

YUKON HOSPITAL CORPORATION

FINANCIAL STATEMENTS

March 31, 2014

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Management Responsibility Statement

The accompanying consolidated financial statements of Yukon Hospital Corporation are the responsibility of management, and have been approved by the Board of Trustees.

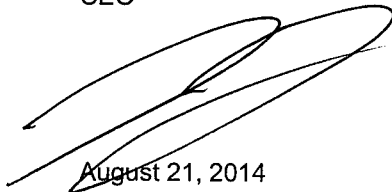
These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The consolidated financial statements include some amounts, such as the determination of amounts related to the defined benefit pension plan and the liabilities for accrued severance, retirement and sick leave benefits, that are necessarily based on management's best estimates and judgement. Management has determined such amounts on a reasonable basis.

Management maintains a system of internal accounting and administrative controls designed to provide reasonable assurance as to the reliability of financial information and the safeguarding of assets.

The Board of Trustees of the Corporation is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board exercises this responsibility through an Executive Committee consisting of five non-management members. The Executive Committee meets regularly with management and with the external auditors to review the scope and results of the annual audit, and to review the consolidated financial statements and related financial reporting matters prior to recommending the consolidated financial statements to the Board of Trustees for approval.

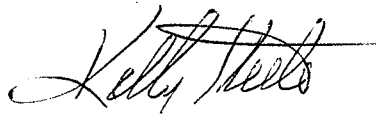
These consolidated financial statements have been independently audited in accordance with Canadian generally accepted auditing standards by the Auditor General of Canada, and his report is included with these consolidated financial statements.

Jason Bilsky
CEO



August 21, 2014

Kelly Steele
Director Finance and Accounting



August 21, 2014



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Yukon Hospital Corporation

I have audited the accompanying consolidated financial statements of the Yukon Hospital Corporation, which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Yukon Hospital Corporation as at 31 March 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Terrance DeJong, CPA, CA
Assistant Auditor General
for the Auditor General of Canada

21 August 2014
Vancouver, Canada

Yukon Hospital Corporation

Consolidated Statement of Financial Position

As at March 31
(thousands of dollars)

	2014	2013
	\$	\$
ASSETS		
Current assets		
Cash	4,111	3,341
Accounts receivable (note 12)	4,397	1,988
Inventory (note 3)	2,242	2,203
Prepaid expenses	835	557
Short-term contributions receivable (note 7)	2,915	3,149
	<u>14,500</u>	<u>11,238</u>
Non-current assets		
Restricted funds (note 4)	417	274
Accrued pension benefit (note 5)	22,327	18,627
Capital assets (note 6)	118,359	114,223
Long-term contributions receivable (note 7)	47,532	69,086
	<u>188,635</u>	<u>202,210</u>
	<u>203,135</u>	<u>213,448</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 12)	6,048	5,841
Accrued payroll and benefits (note 12)	3,772	2,829
Deferred revenue	118	590
Short-term debt (notes 10 & 12)	48,764	69,792
	<u>58,702</u>	<u>79,052</u>
Non-current liabilities		
Employee future benefits other than pensions (note 8)	2,612	2,536
Deferred capital contributions (note 9)	114,469	107,827
Long-term debt (notes 11 & 12)	162	162
Asset retirement obligation (note 19)	285	285
	<u>117,528</u>	<u>110,810</u>
	<u>176,230</u>	<u>189,862</u>
NET ASSETS		
Investment in capital assets (note 13)	4,253	6,617
Restricted for First Nations Health Program (note 15)	601	1,076
Restricted for capital purchases, internal (note 17)	887	748
Restricted for pension (notes 5 & 17)	22,327	18,627
Unrestricted (note 17)	(1,163)	(3,482)
	<u>26,905</u>	<u>23,586</u>
	<u>203,135</u>	<u>213,448</u>

Contingencies and contractual obligations (note 18)

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board,

Chairman

Director

Yukon Hospital Corporation

Consolidated Statement of Operations

For the year ended March 31

(thousands of Dollars)

	2014	2013
	\$	\$
Revenues		
Government of Yukon contribution (note 14)	57,543	52,228
Amortization of deferred capital contributions (note 9)	4,847	3,079
Patients	3,439	3,548
Fundraising	758	964
Thomson Centre service contracts	490	414
Other	970	489
Cafeteria	281	326
Interest	147	94
	<u>68,475</u>	<u>61,142</u>
Expenses		
Compensation and benefits	36,827	34,107
Supplies	9,193	8,286
Amortization of capital assets (note 6)	5,811	4,062
Other (note 16)	4,526	3,952
Contracted services	3,959	3,850
Equipment and building services	2,221	2,399
Interest on short-term debt (note 10)	1,963	981
Pension (note 5)	417	1,627
Fundraising	239	224
	<u>65,156</u>	<u>59,488</u>
Surplus of revenues over expenses	<u><u>3,319</u></u>	<u><u>1,654</u></u>



The accompanying notes are an integral part of the consolidated financial statements.

Yukon Hospital Corporation
Consolidated Statement of Changes in Net Assets

For the year ended March 31
(thousands of Dollars)

	Investment in Capital Assets (note 13)	Restricted For First Nations Health Program (note 15)	Restricted For Capital Purchases Internal (note 17)	Restricted For Pension (note 17)	Unrestricted (note 17)	2014 Total	2013 Total
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	6,617	1,076	748	18,627	(3,482)	23,586	22,037
Surplus (deficiency) of revenue over expenses	(964)	(475)	186	3,700	872	3,319	1,654
Net change in investment in capital assets (note 13)	(1,400)	-	-	-	1,400	-	-
Interfund Transfers	-	-	(47)	-	47	-	-
Purchases of Capital Assets	-	-	-	-	-	-	(105)
Balance, end of year	4,253	601	887	22,327	(1,163)	26,905	23,586

The accompanying notes are an integral part of the consolidated financial statements.

