

Financial Statements of

**GUYSBOROUGH ANTIGONISH
STRAIT HEALTH AUTHORITY**

Year ended March 31, 2011

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Financial Statements

Year ended March 31, 2011

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INDEPENDENT AUDITORS' REPORT

To the Chairperson and members of the Board of
Guysborough Antigonish Strait Health Authority

We have audited the accompanying financial statements of Guysborough Antigonish Strait Health Authority which comprise the statement of financial position as at March 31, 2011 and the statements of operations and changes in net 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 generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Guysborough Antigonish Strait Health Authority as at March 31, 2011 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in cursive script that reads 'MGM & Associates'.

Chartered Accountants

Sydney, Canada

June 21, 2011

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Statement of Financial Position

March 31, 2011, with comparative figures for 2010

	Operating Fund	Capital Fund	Restricted Fund	2011 Total	2010 Total
Assets					
Current assets:					
Cash and marketable securities	\$ 1,915,774	\$ —	\$ 233,517	\$ 2,149,291	\$ 3,139,097
Accounts receivable (note 2)	7,775,692	1,086,397	—	8,862,089	7,107,188
Inventories (note 3)	829,048	—	—	829,048	796,055
Prepaid expenses	529,026	—	—	529,026	704,187
	11,049,540	1,086,397	233,517	12,369,454	11,746,527
Capital assets (note 4)	—	37,489,393	—	37,489,393	38,191,195
Receivable for post retirement benefits (note 6):					
Retiring allowance benefits	5,631,820	—	—	5,631,820	5,318,760
Retirement health benefits	2,078,540	—	—	2,078,540	1,939,621
	\$ 18,759,900	\$ 38,575,790	\$ 233,517	\$ 57,569,207	\$ 57,196,103

Liabilities, Deferred Contributions and Net Assets

Current liabilities:					
Accounts payable and accrued liabilities (note 5)	\$ 9,808,049	\$ 2,929,205	\$ 233,517	\$ 12,970,771	\$ 11,734,314
Deferred revenue	1,236,384	—	—	1,236,384	1,976,114
	11,044,433	2,929,205	233,517	14,207,155	13,710,428
Post retirement benefit obligations (note 6):					
Retiring allowance benefits	5,631,820	—	—	5,631,820	5,318,760
Retirement health benefits	2,078,540	—	—	2,078,540	1,939,621
Deferred contributions related to capital assets (note 7)	—	35,378,252	—	35,378,252	36,020,054
Fund balances:					
Operating	5,107	—	—	5,107	(1,964,180)
Investment in capital assets (note 8)	—	268,333	—	268,333	1,991,141
Internally restricted	—	—	—	—	180,279
	5,107	268,333	—	273,440	207,240
Contingencies (note 11)	\$ 18,759,900	\$ 38,575,790	\$ 233,517	\$ 57,569,207	\$ 57,196,103

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Statement of Operations

Year ended March 31, 2011, with comparative figures for 2010

				2011	2010
	Operating Fund	Capital Fund	Restricted Fund	Total	Total
Revenue:					
Department of Health and Community Services	\$ 71,232,715	\$ 60,000	\$ —	\$ 71,292,715	\$ 69,253,883
Department of Health:					
Contract settlements	1,164,241	—	—	1,164,241	480,399
Employee future benefit	636,070	—	—	636,070	166,656
Retirement health benefits	193,279	—	—	193,279	499,651
Capital funding	—	1,394,381	—	1,394,381	1,477,948
N.S. Medical Services					
Insurances (MSI)	4,320,159	—	—	4,320,159	3,911,905
Patient income	2,561,817	—	—	2,561,817	2,246,004
Dietary recoveries	618,413	—	—	618,413	604,972
Foundations and auxiliaries	87,137	471,414	—	558,551	228,133
Rentals	12,912	—	—	12,912	15,168
Miscellaneous	1,494,115	219,280	10,350	1,723,745	1,112,933
Referred in revenue	699,841	—	—	699,841	485,972
Drug program rebates	61,127	—	—	61,127	77,655
Wage grants/recoveries	646,431	—	—	646,431	909,299
Investment income	51,833	—	1,046	52,879	29,464
Allocation from operating fund	—	313,519	—	313,519	—
Allocation from restricted fund	—	191,675	—	191,675	52,192
Amortization of deferred contributions (note 7)	—	3,232,071	—	3,232,071	3,003,897
Laundry recoveries	232,258	—	—	232,258	285,448
	84,012,348	5,882,340	11,396	89,906,084	84,841,579
Expenditures:					
Nursing services	29,739,765	—	—	29,739,765	29,166,071
Support services	12,218,044	—	—	12,218,044	10,922,423
Diagnostic and therapeutic	13,169,554	—	—	13,169,554	12,517,522
Administrative services	5,845,380	—	—	5,845,380	6,450,889
Infrastructure projects	803,420	—	—	803,420	998,844
Medical services	3,728,029	—	—	3,728,029	3,403,231
Non-portable programs	12,063,853	—	—	12,063,853	11,974,248
Continuing care	3,549,979	—	—	3,549,979	2,773,141
Physician services	1,504,977	—	—	1,504,977	1,455,143
Retiring allowance benefits (note 6)	636,070	—	—	636,070	499,651
Retirement health benefits (note 6)	193,279	—	—	193,279	166,656
Allocation to capital fund	313,519	—	191,675	505,194	52,192
Amortization of capital assets	—	3,292,071	—	3,292,071	3,063,897
Capital expenditures	—	2,590,269	—	2,590,269	2,007,912
	83,765,869	5,882,340	191,675	89,839,884	85,451,820
Excess of revenue over expenditures (expenditures over revenue)	\$ 246,479	\$ —	\$ (180,279)	\$ 66,200	\$ (610,241)

