

Financial Statements of

**ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY
OPERATING AS ANNAPOLIS VALLEY HEALTH**

March 31, 2009

Auditors' Report

To the Chair and Members of the Board of Directors of the
Annapolis Valley District Health Authority

We have audited the statement of financial position of the Annapolis Valley District Health Authority as at March 31, 2009 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Annapolis Valley District Health Authority's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Annapolis Valley District Health Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Halifax, Nova Scotia
June 23, 2009

ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY OPERATING AS ANNAPOLIS VALLEY HEALTH

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**ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY
OPERATING AS ANNAPOLIS VALLEY HEALTH**

Statement of Financial Position

March 31, 2009

	Operating Fund	Capital Fund	2009 Total	2008 Total
ASSETS				
Current				
Cash and cash equivalents	\$ 9,073,168	\$ -	\$ 9,073,168	\$11,394,751
Accounts receivable (Note 4)	7,876,159	3,402,078	11,278,237	10,286,816
Inventories	2,029,380	-	2,029,380	1,369,920
Prepaid expenses	473,697	43,693	517,390	430,812
	19,452,404	3,445,771	22,898,175	23,482,299
Long-term assets (Note 5)	9,496,631	2,999,993	12,496,624	11,118,550
Property, plant and equipment (Note 6)	-	57,551,887	57,551,887	57,692,871
	\$ 28,949,035	\$ 63,997,651	\$ 92,946,686	\$92,293,720
LIABILITIES				
Current				
Bank indebtedness	\$ -	\$ 2,386,859	\$ 2,386,859	\$ 694,868
Accounts payable and accrued liabilities (Note 8)	13,571,833	1,182,986	14,754,819	15,362,116
Revenue received in advance	6,742,380	-	6,742,380	8,021,524
Current portion of long-term debt (Note 9)	-	42,200	42,200	40,145
	20,314,213	3,612,045	23,926,258	24,118,653
Long-term debt (Note 9)	-	422,332	422,332	464,176
Deferred capital grants (Note 10)	-	59,599,907	59,599,907	59,169,984
Employee future benefits (Note 14)	8,584,455	-	8,584,455	8,009,951
	28,898,668	63,634,284	92,532,952	91,762,764
FUND BALANCES				
Restricted	-	38,161	38,161	38,161
Unrestricted	50,367	325,206	375,573	492,795
	50,367	363,367	413,734	530,956
	\$ 28,949,035	\$ 63,997,651	\$ 92,946,686	\$92,293,720

Commitments (Note 11)

APPROVED BY THE BOARD

.....Chair

**ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY
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Statement of Changes in Fund Balances

Year ended March 31, 2009

	Operating Fund	Capital Fund	2009 Total	2008 Total
<i>Restricted</i>				
Balance, beginning and end of year	\$ -	\$ 38,161	\$ 38,161	\$ 38,161
<i>Unrestricted</i>				
Balance, beginning of year	\$ 74,526	\$ 418,269	\$ 492,795	\$ 564,899
Transfer to deferred capital grants (Note 10)	-	(67,994)	(67,994)	(36,368)
Transfer to capital revenue	-	-	-	(36,836)
(Deficiency) excess of revenues over expenses	(24,159)	(25,069)	(49,228)	1,100
Balance, end of year	\$ 50,367	\$ 325,206	\$ 375,573	\$ 492,795
Fund balances	\$ 50,367	\$ 363,367	\$ 413,734	\$ 530,956

ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY

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Statement of Operations

Year ended March 31, 2009

	Operating Fund	Capital Fund	2009 Total	2008 Total
Revenues				
Department of Health	\$ 101,272,238	\$ -	\$ 101,272,238	\$ 91,088,072
Veterans Affairs Canada	2,433,265	-	2,433,265	2,285,213
Patient services	3,143,726	-	3,143,726	3,099,779
Program recoveries	9,504,069	-	9,504,069	9,135,090
Amortization of deferred capital grants (Note 10)	-	4,021,017	4,021,017	4,092,619
Other	366,123	100	366,223	433,060
	116,719,421	4,021,117	120,740,538	110,133,833
Expenses				
Addiction services	2,661,134	-	2,661,134	2,304,589
Administration	4,445,834	-	4,445,834	4,411,696
Amortization of property, plant and equipment	-	4,021,017	4,021,017	4,092,619
Clinical support	1,911,530	-	1,911,530	1,855,227
Community support	2,248,645	-	2,248,645	1,825,555
Diagnostic imaging	5,136,062	-	5,136,062	4,349,354
Emergency and ambulatory care	12,466,290	-	12,466,290	10,683,105
Employee future benefits (Note 14)	1,413,911	-	1,413,911	2,290,515
Facility support	11,503,235	-	11,503,235	10,433,571
Finance	1,119,130	-	1,119,130	946,023
Food and nutrition	4,983,920	-	4,983,920	4,591,234
Health information	2,735,266	-	2,735,266	2,397,798
Human resources	1,553,989	-	1,553,989	1,301,180
Information technology	2,315,853	-	2,315,853	2,219,129
Inpatient care	23,585,974	-	23,585,974	21,276,805
Interest on long-term debt	-	23,776	23,776	12,902
Laboratory	7,141,520	-	7,141,520	6,518,403
Materials management	2,878,579	-	2,878,579	2,721,512
Mental health	7,834,078	-	7,834,078	7,844,287
Operating suite	10,497,554	-	10,497,554	9,390,344
Pharmacy	1,742,167	-	1,742,167	1,604,535
Public health	2,684,331	-	2,684,331	2,469,185
Quality and patient safety	793,225	-	793,225	692,760
Rehabilitation	2,467,788	-	2,467,788	2,134,501
Sundry	2,623,565	1,393	2,624,958	1,765,904
	116,743,580	4,046,186	120,789,766	110,132,733
(Deficiency) excess of revenues over expenses	\$ (24,159)	\$ (25,069)	\$ (49,228)	\$ 1,100

ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY
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Statement of Cash Flows
Year ended March 31, 2009

	Operating Fund	Capital Fund	2009 Total	2008 Total
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:				
Operating				
(Deficiency) excess of revenues over expenses	\$ (24,159)	\$ (25,069)	\$ (49,228)	\$ 1,100
Adjusted for items not affecting cash:				
Amortization of property, plant and equipment	-	4,021,017	4,021,017	4,092,619
Amortization of deferred capital grants (Note 10)	-	(4,021,017)	(4,021,017)	(4,092,619)
Employee future benefits expense (Note 14)	1,413,911	-	1,413,911	2,290,515
Changes in non-cash working capital items (Note 13)	(1,855,633)	(1,768,267)	(3,623,900)	4,068,338
Employee future benefits paid (Note 14)	(839,407)	-	(839,407)	(568,753)
	(1,305,288)	(1,793,336)	(3,098,624)	5,791,200
Financing				
Proceeds received from grants for capital assets (Note 10)	-	4,450,940	4,450,940	7,300,667
Transfer from unrestricted fund balance	-	(67,994)	(67,994)	(73,204)
Proceeds from long-term debt	-	-	-	504,143
Repayment of long-term debt	-	(39,789)	(39,789)	(7,874)
	-	4,343,157	4,343,157	7,723,732
Investing				
Investment in long-term assets	(1,016,295)	(361,779)	(1,378,074)	(4,444,900)
Acquisition of property, plant and equipment	-	(3,880,033)	(3,880,033)	(6,432,608)
	(1,016,295)	(4,241,812)	(5,258,107)	(10,877,508)
NET CASH (OUTFLOW) INFLOW	(2,321,583)	(1,691,991)	(4,013,574)	2,637,424
CASH AND CASH EQUIVALENTS (BANK INDEBTEDNESS), BEGINNING OF YEAR	11,394,751	(694,868)	10,699,883	8,062,459
CASH AND CASH EQUIVALENTS (BANK INDEBTEDNESS), END OF YEAR	\$ 9,073,168	\$ (2,386,859)	\$ 6,686,309	\$ 10,699,883
Supplemental cash flow information:				
Interest received (paid)	\$ 105,159	\$ (23,776)	\$ 81,383	\$ 156,946

ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY OPERATING AS ANNAPOLIS VALLEY HEALTH

Notes to the Financial Statements

March 31, 2009

1. DESCRIPTION OF ORGANIZATION

The Annapolis Valley District Health Authority was formed by an Act of the Province of Nova Scotia as assented to by the Lieutenant Governor, on June 8, 2000. The Act came into force by proclamation of the Lieutenant Governor on January 1, 2001. The Annapolis Valley District Health Authority's mission: "Working together to promote and improve the health of individuals, families and communities."