Yukon Hospital Corporation

Consolidated Statement of Cash Flows

For the year ended March 31
(thousands of Dollars)

	2014	2013
	\$	\$
Cash flows provided by operating activities		
Receipts from government funding	79,349	37,753
Receipts from patient revenue	3,062	5,459
Payments to and on behalf of employees	(39,925)	(38,062)
Payments to suppliers and contractors	(20,124)	(20,429)
Interest on short-term debt (note 10)	(1,963)	(981)
	<u>20,399</u>	<u>(16,260)</u>
Cash flows provided by capital activities		
Purchase of capital assets	(9,091)	(15,026)
Payments of interest capitalized	(856)	(1,667)
	<u>(9,947)</u>	<u>(16,693)</u>
Cash flows used in financing activities		
Cash received from loans	-	18,709
Cash received for capital purchases	11,346	15,805
Repayment of loans	(21,028)	(1,235)
	<u>(9,682)</u>	<u>33,279</u>
Net increase in cash	770	326
Cash, beginning of the year	3,341	3,015
Cash, end of the year	<u>4,111</u>	<u>3,341</u>
Represented by:		
Cash	748	90
Cash - First Nations Health Program	712	1,123
Cash - Yukon Hospital Foundation	2,651	2,128
	<u>4,111</u>	<u>3,341</u>

The accompanying notes are an integral part of the consolidated financial statements.

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements
 March 31, 2014

1. PURPOSE

- a) The Yukon Hospital Corporation ("The Corporation") is a charitable organization established under the *Hospital Act* of the Yukon. The objectives of the Corporation are to provide hospital and medical services to meet the needs of people in the Yukon. The Corporation is a registered charity and accordingly is exempt from income taxes, provided certain requirements of the Federal *Income Tax Act* are met.
- b) The Yukon Hospital Foundation ("The Foundation") is a society incorporated under the *Societies Act* of the Yukon. The purpose of the Foundation is to promote health of people in the Yukon, to raise money for hospital and medical care and services, supervised residential care and continuing care, and rehabilitative care and services. The Foundation also grants funds and provides equipment, services and facilities to health facilities in the Yukon, and in particular to the Yukon Hospital Corporation.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The Corporation has elected to apply the Section 4200 series for government-not-for-profit organizations.

Basis of consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary, the Foundation. All significant inter-company transactions and balances have been eliminated on consolidation.

Cash

This balance includes cash held in Canadian bank accounts including amounts designated for the First Nations Health Program. The First Nations Health Program is administered by the Yukon Hospital Corporation.

Inventory

Inventories are comprised of pharmacy, medical and general operating supplies, and are valued at the lower of cost and net realizable value. Inventories are determined on a first-in, first-out basis.

Capital assets

Capital assets are recorded at cost except for contributed capital assets which are recorded at fair market value at the date of contribution. Except for land, all capital assets are recorded net of accumulated amortization. Interest on loans during construction of capital assets is capitalized. Amortization is calculated by the straight line method over the assets' expected useful lives (see note 6).

Estimated useful life	Years
Computer, hardware & systems development	5
Equipment & vehicles	6.7-10
Buildings	10-40
Building improvements	20
Land improvements	20
Yukon Hospital Foundation property & equipment	5
First Nations Health Program property & equipment	10

Revenue recognition

The Corporation follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase and construction of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from other provinces and uninsured patients, operational revenue and ancillary services are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue for funded programs is recognized in the period expenses are incurred.

Interest income is recorded on an accrual basis and is recognized as revenue when earned.

Donated services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, these donated services are not recognized in the consolidated financial statements.

Financial instruments

All financial instruments of the Corporation are recorded at cost or amortized cost.

Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably determined. Contingent liabilities are not recognized but are disclosed in Note 18.

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements
 March 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions

Eligible employees of the Corporation participate in the Yukon Hospital Corporation Employees' Pension Plan, a defined benefit plan administered by the Corporation's Board of Trustees. Contributions to the plan are required from both the employees and the Corporation.

Pensions are based on length of service and final average earnings. Cost of living increases are provided annually to pensioners, as well as upon retirement for deferred pensions. The expected return on plan assets is based on the fair value of plan assets at the beginning of each fiscal year. Cumulative unrecognized actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service lifetime ("EARSL") of active employees expected to receive benefits under the plan. Past service credits and costs arising from retroactive plan amendments are recognized in the year of plan amendments. Further details with respect to the pension are contained in note 5.

PS 3250 requires that the discount rate be either the cost of borrowing or the expected rate of return on plan assets. The expected rate of return on plan assets is used to value the accrued pension benefit asset.

Employee future benefits other than pensions

Employees are entitled to specified severances, sick leave and special leave benefits as provided for under union contracts and conditions of employment. There are no segregated assets for the employee future benefits other than pensions and benefits are paid on a pay-as-you-go basis. The obligation for these payments is estimated and recorded in the accounts as the benefits accrue to the employee.

The disclosure items with respect to the specified severance benefits, special leave liability and sick leave liability are based on an actuarial valuation performed by Towers Watson, the actuary, for accounting purposes. Cumulative unrecognized actuarial gains and losses in respect of the severance and sick leave benefits are amortized on a straight-line basis over the expected average remaining service lifetime ("EARSL") of active employees expected to receive benefits under the plan. Past service credits and costs arising from retroactive plan amendments are amortized on a straight-line basis over the EARSL of active members expected to receive benefits under the plan. Further details with respect to the employee future benefits other than pensions are contained in note 8.

PS 3250 requires that the discount rate be either the cost of borrowing or the expected rate of return on plan assets. The expected rate of return on the cost of borrowing is used to value the employee future benefits.

