u>	<u>347,199</u>
	<u>1,976,048</u>	<u>2,966,769</u>
Liabilities		
Accounts Payable	165,050	158,338
Accrued Liabilities	<u>33,100</u>	<u>34,388</u>
	<u>198,150</u>	<u>192,726</u>
Net Financial Assets (Statement 3)	<u>1,777,898</u>	<u>2,774,043</u>
Non-Financial Assets		
Tangible Capital Assets (Note 4)	186,179	165,727
Prepaid expenses (Note 5)	<u>34,149</u>	<u>48,123</u>
	<u>220,328</u>	<u>213,850</u>
Accumulated Surplus (Statement 2)	<u>\$ 1,998,226</u>	<u>\$ 2,987,893</u>

(See accompanying notes)

Statement 2

Physician Recruitment Agency of Saskatchewan Statement of Operations and Accumulated Surplus For the year ended March 31

	<u>2014</u> <u>Budget</u> <u>(Note 8)</u>	<u>2014</u>	<u>2013</u>
Revenue			
Ministry of Health - General Revenue Fund			
Operating Grant	\$ 1,500,000	\$ 750,000	\$ 1,500,000
Program Grants	-	722,230	339,360
Interest Revenue	37,709	18,971	34,814
Miscellaneous Revenue	6,129	1,475	2,636
	<u>1,543,838</u>	<u>1,492,676</u>	<u>1,876,810</u>
Expenses			
Salary, Benefits and Education	1,104,553	1,115,832	923,510
Administration	270,520	217,805	206,639
Board Meetings	13,010	12,085	11,716
Program	684,816	379,376	404,374
Communications	196,000	143,170	128,469
Private Recruiting Agency	55,000	53,900	154,000
Amortization	3,000	25,985	20,181
Rural Physician Incentive Program	-	58,388	-
Medical Resident Interest Program	-	475,802	339,360
	<u>2,326,899</u>	<u>2,482,343</u>	<u>2,188,249</u>
Net Deficit	<u>\$ (783,061)</u>	(989,667)	(311,439)
Accumulated Surplus, beginning of year		<u>2,987,893</u>	<u>3,299,332</u>
Accumulated Surplus, end of year (Statement 1)		<u>\$ 1,998,226</u>	<u>\$ 2,987,893</u>

(See accompanying notes)

Statement 3

**Physician Recruitment Agency of Saskatchewan
Statement of Changes in Net Financial Assets
For the year ended March 31**

	<u>2014</u>	<u>2013</u>
Net Deficit	\$ (989,667)	\$ (311,439)
Acquisition of Tangible Capital Assets	(46,437)	(86,610)
Amortization of Tangible Capital Assets	25,985	20,181
Change in prepaid expenses	<u>13,974</u>	<u>(25,789)</u>
Decrease in Net Financial Assets	(996,145)	(403,657)
Net Financial Assets, beginning of year	<u>2,774,043</u>	<u>3,177,700</u>
Net Financial Assets, end of year (Statement 1)	<u><u>\$ 1,777,898</u></u>	<u><u>\$ 2,774,043</u></u>

(See accompanying notes)

Statement 4

**Physician Recruitment Agency of Saskatchewan
Statement of Cash Flows
For the year ended March 31**

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Net Deficit	\$ (989,667)	\$ (311,439)
Add: Non-Cash Items		
Amortization	25,985	20,181
Decrease (Increase) in Accounts Receivable	329,791	(334,388)
Decrease (Increase) in Prepaids	13,974	(25,789)
Increase in Accounts Payable and Accrued Liabilities	<u>5,424</u>	<u>39,366</u>
Net cash used by operating activities	<u>(614,493)</u>	<u>(612,069)</u>
Cash Flows from Capital Activities:		
Purchase of Capital Assets	<u>(46,437)</u>	<u>(86,610)</u>
Decrease in Due from General Revenue Fund	(660,930)	(698,679)
Due from the General Revenue Fund, beginning of year	<u>2,619,570</u>	<u>3,318,249</u>
Due from the General Revenue Fund, end of year	<u><u>\$ 1,958,640</u></u>	<u><u>\$ 2,619,570</u></u>

(See accompanying notes)

Physician Recruitment Agency of Saskatchewan
Notes to the Financial Statements
For the year ended March 31, 2014

1. Description of Business

The Physician Recruitment Agency of Saskatchewan (the Agency) was established as a Treasury Board Crown Corporation by Order in Council 84/2010 under the provisions of *the Crown Corporation Act, 1993* (Act).

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the Agency is classified as an other government organization. The Agency uses Canadian generally accepted accounting principles applicable to governments. The following principles are considered to be significant:

a. The Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

b. Grant Revenue

Grant Revenue recognized in the financial statements in the period in which the grants are authorized, eligibility criteria are met, and reasonable estimates of the amount can be made.

Program Grants relate to funding received to support three programs:

- The Rural Physician Incentive Program provides grants of \$120,000 over five years to recent medical graduates practicing in rural and remote communities
- The Medical Resident Interest Reimbursement Program provides grants to University of Saskatchewan medical residents to offset the interest costs on government student loans during residency
- Program grant for managing the HealthCareersInSaskatchewan portfolio for the recruitment of the non-physician health workforce

c. Expenses

Expenses represent the cost of resources consumed during the year for operations. Expenses include provision for the amortization of tangible capital assets.

d. Tangible Capital Assets

Tangible Capital Assets are recorded at cost and are amortized over their useful life. Beginning in the year the asset is placed into service, amortization is recorded on a straight line basis using the rates set out below.

