

PHYSICIAN RECRUITMENT AGENCY OF SASKATCHEWAN
FINANCIAL STATEMENTS
For the year ended March 31, 2015



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 as at March 31, 2015, and the statements 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, 2015, 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, FCPA, FCA
Provincial Auditor

Regina, Saskatchewan
July 14, 2015

Statement 1

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

	<u>2015</u>	<u>2014</u>
Financial Assets		
Due from the General Revenue Fund (Note 3)	\$ 1,935,585	\$ 1,958,640
Accounts Receivable	10,761	17,408
	<u>1,946,346</u>	<u>1,976,048</u>
Liabilities		
Accounts Payable	83,277	165,050
Accrued Liabilities	36,016	33,100
	<u>119,293</u>	<u>198,150</u>
Net Financial Assets (Statement 3)	<u>1,827,053</u>	<u>1,777,898</u>
Non-Financial Assets		
Tangible Capital Assets (Note 4)	189,745	186,179
Prepaid expenses (Note 5)	43,804	34,149
	<u>233,549</u>	<u>220,328</u>
Accumulated Surplus (Statement 2)	<u>\$ 2,060,602</u>	<u>\$ 1,998,226</u>

(See accompanying notes)

Statement 2

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

	<u>2015</u> <u>Budget</u> <u>(Note 9)</u>	<u>2015</u>	<u>2014</u>
Revenue			
Ministry of Health - General Revenue Fund			
Operating Grant	\$ 1,500,000	\$ 1,500,000	\$ 750,000
Program Grant (Note 6)	-	1,216,613	722,230
Interest Revenue	30,000	21,904	18,971
Miscellaneous Revenue		12,052	1,475
	<u>1,530,000</u>	<u>2,750,569</u>	<u>1,492,676</u>
Expenses			
Corporate Services			
Salaries and Benefits	1,381,564	1,196,928	1,116,082
Accommodations	118,473	141,164	112,179
Office Equipment and Supplies	100,723	124,949	86,764
Other	96,888	66,049	51,297
Board	22,730	11,473	12,085
Program	584,965	308,357	345,235
Communications	292,983	161,756	144,627
Private Recruitment Agency	-	-	53,900
Grant Programs	-	647,474	534,189
Amortization	20,178	30,043	25,985
	<u>2,618,504</u>	<u>2,688,193</u>	<u>2,482,343</u>
Net Surplus/(Net Deficit)	<u>\$ (1,088,504)</u>	62,376	(989,667)
Accumulated Surplus, beginning of year		<u>1,998,226</u>	<u>2,987,893</u>
Accumulated Surplus, end of year (Statement 1)		<u>\$ 2,060,602</u>	<u>\$ 1,998,226</u>

(See accompanying notes)

Statement 3

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

	<u>2015</u>	<u>2014</u>
Net Surplus/(Net Deficit)	\$ 62,376	\$ (989,667)
Acquisition of Tangible Capital Assets	(33,609)	(46,437)
Amortization of Tangible Capital Assets	30,043	25,985
Change in prepaid expenses	<u>(9,655)</u>	<u>13,974</u>
Increase/(Decrease) in Net Financial Assets	49,155	(996,145)
Net Financial Assets, beginning of year	<u>1,777,898</u>	<u>2,774,043</u>
Net Financial Assets, end of year (Statement 1)	<u><u>\$ 1,827,053</u></u>	<u><u>\$ 1,777,898</u></u>

(See accompanying notes)

Statement 4

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

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Net Surplus/(Net Deficit)	\$ 62,376	\$ (989,667)
Add: Non-Cash Items		
Amortization	30,043	25,985
Decrease in Accounts Receivable	6,647	329,791
(Increase)/Decrease in Prepaids	(9,655)	13,974
Increase in Accounts Payable and Accrued Liabilities	<u>(78,857)</u>	<u>5,424</u>
Net cash used by operating activities	<u>10,554</u>	<u>(614,493)</u>
Cash Flows from Capital Activities:		
Purchase of Capital Assets	<u>(33,609)</u>	<u>(46,437)</u>
Decrease in Due from General Revenue Fund	(23,055)	(660,930)
Due from the General Revenue Fund, beginning of year	<u>1,958,640</u>	<u>2,619,570</u>
Due from the General Revenue Fund, end of year	<u><u>\$ 1,935,585</u></u>	<u><u>\$ 1,958,640</u></u>