Use of estimates and measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards applicable for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. By their nature, these estimates and assumptions are subject to measurement uncertainty. Significant areas requiring the use of management estimates relate to the estimated useful lives of capital assets, determination of the defined benefit pension plan obligation and actuarial gains or losses, and the liabilities for accrued severance, retirements and sick leave benefits. Financial results as determined by actual events could differ significantly from these estimates.

Future accounting changes

PSAS Section 3260 Liability for Contaminated Sites has been released to provide guidance on recognition and measurement of liabilities associated with contamination of sites. Recognition of liability for contaminated sites occurs when an environmental standard exists, contamination exceeds that standard, the entity is directly responsible or accepts responsibility, it is expected future economic benefits will be given up, and a reasonable estimate of the amount can be made. Additional work is expected to be performed to identify and assess the liabilities. The standard is effective for the Corporation for fiscal year beginning April 1, 2014. The Corporation is currently evaluating the impact of this new accounting standard on its consolidated financial statements for the next fiscal year.

3. INVENTORY

Inventory	2014	2013
	\$	\$
	(thousands of dollars)	
• Pharmacy	668	636
• Material Management	693	696
• Operating Room Inventory	658	635
• Laboratory Inventory	223	236
Total Inventory	2,242	2,203

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements
 March 31, 2014

4. RESTRICTED FOR CAPITAL PURCHASES - EXTERNAL

The Corporation has control over restricted funds which have been donated for specific capital purchases. These funds are set up on the Consolidated Statement of Financial Position as an asset with an offsetting entry to deferred capital contributions. The balance in the fund represents the difference between Restricted Contributions for Capital assets received and the funds spent thus far based on the restrictions attached to the contributions.

	2014	2013
	\$	\$
	(thousands of dollars)	
Balance, Beginning of year	274	252
Increase in Contributions Receivable during the year	4,361	14,751
Increase in Deferred Capital Contributions during the year	(4,218)	(14,729)
Balance, End of year	<u>417</u>	<u>274</u>

5. PENSION COSTS AND OBLIGATIONS

Yukon Hospital Corporation sponsors a contributory defined benefit pension plan. The Corporation contributes amounts as prescribed by an independent actuary. In 2014 members were required to contribute to the plan at a rate of 5.85% (2013 - 6.4%) of annualized earnings up to the Year's Maximum Pensionable Earnings ("YMPE") plus 7.85% (2013 - 8.4%) of annualized earnings in excess of YMPE for the plan year.

A separate pension fund is maintained to hold plan assets. Yukon Hospital Corporation has contracted with external organizations to provide trustee and investment management services for the fund. Pension fund assets are invested in balanced pooled funds of the investment manager. The market value of plan assets was \$85.188 million as at March 31, 2014 (March 31, 2013 - \$69.214 million).

An actuarial valuation for accounting purposes was performed as of March 31, 2014 by Towers Watson, using the projected benefits method prorated on services. The actuarial valuation included services rendered by members under the Yukon Hospital Corporation Employees' Pension Plan since the inception of the plan in 1993, as well as service credits in respect of pre-1993 service transferred to the Yukon Hospital Corporation Employees' Pension Plan from the Public Service Pension Plan under the Special Reciprocal Transfer Agreement dated June of 1995. The next actuarial valuation for accounting purpose will be performed as at March 31, 2015.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimate of these future events. Key assumptions are summarized below:

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements
March 31, 2014

5 - PENSION COSTS AND OBLIGATIONS (continued)

Weighted-Average Assumptions for Net Period Pension Cost for Fiscal Year

	2014	2013
• Discount rate	6.50%	6.50%
• Expected long-term rate of return on plan assets	6.50%	6.50%
• Rate of compensation increase (exclusive of seniority, merit and promotion increases)	2.50%	2.50%
• Expected average remaining service lifetime (EARSL)	7.5	7.6

Weighted-Average Assumptions for Benefit Obligation at Fiscal Year

	2014	2013
• Discount rate	6.50%	6.50%
• Rate of compensation increase (exclusive of seniority, merit and promotion)	2.50%	2.50%
• Expected average remaining service lifetime (EARSL)	7.5	7.6

As at March 31, 2014, pension fund assets are valued at market value. No adjustment is made for benefits payable or contributions receivable.

	2014	2013
	\$	\$
	(thousands of dollars)	
Change in accrued benefit obligation		
• Accrued benefit obligation - beginning of year	50,187	48,031
• Current Period Benefit Cost (Employee & Employer)	3,222	3,171
• Transfers in/ service buybacks	477	-
• Interest cost	3,299	3,151
• Benefits paid	(2,568)	(2,271)
• Actuarial (gains) losses	4,029	(1,895)
• Accrued benefit obligation - end of year	<u>58,646</u>	<u>50,187</u>
Change in Plan Assets		
• Fair value of plan assets -beginning of year	69,214	60,208
• Actual return on plan assets	12,446	6,873
• Employer contributions	4,117	3,165
• Employee contributions	1,680	1,504
• Transfers in/ service buybacks	477	-
• Benefits paid	(2,568)	(2,271)
• Actual plan expenses	(178)	(265)
• Fair value of plan assets - end of year	<u>85,188</u>	<u>69,214</u>
Reconciliation of Funded Status		
• Accrued benefit obligation	58,646	50,187
• Fair value of plan assets	85,188	69,214
• Funded (surplus) deficit	<u>(26,542)</u>	<u>(19,027)</u>
• Unamortized actuarial (gains) losses	4,215	400
• Accrued benefit (asset) liability - end of year	<u>(22,327)</u>	<u>(18,627)</u>
Benefit Expense		
• Current Period Benefit Cost	3,472	3,399
• Amortization of actuarial (gains) losses	(60)	564
• Less Employee Contributions	(1,680)	(1,504)
• Benefit Expense	<u>1,732</u>	<u>2,459</u>
• Benefit Interest Expense	(1,315)	(832)
Total Expenses related to Benefits	<u>417</u>	<u>1,627</u>