See accompanying notes to financial statements.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Statement of Changes in Net Assets

Year ended March 31, 2011, with comparative figures for 2010

	2011				2010
	Operating	Investment in capital assets	Internally restricted	Total	Total
Balance, beginning of year	\$ (1,964,180)	\$ 1,991,141	\$ 180,279	\$ 207,240	\$ 817,481
Excess of revenue over expenditures (expenditures over revenue)	246,479	—	(180,279)	66,200	(610,241)
Capital assets funded from operations	1,409,289	(1,409,289)	—	—	—
Capital assets to be funded from future operations (note 12)	313,519	(313,519)	—	—	—
Balance, end of year	\$ 5,107	\$ 268,333	\$ —	\$ 273,440	\$ 207,240

See accompanying notes to financial statements.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Statement of Cash Flows

Year ended March 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used for):		
Operations:		
Excess of revenue over expenditures (expenditures over revenue)	\$ 66,200	\$ (610,241)
Items not involving cash:		
Amortization of capital assets	3,292,071	3,063,897
Amortization of deferred contributions related to capital assets	(3,232,071)	(3,003,897)
Changes in non-cash operating working capital:		
Increase in accounts receivable	(1,754,901)	(1,290,532)
Increase in inventories	(32,993)	(44,831)
Increase (decrease) in prepaid expenses	175,161	(368,707)
Increase in accounts payable and accrued liabilities	1,236,457	2,390,072
Decrease in deferred revenue	(739,730)	(404,624)
	(989,806)	(268,863)
Financing and investing activities:		
Additions to capital assets	(2,590,269)	(2,007,912)
Additions to deferred contributions related to capital assets	2,590,269	2,007,912
Capital lease repayments	—	(39,431)
	—	(39,431)
Decrease in cash	(989,806)	(308,294)
Cash, beginning of year	3,139,097	3,447,391
Cash, end of year	\$ 2,149,291	\$ 3,139,097
Supplemental cash flow information:		
Cash paid during the year for:		
Interest	\$ 15,531	\$ 26,141
Interest received	21,038	14,909

See accompanying notes to financial statements.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Financial Statements

Year ended March 31, 2011

The Authority's principal activity is to operate and manage designated hospitals and other health related activities within the Eastern Region of Nova Scotia.

1. Significant accounting policies:

a) Revenue recognition:

The Authority follows the deferral method of accounting for contributions which include donations and government grants.

The Authority is funded primarily by the Province of Nova Scotia in accordance with budget arrangements established by the Department of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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.

Contributions restricted for the purchase of capital assets are deferred and amortized on a straight-line basis, at a rate corresponding with the depreciation rate for the related capital asset.

Investment income (restricted and unrestricted) is recognized as revenue when earned.

b) Marketable securities:

Marketable securities are valued at market value.

c) Inventories:

Inventories are valued at the lower of cost and replacement cost.

d) Restricted:

Funds donated from outside agencies or individuals which have been designated for a specific purpose have been restricted.

e) Capital assets:

Capital assets are stated at cost.