The facilities owned and operated by the Annapolis Valley District Health Authority are Annapolis Community Health Centre, AVH Chipman, Eastern Kings Memorial Community Health Centre, Soldiers Memorial Hospital and Valley Regional Hospital. In addition, the Annapolis Valley District Health Authority leases space to operate certain programs at the Western Kings Memorial Health Centre and other locations throughout Annapolis and Kings Counties for the delivery of certain programs and services and supports five (5) Community Health Boards.

The Annapolis Valley District Health Authority is a registered charity under the Income Tax Act of Canada and, therefore, is exempt from income tax.

2. CHANGES IN ACCOUNTING POLICIES – ADOPTION OF NEW ACCOUNTING STANDARDS

Adoption of accounting policies

On April 1, 2008, Annapolis Valley District Health Authority adopted Capital Disclosures, Section 1535 of the CICA Handbook. The adoption of this new standard has not resulted in any change in how Annapolis Valley District Health Authority accounts for its transactions, but does require additional disclosure, which is presented in Note 16.

On April 1, 2008, Annapolis Valley District Health Authority adopted the recommendations of Section 3031, Inventories of the CICA Handbook. These recommendations provide guidance on the measurement and disclosure requirements for inventories. The adoption of these new recommendations had no impact on Annapolis Valley District Health Authority's financial statements.

On April 23, 2008, the CICA amended Section 3855, "Financial Instruments – Recognition and Measurement" of the CICA Handbook. The amended section allows Not-for-Profit organizations to exempt themselves from accounting for certain non-financial contracts as derivatives under Section 3855 and also exempt themselves from accounting for certain derivative features embedded in non-financial contracts, leases and insurance contracts as embedded derivatives under Section 3855. These amendments to Section 3855 apply to fiscal years beginning on or after August 1, 2008, with earlier adoption permitted.

Annapolis Valley District Health Authority has elected early adoption of these amendments to Section 3855 effective for its fiscal year beginning on April 1, 2008. This change in accounting policy is required to be applied retrospectively with restatement of prior years. Annapolis Valley District Health Authority did not have any non-financial contracts that were required to be accounted for as derivatives under Section 3855, nor any derivative features embedded in non-financial contracts, leases and insurance contracts that were required to be accounted for as embedded derivatives under Section 3855. This change in accounting policy did not have an impact on the current or prior year's financial statements.

ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY

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Notes to the Financial Statements

March 31, 2009

2. CHANGES IN ACCOUNTING POLICIES – ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

Adoption of accounting policies (continued)

The CICA deferred indefinitely the requirement of Not-for-Profit organizations to implement sections 3862 and 3863 of the CICA Handbook. Section 3862 requires the disclosure of information about: (a) the significance of financial instruments for Annapolis Valley District Health Authority's financial position and performance and (b) the nature and extent of risks arising from the financial instruments to which Annapolis Valley District Health Authority is exposed during the period and at the statement of financial position date, and how Annapolis Valley District Health Authority manages those risks. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives.

Annapolis Valley District Health Authority has elected to defer application of these standards and as such continues to follow the disclosure requirements of section 3861.

Future accounting policy changes

In September 2008, the CICA issued amendments to several of the existing sections in Section 4400 of the CICA Handbook – Financial Statements by Not-for-Profit Organizations. Changes apply to annual financial statements relating to fiscal years beginning on or after January 1, 2009. Accordingly, Annapolis Valley District Health Authority will have to adopt the amended standards for its fiscal year beginning April 1, 2009. The amendments include a) additional guidance in the applicability of Section 1100, Generally Accepted Accounting Principles; b) removal of the requirement to report separately net assets invested in capital assets; c) requirement to disclose revenues and expenses in accordance with EIC 123, Reporting Revenue Gross as a Principal Versus Net as an Agent; d) requirement to include a statement of cash flows in accordance with Section 1540, Cash Flow Statements; e) requirement to apply Section 1751, Interim Financial Statements, when preparing interim financial statements in accordance with GAAP; f) requirement for non-for-profit organizations that recognize capital assets to amortize and assess these capital assets for impairment in the same manner as other entities reporting on a GAAP basis; g) requirement to disclose related party transactions in accordance with Section 3840; Related Party Transactions; and h) new disclosure requirements regarding the allocation of fundraising and general support costs. Management is currently assessing the impact of these new standards on its financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation

These financial statements have been prepared in accordance with accounting standards for not-for-profit organizations published by the Canadian Institute of Chartered Accountants:

Fund accounting

Revenue and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenue and expenses related to the Annapolis Valley District Health Authority's capital assets and special purpose endowment funds.

ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY

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March 31, 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Annapolis Valley District Health Authority has classified its financial instruments as follows:

	Category
Cash and cash equivalents (bank indebtedness)	Held-for-trading
Accounts receivable	Loans and receivables
Long-term assets	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Long-term debt	Other liabilities

“Held-for-trading” items are carried at fair value, with changes in their fair value recognized in the Statement of Operations in the current year. “Loans and receivables” are carried at amortized cost, using the effective interest method. “Other liabilities” are carried at amortized cost, using the effective interest method.

Transaction costs are expensed as incurred.

Cash and cash equivalents (bank indebtedness)

Cash and cash equivalents (bank indebtedness) consist of cash on hand, balances and overdraft positions with banks.

Inventories

Inventories are recorded at the lower of cost and net realizable value, and include medical/surgical, drugs, and other general inventory. Cost is determined using the weighted average method.

Property, plant and equipment

Purchased property, plant and equipment are recorded in the Capital Fund at cost. Contributed property, plant and equipment are recorded in the Capital Fund at fair value on the date of contribution. Property, plant and equipment transferred from Western Regional Health Board are recorded at original cost less accumulated amortization. Amortization is provided on a straight-line basis at the following annual rates:

Land improvements	5 – 10%
Building and building service equipment	2.5 – 10%
Equipment	5 – 33%

Deferred capital grants

Amortization of deferred capital grants is recognized as revenue on the same basis as amortization of the related assets.

ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY

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Notes to the Financial Statements

March 31, 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee future benefits

Employee future benefits are determined as outlined in Note 14 and are recognized in the period in which benefits are earned by the employee.

Revenue recognition

The Annapolis Valley District Health Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in the restricted capital fund balances.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, as well as revenues and expenses for the year then ended. Significant estimates used by management in preparing these financial statements include amounts estimated for final accounts receivable settlements from Veterans Affairs Canada, amounts estimated for accounts receivable from the Department of Health for wage contract settlements, allowances for doubtful accounts, inventory valuations, the estimated useful life for certain items of property, plant and equipment and employee future benefits assumptions. Actual results may differ from these estimates.

4. ACCOUNTS RECEIVABLE

	2009			2008
	Operating Fund	Capital Fund	Total	Total
Department of Health				
- operating funding	\$ 5,518,255	\$ -	\$ 5,518,255	\$ 4,597,456
- capital grants	-	2,825,034	2,825,034	1,952,669
Patient care	885,295	-	885,295	893,317
HST rebates	426,476	212,869	639,345	740,543
Psychiatric recoveries	126,196	-	126,196	202,670
Trade	919,937	364,175	1,284,112	1,900,161
	\$ 7,876,159	\$ 3,402,078	\$ 11,278,237	\$ 10,286,816

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5. LONG-TERM ASSETS

	2009			2008
	Operating Fund	Capital Fund	Total	Total
Employee future benefits receivable	\$ 8,782,420	\$ -	\$ 8,782,420	\$ 8,214,590
Valley Regional Hospital Foundation receivable	-	2,999,993	2,999,993	2,638,214
Department of Health - operating funding	464,127		464,127	-
Payroll advances receivable	250,084	-	250,084	265,746
	\$ 9,496,631	\$ 2,999,993	\$ 12,496,624	\$ 11,118,550

The employee future benefits receivable represents an amount due from the Province of Nova Scotia – Department of Health. This receivable corresponds to retiring allowances and retirement health benefits for current and retired employees respectively for Annapolis Valley District Health Authority.