Plan Assets By Asset Category

	Dec 31, 2013	Dec 31, 2012
• Equity securities	60.0%	66.0%
• Debt securities	35.0%	32.0%
• Other	5.0%	2.0%
Total	<u>100%</u>	<u>100%</u>

As at December 31, 2013 the pension plan had a solvency deficit of \$14.8 million (December 31, 2012 - \$27.9 million) if valued on the basis that the pension plan were terminated/wound up as at December 31, 2013. The solvency ratio of the plan is 86% (72% in 2012). In accordance with the *Pension Benefits Standards Act, 1985*, the Corporation is required to make special payments to eliminate the solvency shortfall. The payments have been actuarially determined as monthly payments of \$352,000 over the 2014 year. The Corporation will obtain a conforming letter of credit for a portion of the solvency shortfall for the calendar year and will contribute \$2,036,000 in cash payments. During the fiscal year, the Corporation entered into Letters of Credit totaling \$9,769,000 (2013 - \$5,710,547) related to solvency deficiency payments.

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements
March 31, 2014

6 - CAPITAL ASSETS

	(thousands of dollars)								2014 Total	2013 Total
	Land	Land Improvements	Buildings	Building Improvements	Equipment & Vehicles	Computer Hardware & Systems Development	Construction In Progress			
Cost, March 31, 2013	\$ 1,751	\$ 314	\$ 75,137	\$ 2,585	\$ 10,289	\$ 5,916	\$ 53,973	\$ 149,965	\$ 133,926	
Acquisitions	-	-	7,416	-	1,457	340	734	9,947	16,693	
Transfer to capital assets	-	-	52,274	-	1,567	81	(53,922)	-	-	
Disposals	-	-	-	-	-	-	-	-	(654)	
Cost, March 31, 2014	1,751	314	134,827	2,585	13,313	6,337	785	159,912	149,965	
Accumulated amortization, March 31, 2013	-	45	23,282	1,284	5,904	5,227	-	35,742	32,334	
Amortization expense	-	16	3,719	129	1,387	560	-	5,811	4,062	
Disposals	-	-	-	-	-	-	-	-	(654)	
Accumulated amortization, March 31, 2014	-	61	27,001	1,413	7,291	5,787	-	41,553	35,742	
2014 net book value	\$ 1,751	\$ 253	\$ 107,826	\$ 1,172	\$ 6,022	\$ 550	\$ 785	\$ 118,359	\$ 114,223	

During the fiscal year, the Corporation capitalized loan interest in the amount of \$856 thousand (2013 - \$1.584 million).

The NBV of capital assets for First Nation Health for this fiscal year is \$784 (2013 - \$2,000).

The NBV of capital assets for Yukon Hospital Foundation for this fiscal year is \$- (2013 - \$3,000).

7 - CONTRIBUTIONS RECEIVABLE

During the current year, the Corporation continued to work on several major capital projects. As at March 31, 2014 the Corporation has spent \$82.172 million (2013 - \$74.202 million) on these projects. The Corporation has secured financing with the CIBC for these projects and the Government of Yukon has committed funds to be paid each year beginning in 2011-12 to repay the loans. As a result, the Corporation has set up a contribution receivable in the amount of \$50.519 million and increased its deferred capital contribution by the same amount. The following table shows the breakdown by project.

March 31, 2014

	(thousands of dollars)		
	Commitment	Principal Payment	Total
Crocus Ridge building	\$ 18,437	\$ (4,233)	\$ 14,204
Thomson Centre	3,435	(3,424)	11
Watson Lake Hospital	27,725	(8,927)	18,798
Dawson City Hospital	31,869	(13,736)	18,133
Unallocated lump sum funding for Hospital projects	-	(699)	(699)
	<u>81,466</u>	<u>(31,019)</u>	<u>50,447</u>
Short-term Contribution Receivable			2,915
Long-term Contribution Receivable			47,532
			<u>50,447</u>

March 31, 2013

	(thousands of dollars)		
	Commitment	Principal Payment	Total
Crocus Ridge building	\$ 18,168	\$ (667)	\$ 17,501
Thomson Centre	3,299	(255)	3,044
Watson Lake Hospital	25,503	(65)	25,438
Dawson City Hospital	26,252	-	26,252
	<u>73,222</u>	<u>(987)</u>	<u>72,235</u>
Short-term Contribution Receivable			3,149
Long-term Contribution Receivable			69,086
			<u>72,235</u>

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements
 March 31, 2014

8. EMPLOYEE FUTURE BENEFITS OTHER THAN PENSIONS

The Corporation provides severances, special leave and sick leave benefits to its employees. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future sources of revenue.