Capital assets are amortized on the straight-line basis using the following annual rates:

Asset	Rates
Building, paving and land improvements	2.5%, 4%, 8%
Major equipment	5%, 6.67%, 10%, 20%

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Financial Statements

Year ended March 31, 2011

1. Significant accounting policies (continued):

(f) Post retirement benefits:

The actuarial determination of the accrued benefits obligations for retiring allowance and health benefits uses the projected benefit method prorated on service which incorporates management's best estimate of various assumptions.

Past service costs arising from plan amendments are recorded as an expense of the current year.

Actuarial gains (losses) arise from the difference between the actual obligation experience and the projected obligation experience. The actuarial gains (losses) are amortized over the average remaining service period of active employees.

(g) Financial instruments:

The Authority utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

All transactions related to financial instruments are recorded on a settlement date basis.

Held for trading financial assets and liabilities

Held for trading financial assets and liabilities comprise cash and marketable securities, accounts receivable as well as accounts payable and accrued liabilities. These financial assets and liabilities are measured at their fair value with changes in fair value recognized in the Statement of Operations.

(h) Estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenditures during the reporting periods. Actual results could differ from those estimates.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Financial Statements

Year ended March 31, 2011

2. Accounts receivable:

	2011	2010
Patient services	\$ 687,830	\$ 923,250
Department of Health (note 9):		
Vacation liability	659,707	653,929
Nursing strategy	143,573	149,973
Infrastructure	371,438	461,429
Contract settlement	59,108	52,254
Hospital in the home	112,512	101,280
On Call Physician Program	274,100	306,950
Continuing Care Service Delivery	301,765	179,800
Retiree benefits	55,232	57,406
Retirement allowance	138,614	140,470
Alternative level of care	69,151	146,089
Interim funding (Occupational & Physiotherapy)	59,633	228,537
Interim funding (adult day)	21,600	—
Knowledge Exchange Coordinator	22,608	57,771
Other	24,771	38,251
Oncology drugs	56,698	110,227
Hospital Information System project	20,507	18,619
H1N1 expenses	—	420,376
SAP pressures	—	119,857
Dialysis	—	111,521
Time due bank	105,234	105,234
Drug treatment program	98,417	—
Operating grant	216,162	—
Nova Scotia Medical Insurance Services (M.S.I.)	77,798	27,294
Harmonized sales tax	564,611	404,209
Sundry	166,672	532,412
Hospital foundations/auxiliaries	—	2,000
Health Canada	21,800	76,275
Employees – pay change advance	494,925	525,118
Due from restricted fund	233,517	52,192
Due from capital fund	2,717,709	540,208
	7,775,692	6,542,931
Capital fund:		
Department of Health – capital items	924,560	548,257
Hospital foundations/auxiliaries – capital (note 10)	161,837	16,000
	1,086,397	564,257
	\$ 8,862,089	\$ 7,107,188

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Financial Statements

Year ended March 31, 2011

3. Inventories:

	2011	2010
Drugs	\$ 418,052	\$ 397,400
Medical and surgical	130,365	120,854
Intravenous	7,353	6,157
Maintenance	39,495	31,277
Food	23,655	22,572
General	210,128	217,795
	<u>\$ 829,048</u>	<u>\$ 796,055</u>

4. Capital assets:

			2011	2010
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 581,852	\$ —	\$ 581,852	\$ 581,852
Buildings and paving	56,107,510	27,102,853	29,004,657	29,984,140
Equipment	17,121,400	9,218,516	7,902,884	7,625,203
	\$ 73,810,762	\$ 36,321,369	\$ 37,489,393	\$ 38,191,195

5. Accounts payable and accrued liabilities:

	2011	2010
Accounts payable and accrued liabilities	\$ 4,380,889	\$ 6,052,590
Accrued payroll:		
Salaries	4,555,018	3,982,429
Vacation pay	872,142	902,846
	<u>9,808,049</u>	<u>10,937,865</u>
Capital fund:		
Due to operating fund	2,717,709	540,208
Accounts payable and accrued liabilities	211,496	204,049
	<u>2,929,205</u>	<u>744,257</u>
Restricted fund:		
Due to operating fund	233,517	52,192
	<u>\$ 12,970,771</u>	<u>\$ 11,734,314</u>

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Financial Statements

Year ended March 31, 2011

6. Post retirement benefits:

The Authority, in conjunction with the Department of Health, provides to employees three post retirement benefit plans:

- a pension plan
- a retirement allowance plan and
- a retiree health benefit plan.

a) Pension benefits:

The Authority participates in a multi-employer defined benefit pension plan and is required to make contractual contributions to the plan in amounts proportionate with that of the employees. During the year the Authority contributed and recorded in the Statement of Operations contributions in the amount of \$4,072,088 (\$3,796,062 in 2010). Responsibility for funding additional pension obligations, if any, rests with the Province of Nova Scotia.

b) Retirement allowance benefits and retirement health benefits:

Retiring employees become eligible for both a retiring allowance and the right to participate in a plan providing continuing health benefits.