<u>Capital Asset Class and Category</u>	<u>Threshold</u>	<u>Estimated useful Life</u>
Leasehold and occupancy improvements	\$5,000	lesser of useful life or lease term/occupancy arrangement
System development (IT)	\$5,000	10%
Computer hardware	\$1,000	20%
Computer software	\$1,000	20%
Office furniture and equipment	\$1,000	10%

Physician Recruitment Agency of Saskatchewan
Notes to the Financial Statements
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e. Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets if they can be used to provide services in future periods. These assets do not normally provide resources to discharge liabilities unless they are sold.

f. Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expense during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, such adjustments are reported in the Statement of Operations in the period in which they become known.

3. Due from the General Revenue Fund

The Agency's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. Earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Agency's bank account using the Government's thirty-day borrowing rate and the Agency's average daily account balance. In 2013-14 the average interest rate was 1.02% (2012-13 was 1.09%).

4. Tangible Capital Assets

	Computer software	Furniture and equipment	System development	2014 Totals	2013 Totals
Opening cost	\$1,465	\$10,740	\$182,137	\$194,342	\$107,732
Additions during the year	-	-	46,437	46,437	86,610
Disposals during the year	-	-	-	-	-
Closing cost	<u>1,465</u>	<u>10,740</u>	<u>228,574</u>	<u>240,779</u>	<u>194,342</u>
Opening accumulated amortization	879	2,115	25,621	28,615	8,434
Amortization during the year	293	1,074	24,618	25,985	20,181
Disposals during the year	-	-	-	-	-
Closing accumulated amortization	<u>1,172</u>	<u>3,189</u>	<u>50,239</u>	<u>54,600</u>	<u>28,615</u>
Net book value of tangible capital assets	<u>\$293</u>	<u>\$7,551</u>	<u>\$178,335</u>	<u>\$186,179</u>	<u>\$165,727</u>

Physician Recruitment Agency of Saskatchewan
Notes to the Financial Statements
For the year ended March 31, 2014

5. Prepaid Expenses

Prepaid expenses are primarily related to future participation at conferences and career fairs in 2014-15.

6. Related Parties

These financial statements include routine transactions with related parties. The Agency is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan. Related party transactions above \$5,000 for the year ended March 31, 2014, include the following:

	<u>2014</u>	<u>2013</u>
Revenue		
Ministry of Health – Grant, Interest and Reimbursement	1,491,202	1,874,174
Expenses		
Ministry of Finance – Pension and Benefits	178,492	135,058
Ministry of Central Services	63,606	11,055
Information Technology Division	-	47,818
SaskTel	18,696	15,147
University of Saskatchewan	9,310	3,964
Payables		
Ministry of Finance – Pension and Benefits	51,352	-
University of Saskatchewan	-	7,500
Receivables		
Ministry of Health – General Revenue Fund	17,408	347,199

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, the Agency pays Provincial Sales Tax to the Ministry of Finance on all its taxable purchases.

The Ministry of Health provides management and technical services to the Agency without charge.

7. Financial Instruments

The Agency's financial instruments include: due from the general revenue fund, accounts receivable, accounts payable, and accrued liabilities. The following paragraphs disclose the significant aspects of these financial instruments.

Physician Recruitment Agency of Saskatchewan
Notes to the Financial Statements
For the year ended March 31, 2014

a) Significant terms and conditions

There are no significant terms and conditions associated with the financial instruments that may affect the amount, timing, and certainty of future cash flows.

b) Interest rate risk

The Agency is exposed to interest rate risk when the value of its financial instruments fluctuates due to changes in market interest rates. The Agency does not have any long-term investments that may be affected by market pressures.

The Agency's receivables and payables are non-interest bearing.

c) Credit risk

The Agency is exposed to credit risk from potential non-payment of accounts receivable. The Agency's receivables are most often from the provincial government; therefore, the credit risk is minimal.

d) Fair Value

For the following financial instruments, the carrying amounts approximate fair value due to their immediate or short-term nature:

Due from General Revenue Fund
Accounts receivable
Accounts payable
Accrued liabilities

8. Budget Approval

The Agency's budget was approved by its Board of Directors on October 23, 2013.

9. Pension Plan

The Agency's employees participate in the Public Employees Pension Plan, a defined contribution pension plan. Members contributed 5% of salary and the employer contributed 7.25% in 2013-14 (7.25% in 2012-13). The Agency's contribution for this fiscal year was \$66,137 (\$52,561 in 2012-13). The Agency's obligation relative to the pension plan is limited to making the required contributions.

10. Contractual Obligations

The Agency has a lease agreement with CSIT Consulting for office space, utilities, office furniture and parking at a monthly rate of \$9,000 until October 31, 2014.

The Agency has agreed with Saskatchewan Institute of Applied Science and Technology to sponsor business and industry dinners, career fairs, advertisements and awards promoting health careers in Saskatchewan for \$26,000 in each of 2014-15, 2015-16 and 2016-17.