An actuarial valuation of the specified severance, special leave and sick leave benefits was performed for accounting purposes as of March 31, 2014 by Towers Watson, the actuary, using the projected benefits method prorated on services. The actuarial valuation included services rendered by eligible employees at December 31, 2013. The next actuarial valuation for accounting purposes will be performed as at March 31, 2015.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimate of these future events. Key assumptions are summarized below:

Actuarially Determined Employee Future Benefits

Weighted-Average Assumptions for Net Periodic Benefit Cost for Fiscal Year	2014	2013
• Discount rate	4.50%	4.50%
• Rate of compensation increase (exclusive of seniority merit and promotion)	2.50%	2.50%
• Expected average remaining service lifetime (EARSL)	9.2	9.4
Weighted-Average Assumptions for Benefit Obligation at Fiscal Year	2014	2013
• Discount rate	4.50%	4.50%
• Rate of compensation increase (exclusive of seniority, merit and promotion)	2.50%	2.50%
• Expected average remaining service lifetime (EARSL)	9.2	9.4
	2014	2013
	\$	\$
Change in accrued benefit obligation		
• Accrued benefit obligation - beginning of year	2,529	2,359
• Current period benefit cost	180	174
• Interest accrued	113	107
• Benefits paid	(216)	(136)
• Actuarial (gains) losses	85	25
• Accrued benefit obligation - end of year	<u>2,691</u>	<u>2,529</u>
Reconciliation of Funded Status		
• Accrued benefit obligation - beginning of year	2,691	2,529
• Funding (surplus) deficit	2,691	2,529
• Unamortized actuarial gains	(79)	7
• Accrued benefit liability - end of year	<u>2,612</u>	<u>2,536</u>
Benefit Expense		
• Current Period Benefit Cost	180	174
• Amortization of actuarial (gains) losses	(1)	(4)
• Benefit Expense	179	170
• Benefit Interest Expense	113	107
Total Expenses related to Benefits	<u>292</u>	<u>277</u>

The Yukon Hospital Corporation adopted a measurement date of March 31 in respect to its benefit obligations.

Yukon Hospital Corporation
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 March 31, 2014

9 DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent restricted contributions received or receivable to purchase capital assets. The changes in the deferred capital contributions balance for the year are as follows:

	2014	2013
	\$	\$
	(thousands of dollars)	
Balance, Beginning of year	107,827	95,077
Restricted government contribution	10,789	15,734
Restricted capital contributions (non-government)	700	95
Amount amortized to revenue	<u>(4,847)</u>	<u>(3,079)</u>
Balance, End of year	<u>114,469</u>	<u>107,827</u>

The Yukon Government donated \$2 million to match the \$2 million that had been fund-raised by the Yukon Hospital Foundation to purchase an MRI machine for Whitehorse General Hospital. The Corporation in collaboration with Health and Social Services have prepared a proposal to Government for approval to move forward with the purchase and set-up of a MRI program.

10 SHORT TERM DEBT

	2014	2013
	\$	\$
	(thousands of dollars)	
Short term overdraft facility with the CIBC of up to \$5.0 million at the bank prime rate of 3.0% (2013 - 3%). This overdraft can only be activated by way of Ministerial approval.	-	4,160
Demand Term Installment Loan with the CIBC with interest calculated at a fixed rate of 5.15% per annum for the Watson Lake Hospital construction project. Blended payments of \$160 due monthly beginning on December 30, 2011 with the final payment due on December 31, 2026	17,889	18,857
Demand Term Installment Loan with the CIBC with interest calculated at a fixed rate of 4.525% per annum for the Dawson City Hospital construction project. Principal payments of \$100 due monthly beginning on May 1, 2013 with the final payment due on April 1, 2028.	16,900	-
Demand Term Installment Loan with the CIBC with interest calculated at a fixed rate of 5.23% per annum for the Crocus Ridge construction project. Blended payments of \$117 due monthly beginning December 15, 2010 with the final payment due on March 15, 2028.	13,975	14,635
Unsecured Demand Construction Loan Facility with the CIBC with interest calculated at a fixed rate of \$4.25% per annum for the Dawson City Hospital construction project. Interest payments due monthly.	-	23,043
Unsecured Demand Construction Loan Facility with the CIBC with interest calculated at a fixed rate of 5.15% per annum for the Watson Lake Hospital construction project. Interest payments due monthly.	-	3,533
Demand Term Installment Loan with the CIBC with interest calculated at a fixed rate of 4.22% per annum for the Thomson Centre construction project. Blended payment of \$31 due monthly beginning on April 1, 2011 with the final payment due on April 1, 2021. This loan was paid in full during fiscal 2014.	-	2,510
Unsecured Demand Construction Loan Facility with the CIBC with interest calculated at a fixed rate of 5.23% per annum for the Crocus Ridge construction project. Interest payments due monthly.	-	1,780
Demand Term Installment Loan with the CIBC with interest calculated at a fixed rate of 4.71% per annum for the Crocus Ridge construction project. Blended payments of \$7 due monthly beginning on December 15, 2010 with the final payment due on March 15, 2028. This loan was paid in full during fiscal 2014.	-	911
Unsecured Demand Construction Loan Facility with the CIBC with interest calculated at a fixed rate of 4.22% per annum for the Thomson Centre construction project. Interest payments due monthly.	-	363
	<u>48,764</u>	<u>69,792</u>

Total interest expense for fiscal 2014 was \$1,963,000 (2013 - \$981,000)

Due to the conditions in the loans with CIBC all debt has been classified as current as CIBC has the ability to call the debt at any time.

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements
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10 - SHORT-TERM DEBT (continued)

CIBC Bank Loans - Interest rate swaps

The Corporation has entered into interest rate swap agreements with the CIBC to reduce its exposure to fluctuations in interest rates on a portion of its debt. Interest rate swap agreements are transactions in which two parties exchange interest flows on a specified notional amount on predetermined dates for a specific period of time using agreed upon fixed or floating rates of interest. Notional amounts upon which the interest payments/receipts are based are not exchanged. The floating rate for the initial calculation period remains to be determined but the floating rate option will be based on the Canadian Dollar - Bankers Acceptance - Canadian Dealer Offer Rate (CAD-BA-CDOR). The spread is 0.85000%.

The terms and conditions of the interest rate swap agreements are very highly correlated with the host debt instrument to which they relate.