The Annapolis Valley District Health Authority has committed to a redevelopment project for the Valley Regional Hospital in the amount of \$13.8 million, of which its share is \$3.0 million. The Valley Regional Hospital Foundation, on behalf of the Foundations supporting the Annapolis Valley District Health Authority, has committed to a capital campaign to raise the community share. An amount of \$2,999,993 has been recorded as receivable from the Foundation to fund its share. The collectibility of this amount is dependent on the Foundation's ability to successfully meet its campaign goals and the subsequent advancement of these funds to the Annapolis Valley District Health Authority.

6. PROPERTY, PLANT AND EQUIPMENT

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 51,884	\$ -	\$ 51,884	\$ 51,884
Land improvements	660,006	425,480	234,526	278,183
Building and building service equipment	82,979,974	31,148,428	51,831,546	50,448,300
Equipment	45,880,424	40,446,493	5,433,931	6,914,504
	\$ 129,572,288	\$ 72,020,401	\$ 57,551,887	\$ 57,692,871

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7. CREDIT FACILITIES

The Annapolis Valley District Health Authority has available an operating line of credit with a Canadian chartered bank totalling \$5.63 million. Interest is charged at prime less 0.75%. There was no amount drawn on the operating line as at March 31, 2009.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2009			2008
	Operating Fund	Capital Fund	Total	Total
Trade payables	\$ 2,042,210	\$ 3,251	\$ 2,045,461	\$ 1,554,391
Accrued liabilities	1,445,016	1,179,735	2,624,751	3,735,464
Vacation pay	5,028,613	-	5,028,613	4,762,393
Salary and benefits	4,306,982	-	4,306,982	4,696,451
Other	749,012	-	749,012	613,417
	\$ 13,571,833	\$ 1,182,986	\$ 14,754,819	\$ 15,362,116

9. LONG-TERM DEBT

	2009	2008
Nova Scotia Municipal Finance Corporation with interest rates ranging from 4.65% to 5.01%, maturing October 17, 2017	\$ 464,532	\$ 504,321
Less: current portion	42,200	40,145
	\$ 422,332	\$ 464,176

Principal repayments over the next five years are expected to be as follows:

2010	\$ 42,200
2011	44,360
2012	46,630
2013	49,015
2014	51,520
	\$ 233,725

ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY
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Notes to the Financial Statements
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10. DEFERRED CAPITAL GRANTS

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 59,169,984	\$ 55,961,936
Transfer from capital fund	67,994	36,368
Grants received for:		
Capital assets purchased	3,723,004	6,786,631
Future capital asset purchases	659,942	477,668
Total grants received for capital assets	<u>4,382,946</u>	<u>7,264,299</u>
	63,620,924	63,262,603
Amortization of deferred capital grants	<u>(4,021,017)</u>	<u>(4,092,619)</u>
Balance, end of year	<u>\$ 59,599,907</u>	<u>\$ 59,169,984</u>

11. COMMITMENTS

Lease and purchase commitments

The Annapolis Valley District Health Authority has committed funds from operations for the purchase of lab and medical supplies, occupancy and equipment leases. Estimated minimum payments over the next five years are expected to be as follows:

2010	\$ 1,641,454
2011	849,246
2012	670,598
2013	435,708
2014	326,781
	<u>\$ 3,923,787</u>

12. PENSION PLAN

The Annapolis Valley District Health Authority contributes to two pension plans on behalf of its employees. The first plan is administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was December 31, 2008, which showed an unfunded liability for the multi-employer plan of \$123.3 million. The next actuarial valuation is scheduled for December 31, 2011.

The second plan is also a multi-employer plan administered by the Province of Nova Scotia. The most recent actuarial valuation was March 31, 2008. At that time there was an unfunded liability on the entire multi-employer plan of \$912.2 million. The next actuarial valuation is scheduled for March 31, 2009 and is currently in progress.

Annapolis Valley District Health Authority bears no direct financial responsibility for the unfunded liability of either plan. The pension expense recognized for the period ended March 31, 2009 was \$5,057,383 (2008 - \$4,492,396).