(See accompanying notes)

Physician Recruitment Agency of Saskatchewan
Notes to the Financial Statements
For the year ended March 31, 2015

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 Canadian Public Sector Accounting Board, the Agency is classified as an other government organization. The Agency uses Canadian Public Sector Accounting Standards published by the Chartered Professional Accountants of Canada. These statements do not include a statement of remeasurement gains and losses as there are no relevant transactions to report. 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 Revenues 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.

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%

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.

Physician Recruitment Agency of Saskatchewan
Notes to the Financial Statements
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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 2014-15 the average interest rate was 0.92% (2013-14 was 1.02%).

4. Tangible Capital Assets

	Computer software	Furniture and equipment	System development	2015 Totals	2014 Totals
Opening cost	\$1,465	\$10,740	\$228,574	\$240,779	\$194,342
Additions during the year	-	5,751	\$27,858	33,609	46,437
Disposals during the year	-	-	-	-	-
Closing cost	<u>1,465</u>	<u>16,491</u>	<u>256,432</u>	<u>274,388</u>	<u>240,779</u>
Opening accumulated amortization	1,172	3,189	50,239	54,600	28,615
Amortization during the year	293	1,649	28,101	30,043	25,985
Disposals during the year	-	-	-	-	-
Closing accumulated amortization	<u>1,465</u>	<u>4,838</u>	<u>78,340</u>	<u>84,643</u>	<u>54,600</u>
Net book value of tangible capital assets	<u>-</u>	<u>\$11,653</u>	<u>\$178,092</u>	<u>\$189,745</u>	<u>\$186,179</u>

5. Prepaid Expenses

Prepaid expenses are primarily related to future participation at conferences and career fairs in 2015-16.

Physician Recruitment Agency of Saskatchewan
Notes to the Financial Statements
For the year ended March 31, 2015

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 for the year ended March 31, 2015, include the following:

	<u>2015</u>	<u>2014</u>
Revenue		
Ministry of Health – Grant and Reimbursement	2,716,613	1,472,231
Ministry of Finance – Interest	21,904	18,971
Expenses		
Ministry of Finance – Pension and Benefits	176,117	178,492
Ministry of Central Services	66,569	63,606
SaskTel	16,845	18,696
University of Saskatchewan	12,770	9,310
Saskatchewan Polytechnic	27,600	-
Payables		
Ministry of Finance – Pension and Benefits	41,284	51,352
Receivables		
Ministry of Health – General Revenue Fund	4,592	17,408

The Public Service Commission provides payroll services at no costs.

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.

7. Program Grants

Program Grants relate to funding 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
- HealthCareersInSaskatchewan portfolio management program provides grants for the recruitment of the non-physician healthcare workforce

Physician Recruitment Agency of Saskatchewan
Notes to the Financial Statements
For the year ended March 31, 2015

8. 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.

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 mostly 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

9. Budget Approval

The Agency's budget was approved by its Board of Directors.

10. 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 7.5% in 2014-15 (7.25% in 2013-14). The Agency's contribution for this fiscal year was \$65,171 (\$66,137 in 2013-14). The Agency's obligation relative to the pension plan is limited to making the required contributions.

Physician Recruitment Agency of Saskatchewan
Notes to the Financial Statements
For the year ended March 31, 2015

11. Contractual Obligations

The Agency has a lease agreement with Discovery Plaza Inc. Consulting for office space at a monthly rate of \$9,142 until October 31, 2015, \$9,463 to October 31, 2017 and \$9,783 until October 31, 2019.

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

12. Comparative Figures

Certain prior year figures have been reclassified to conform with the current year presentation.