Principal repayment schedule

Principal repayment, for the three construction projects, on the indebtedness over the next five years and thereafter are as follows:

	\$
(thousands of dollars)	
2015	2,915
2016	3,006
2017	3,102
2018	3,202
2019	3,309
2020 and thereafter	<u>33,230</u>
	<u>48,764</u>

11 - LONG-TERM DEBT

Yukon Development Corporation

In 2003, Yukon Development Corporation financed an electric boiler system for the Corporation for a total cost of \$596,000. The long-term debt repayment portion is 50% of the energy savings total. An initial payment on principal of \$200,000 was made by Yukon Hospital Corporation in 2004.

\$162,000 (March 31, 2013 - \$162,000) remains from the original \$596,000 flexible term note bearing interest at 7.5% repayable in annual installments, based on annual energy savings realized, secured by a general security agreement on building improvements with a net book value of \$267,000 (March 31, 2013 - \$297,000)

The energy savings realized to date are as follows:

	\$
(thousands of dollars)	
2004	78
2005	109
2006	112
2007	191
2008	145
2009	140
2010	92
2011	-
2012	-
2013	-
2014	-
	<u>867</u>

Yukon Development Corporation is related to the Corporation as they are both under common control by the Government of Yukon. This transaction took place under normal trade terms.

Yukon Hospital Corporation
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12. FINANCIAL RISK MANAGEMENT

Financial Risks

The Corporation has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

The Board of Trustees ensures that the Corporation has identified its major risks and ensures that management monitors and controls them. The Executive Committee oversees the Corporation's systems and practices of internal control, and ensures that these controls contribute to the assessment and mitigation of risk. The Executive Committee reports regularly to the Board of Trustees on its activities. The Corporation has experienced no change in its area of risk exposure.

(a) Credit risk:

Credit risk is the risk of a financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Corporation consisting of accounts receivables, cash, restricted funds and contributions receivable.

Accounts receivable:

The Corporation's exposure to credit risk associated with accounts receivable is assessed as low because it is due largely from governments.

The maximum exposure to credit risk for accounts receivable by type of customer is as follows:

	2014	2013
	\$	\$
	(thousands of dollars)	
Government of Yukon	3,032	958
Other governments	384	697
Consumers	109	157
Other	872	176
	<u>4,397</u>	<u>1,988</u>

The Corporation's accounts receivable has a carrying value of \$4,397,000 as of March 31, 2014 (2013 - \$1,988,000). As at March 31, 2014, approximately 19% (2013 - 30%) of accounts receivable were over 90 days past due, whereas 77% (2013 - 44%) were current or less than 30 days past due. The Corporation's allowance for doubtful accounts is \$474,433 as at March 31, 2014 (2013 - \$350,287).

Credit risk on cash is minimized as these assets are held with Canadian Chartered banks.

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation's objective is to have sufficient liquidity to meet these liabilities when due. The Corporation monitors its cash balance and cash flows generated from operations to meet its liquidity requirements.

The carrying amount of accounts payable and accrued liabilities and accrued payroll and benefits represent the maximum exposure to liquidity risk. The Corporation's accounts payable and accrued liabilities had a carrying value of \$6,048,000 as at March 31, 2014 (2013 - \$5,841,000). As at March 31, 2014, 100% of accounts payable (2013 - 100%) were current, or less than 30 days past due. The Corporation's accrued payroll and benefits has a carrying value of \$3,772,000 as at March 31, 2014 (2013 - \$2,829,000) and is repayable in the next fiscal year.

The carrying amounts of short-term and long-term debt also represents exposure to liquidity risk. The Corporation's short-term debt has a carrying value of \$48,764,000 as at March 31, 2014 (2013 - \$69,792,000) and is repayable in the next fiscal year. The Corporation's long-term debt has a carrying value of \$162,000 as at March 31, 2014 (2013 - \$162,000).

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

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12 FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk

Currency risk

Currency risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates. The Corporation is not exposed to any significant currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. YDC Long-term debt has interest rates fixed for long periods of time with the debt intended to be repaid in accordance with corresponding energy savings.

The Corporation mitigates interest rate risk on its short-term debt through interest rate swaps that exchange the variable rate inherent in the term debt for a fixed rate (see Note 10). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the short term debt.

The interest rate swaps resulted in a fair value loss as at March 31, 2014 of \$4,901,000 (2013 - \$7,458,000).

Fair value of financial instruments

The Corporation's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities, accrued payroll and benefits and short and long-term debt. The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, accrued payroll and benefits approximate their fair values due to the short-term nature of these financial assets and liabilities.

The following fair value hierarchy prioritizes the valuation techniques used to determine the fair value of a financial instrument based on whether the inputs to those techniques are observable or unobservable:

- Level 1 – Financial instruments are considered Level 1 when valuation can be based on quoted prices in active markets for identical assets and liabilities. Long term bonds are valued in this category.
- Level 2 – Financial instruments are considered Level 2 when they are valued using quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or models using inputs that are observable.
- Level 3 – Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

The fair value of the interest rate swap has been determined using Level 2 of the fair value hierarchy. The fair value of interest rate swaps is based on net present value calculation by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
YDC Long-term debt	162	71	162	112
CIBC Short-term debt	48,764	55,564	69,792	73,896
	48,926	55,635	69,954	74,008

Yukon Hospital Corporation
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13. INVESTMENT IN CAPITAL ASSETS

(a) Net assets invested in capital assets is calculated as follows:

	2014	2013
	\$	\$
	(thousands of dollars)	
Capital assets (note 6)	118,359	114,162
Amounts financed by deferred capital contributions (net of unexpended externally restricted contributions)	(114,106)	(107,545)
	<u>4,253</u>	<u>6,617</u>

Change in net assets invested in capital assets is calculated as follows:

(b) Change in Amortization

	2014	2013
Amortization of deferred capital contributions	4,847	3,079
Amortization of capital assets	(5,811)	(4,062)
	<u>(964)</u>	<u>(983)</u>

(c) Net change in invested capital assets

	2014	2013
Purchase of capital assets (net of contributed land)	9,947	16,691
Amounts funded by deferred capital contributions	(11,347)	(15,807)
	<u>(1,400)</u>	<u>884</u>

Contributed land

Certain assets in Whitehorse, including land were transferred from the Government of Canada and the Government of Yukon to the control of the Yukon Hospital Corporation on April 1, 1993 and January 19, 1994. Contributed assets are recorded at fair value at the time of contribution. Contributed land also includes land transferred from the Government of Yukon on May 14, 2010 in Watson Lake, in April 2011 in Dawson City, and on May 12, 2011 for the escarpment behind the existing Whitehorse General Hospital.