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13. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	2009			2008
	Operating Fund	Capital Fund	Total	Total
Accounts receivable	\$ (428,765)	\$ (562,656)	\$ (991,421)	\$ (207,049)
Inventories	(659,460)	-	(659,460)	(63,978)
Prepaid expenses	(107,535)	20,957	(86,578)	(164,538)
Accounts payable and accrued liabilities	619,271	(1,226,568)	(607,297)	2,307,392
Revenue received in advance	(1,279,144)		(1,279,144)	2,196,511
	\$ (1,855,633)	\$ (1,768,267)	\$ (3,623,900)	\$ 4,068,338

14. EMPLOYEE FUTURE BENEFITS

Retirement allowances and health benefits paid to employees upon retirement are actuarially determined. The retirement allowance and health benefits values are calculated based on assumptions provided by the Provincial Department of Finance for District Health Authorities. The accrued benefit obligation is calculated using the projected benefit method pro-rated on service. Experience gains and losses and assumption charges are amortized on a linear basis over the employee group's expected average remained service life. Annually, results along with values to record the liability and expenses are provided by the Department of Finance. The Department of Finance fully funds this liability, thus an offsetting accounts receivable balance is recorded.

The accrued benefit obligation, as calculated in the last actuarial valuation for post retirement benefits was completed as at December 31, 2005. The last actuarial valuation for post retirement health benefits for CUPE and non-union employees was performed as at April 1, 2006, and April 1, 2007 for NSNU employees. The next actuarial valuation for post retirement benefits was scheduled for December 2008 and is currently in progress. The next actuarial valuations for health benefits for CUPE and non-union employees and NSNU employees was scheduled for April of 2009 and is currently in progress. The valuations for each of the above noted plans have been extrapolated to March 31, 2009.

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14. EMPLOYEE FUTURE BENEFITS (continued)

	<u>2009</u>	<u>2008</u>
Accrued benefit liability		
Accrued benefit obligation	\$ 9,794,685	\$ 7,503,892
Add unamortized actuarial experience (loss) gain	(1,210,230)	506,059
Accrued benefit liability on the statement of financial position	\$ 8,584,455	\$ 8,009,951
Net benefit costs recognized		
Current service costs	\$ 637,000	\$ 524,000
Interest cost	405,200	319,300
Plan amendments	438,400	1,537,600
Current year amortized actuarial loss	(66,689)	(90,385)
Employee future benefit expense on the statement of operations	\$ 1,413,911	\$ 2,290,515
Employee future benefits liability, beginning of year	\$ 8,009,951	\$ 6,288,189
Expense	1,413,911	2,290,515
Benefits paid	(839,407)	(568,753)
Employee future benefits liability, end of year	\$ 8,584,455	\$ 8,009,951

15. FINANCIAL INSTRUMENTS

Fair value

The carrying values of financial instruments which consist of accounts receivable, accounts payable and accrued liabilities and long-term assets, approximate their fair values.

Credit risk

The Annapolis Valley District Health Authority performs an evaluation of its customers' credit and records an allowance for doubtful accounts as required. Management considers there to be no significant credit risk as at March 31, 2009.

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Notes to the Financial Statements

March 31, 2009

16. FINANCIAL CAPITAL MANAGEMENT

Annapolis Valley District Health Authority considers its fund balances, debt facilities and deferred contributions as its capital.

Fund balances

As a not-for-profit organization, operations are reliant on revenues generated annually. The Annapolis Valley District Health Authority has an accumulated net asset balance to March 31, 2009 of \$413,734 (2008 - \$530,956) which is presented in the balance sheet as fund balances. The majority of this amount represents accumulated net assets dedicated to Annapolis Valley District Health Authority's capital asset acquisition and development. A further portion represents financial resources which are subject to external restrictions for future use. Annapolis Valley District Health Authority, through its policies, has placed internal restrictions on the use of certain other portions of its accumulated net assets. Unrestricted funds represent capital that may be utilized for general business operations, a portion of which is retained as working capital.

Debt

Annapolis Valley District Health Authority maintains an available line of credit for periodic short-term requirements (Note 7). Annapolis Valley District Health Authority capital management program also utilizes building financing related to building improvements to the Annapolis Community Health Center, which is comprised of long-term debt financing (Note 9). At March 31, 2009, Annapolis Valley District Health Authority was in compliance with all covenants applicable to its debt instruments.

Deferred contributions

Revenue received in advance is for operating and deferred capital grants are received for capital purposes. These contributions are received in advance of the expenditures they are intended to fund. At March 31, 2009, Annapolis Valley District Health Authority was in compliance with all restrictions applicable to these funding sources.