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

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14. RELATED PARTY TRANSACTIONS

	2014	2013
	\$	\$
	(thousands of dollars)	
Government of Yukon Contribution		
• Basic Funding	53,259	47,959
• First Nations Health Program (note 14)	663	663
Total Basic Funding	<u>53,922</u>	<u>48,622</u>
• Other	3,621	2,750
• Yukon Hospital Foundation (included in fundraising revenue)	95	93
• Services without charge	-	856
Total Government of Yukon Contribution	<u>57,638</u>	<u>52,321</u>

Revenue received from the Government of Yukon for services was \$57.638 million for 2014 (2013 - \$51.465 million). The 2014 contribution includes \$95,000 (2013 - \$93,000) flow through funding given to the Foundation.

Services Without Charge

Prior to fiscal 2014 the services provided without charge by the Government of Yukon consisted of property taxes for facilities owned by the Corporation (2013 - \$856,000). These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Effective fiscal 2014 the Corporation is paying all property taxes on all facilities owned.

The Corporation leases space to the Government of Yukon. The lease is for the ambulance station, #2 Hospital Road and #4 Hospital Road, and is at a cost of \$1 per year. These transactions are recorded at their carrying amount.

Other services are provided to related parties at no charge based on the agreement outlined in Appendix H of the 1994 Whitehorse General Hospital Transfer Agreement between the Corporation, the Government of Yukon and the Government of Canada. Appendix H outlines Whitehorse General Hospital's obligation to provide residual services to Yukon communities. The total cost of providing these services for 2014 was \$478,000 (2013 - \$465,000).

In compliance with the Appendix H agreement, the Corporation provided goods in the amount of \$982,000 (2013 - \$1.119 million) to related parties which includes a 15% administration charge on Material Management supplies purchased in excess of \$80,000. The Corporation recovered only the cost of goods of \$951,000 (2013 - \$1.077 million). As this is a cost recovery arrangement, the revenues and cost of sales have been netted in Revenues - Other in the Consolidated Statement of Operations. The services without charge are reflected and flow through the Consolidated Statement of Operations of the Corporation.

Audit Services are provided without charge by the Office of the Auditor General of Canada to the Corporation. No amount has been recognized in the financial statements with respect to the services provided

Other Related Party Transactions

The Corporation is related in terms of common ownership to all Government of Yukon departments, corporations, and agencies. In addition to those related party transactions disclosed elsewhere in these financial statements (Notes 10 & 11) the Corporation enters into transactions with related entities in the normal course of business.

The Government of Yukon and the Corporation entered into an agreement transferring ownership of the Watson Lake Hospital to the Corporation effective April 1, 2010. The Watson Lake Hospital transfer included land, buildings and medical equipment worth \$2.424 million. The transaction was recorded at fair value. The Corporation agreed that it may transfer part of the old building back to the Government at the request of, and subject to any conditions imposed by the Government. In addition, the Corporation, may be required to grant to the Government a lease in portions of the future hospital on such terms as the Government may require. No transfers were made back to Government in fiscal 2014 or 2013.

In April 2011, the Government of Yukon transferred land and building in Dawson City, as well as land behind Whitehorse General Hospital to the Corporation at no cost. The value of this additional land and buildings is \$741,000. The land and buildings were recorded at fair value.

In fiscal 2014 the Corporation (the Lessor) amended the lease with the Government of Yukon (the Lessee) for approximately 17,951 square feet of office spaced located in the Thomson Center building. This lease is at a cost of \$1/year.

In fiscal 2012 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 22,075 square feet of office spaced located on the 1st and 2nd floor of the Crocus Ridge building. This lease is recorded at the exchange amount which approximates fair value. Details of these leases are outlined in the following table.

In fiscal 2014 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 2,660 square feet of clinical space located in Watson Lake Hospital and 2,540 square feet of clinical space located in Dawson City Hospital. Leases are recorded at the exchange amount which approximates fair value. Details of these leases are outlined in the following table.

Leases	Annual Lease Payments	Term
	\$	
	(thousands of dollars)	
Crocus Ridge 1st & 2nd floor office space	825	10 years
Watson Lake Hospital	69	15 years
Dawson City Hospital	95	15 years
	<u>989</u>	

As at March 31, 2014 there was \$153,247 (2013 - \$241,342) of accounts payable and \$3.032 million (2013 - \$958,783) of accounts receivable related to the Government of Yukon.

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements
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15 - FIRST NATIONS HEALTH PROGRAM

The following amounts pertain to the First Nations Health Program and have been included in the Consolidated Statement of Operations.

	2014	2013
	\$	\$
	(thousands of dollars)	
Revenues		
Government of Yukon - Transfer agreement (note 14)	663	663
Interest	9	18
Other	18	18
	<u>690</u>	<u>699</u>
Expenses		
Payroll	1,068	1,050
Travel	30	14
Material & Supplies	10	8
Sundry	40	29
Depreciation	1	1
Scholarships	-	-
Honoraria	-	-
	<u>16</u>	<u>18</u>
	<u>1,165</u>	<u>1,120</u>
Deficiency of Revenues over Expenses	<u>(475)</u>	<u>(421)</u>
Opening Surplus	<u>1,076</u>	<u>1,497</u>
Net Surplus	<u>601</u>	<u>1,076</u>

Under an annual contribution agreement, the Government of Yukon provides funds to the Corporation for the purpose of operating the First Nations Health Program at the Whitehorse General Hospital. The First Nations Health Program includes a health liaison worker program, child life worker for the pediatric ward, traditional medicine, traditional diet, employment equity and training program, interpretation services and in-service training.

16 - OTHER EXPENSE

The balance in Other expense is made up of the following items:

	2014	2013
	\$	\$
	(thousands of dollars)	
Property Tax	992	44
Conference fees/travel	493	479
Miscellaneous	456	327
Communications	446	262
Software maintenance	419	341
Legal and professional fees	360	322
Delivery/courier/taxi	339	336
Insurance	294	250
Recruitment and relocation	248	175
Membership fees	183	144
Honorariums	130	151
Bad debt	124	115
Advertising	42	64
Watson Lake/Dawson City/Master Planning projects	-	86
Government of Yukon Services without charge	-	856
	<u>4,526</u>	<u>3,952</u>

17 - CAPITAL MANAGEMENT

The Corporation is subject to the financial management and accountability provisions of the *Hospital Act* which imposes restrictions in relation to borrowings and acquisitions of investments. The Corporation receives its principal source of capital through funding received from the Government of Yukon. The Corporation considers its capital to be its Net Assets - 'Restricted for capital purchases, internal', 'Restricted for pension, and 'unrestricted'. The Pension Restriction is the difference between the contributions to the pension plan and the actuarial determined pension expense and is recorded as an Accrued Pension Benefit Asset (non-current assets) and Restricted for Pension (net assets) on the statement of financial position. This entry reflects trapped capital as these contributions cannot be touched and remain in the plan.

The Corporation defines and computes its capital as follows:

	2014	2013
	\$	\$
	(thousands of dollars)	
Restricted for capital purchases, internal	887	748
Restricted for pension	22,327	18,627
Unrestricted	<u>(1,163)</u>	<u>(3,482)</u>
	<u>22,051</u>	<u>15,893</u>

The Corporation's financial objectives are to comply with externally imposed restrictions and manage its capital as a by-product of managing revenues, expenses, assets and liabilities. The Corporation's financial objectives as stated above have remained unchanged from the prior year. The Corporation has complied with the externally imposed restrictions on the funding provided.

Yukon Hospital Corporation
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18 - CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Contingencies

The nature of the Corporation's activities is such that there may be litigation pending or in process at any time.

In February 2013 the Corporation was forced to give notice to the General Contractor, Dowland Contracting Ltd, that it was in default of its contracts on both the Watson Lake and Dawson City hospital projects for not paying sub-trades for work performed. The Corporation notified the bonding company (Intact Insurance Company) "the Surety" for both projects. The bonding company fulfilled its obligation under the respective bonds and completed the projects in the fiscal year. To date, neither Dowlands Receiver, Intact nor YHC have pursued a claim.

Contractual obligations

The Corporation has contractual commitments whereby the minimum required payments for the next five years are as follows:

	2014
	\$
	(thousands of dollars)
2015	2,455
2016	1,806
2017	1,658
2018	1,484
2019	1,484
2020	1,484
	<u>10,371</u>

Contractual commitments fall under two major categories, contracts related to construction projects and contracts related to scheduled maintenance of medical equipment and other equipment. Contractual commitments over the next 5 years for each category are \$333 thousand (2013 - \$5.255 million) and \$10.038 million (2013 - \$7.221million) respectively.

19 - ASSET RETIREMENT OBLIGATIONS

The Corporation has identified asset retirement obligations for specific equipment as requiring special demolition and disposal treatment. The aggregate amount of the liability relating to the disposal of this equipment that can reasonably be determined as of March 31, 2014 was \$285,000 (March 31, 2013 - \$285,000).

20 - TRUST ASSETS

	2014	2013
	\$	\$
	(thousands of dollars)	
Deferred salary leave plan funds held in trust	<u>31</u>	<u>117</u>

The Corporation administers trust accounts on behalf of employees in regards to its deferred salary leave plan. The deferred salary leave plan funds held in trust are not included in the accompanying consolidated financial statements.

21 - ECONOMIC DEPENDENCE

The Corporation receives approximately 85% (2013 - 85%) of its income from the Government of Yukon.

22 - SUBSEQUENT EVENTS

In April 2014 the Minister of Health and Social Services for the Government of Yukon announced that the Government would provide \$2.8 million to the Corporation in 2014/15 to build a temporary home for Whitehorse General Hospital's new magnetic resonance imaging (MRI) scanner.

In April 2014 the Corporation and the Yukon Government entered into an Agreement to Facilitate the Construction of a Continuing Care Facility on Land owned by the Corporation in Dawson City. This agreement outlines the intent of the Government of Yukon to demolish the existing Health Centre and replace with a new Continuing Care facility which will be connected to the Dawson City Community Hospital via an enclosed walkway and electrical and mechanical services. The agreement also outlines that the parties wish to subdivide the lot and allow the Corporation to transfer clear title of the newly created lot to the Government of Yukon. An estimate of the financial effect of this event cannot be made.

In July 2014 the Yukon Government approved \$71.966M in funding to be used for an expansion to Whitehorse General Hospital, including a new emergency department, additional second floor space for future use, an information system upgrade and improvements to power infrastructure.

23 - COMPARATIVE FIGURES

Certain comparative figures for 2013 have been reclassified to conform with the 2014 presentation.