The Department of Finance engages actuaries to periodically compute the obligations for both retirement allowance and health benefit obligations. In the interval between the periodic actuarial re-computations, the changes in obligations are extrapolated. Neither of the plans are separately funded.

Accrued retirement and health benefit obligations in excess of those paid by the Authority are reflected in the Statement of Financial Position. The inclusion of these obligations does not impact the Authority's financial position as a corresponding receivable from the Province of Nova Scotia is also reflected in the Statement of Financial Position.

Retirement and health benefit expense in excess of amounts paid by the Authority is reflected in the Statement of Operations. The inclusion of these expenses does not impact the Authority's operating results as a corresponding amount of revenue from the Department of Health is also reflected.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Financial Statements

Year ended March 31, 2011

6. Post retirement benefits (continued):

The information below provides further detail on the calculation of accrued benefit obligations.

Retiring Allowance Benefits				
	Actual Obligation	Unamortized Gains (Losses)	2011 Total	2010 Total
Balance, beginning of year	\$ 5,479,966	\$ (161,206)	\$ 5,318,760	\$ 5,271,619
Current service cost	362,100	—	362,100	351,600
Interest cost	260,600	—	260,600	250,800
Actuarial losses	714,100	(714,100)	—	—
Amortization of actuarial (gains) losses	—	13,370	13,370	(102,749)
Benefit payments	(323,010)	—	(323,010)	(452,510)
Balance, end of year	\$ 6,493,756	\$ (861,936)	\$ 5,631,820	\$ 5,318,760

Retirement Health Benefits				
	Actual Obligation	Unamortized Gains	2011 Total	2010 Total
Balance, beginning of year	\$ 1,925,710	\$ 13,911	\$ 1,939,621	\$ 1,827,366
Current service cost	102,700	—	102,700	90,000
Interest cost	92,700	—	92,700	85,400
Actuarial losses	171,400	(171,400)	—	—
Amortization of actuarial gains	—	(2,121)	(2,121)	(8,745)
Benefit payments	(54,360)	—	(54,360)	(54,400)
Balance, end of year	\$ 2,238,150	\$ (159,610)	\$ 2,078,540	\$ 1,939,621

The information below provides further detail on the calculation of employee benefit expense.

	Retiring Allowance Benefits		Retirement Health Benefits	
	2011	2010	2011	2010
Current service cost	\$ 362,100	\$ 351,600	\$ 102,700	\$ 90,000
Interest on obligation	260,600	250,800	92,700	85,400
Amortization of actuarial losses (gains)	13,370	(102,749)	(2,121)	(8,744)
	\$ 636,070	\$ 499,651	\$ 193,279	\$ 166,656

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Financial Statements

Year ended March 31, 2011

7. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. The changes in the deferred contributions balance during the year are as follows:

	2011	2010
Balance, beginning of year	\$ 36,020,054	\$ 37,016,039
Additional contributions received	2,590,269	2,007,912
Amounts amortized to revenue	(3,232,071)	(3,003,897)
Balance, end of year	\$ 35,378,252	\$ 36,020,054

8. Investment in capital assets:

a) Investment in capital assets is calculated as follows:

	2011	2010
Capital assets	\$ 37,489,393	\$ 38,191,195
Amounts financed by:		
Deferred contributions	35,378,252	36,020,054
Capital lease additions	600,000	600,000
Amortization of capital lease assets	(480,000)	(420,000)
Capital assets funded from operations	1,409,289	—
Capital assets to be funded from future operations	313,519	—
	37,221,060	36,200,054
	\$ 268,333	\$ 1,991,141

b) Changes in net assets invested in capital assets are calculated as follows:

	2011	2010
Excess of revenue over expenditures:		
Amortization of deferred contributions related to capital assets	\$ 3,232,071	\$ 3,003,897
Department of Health	60,000	60,000
Amortization of capital assets	(3,292,071)	(3,063,897)
	\$ —	\$ —
Net change in investment in capital assets:		
Capital assets acquired	\$ 2,590,269	\$ 2,007,912
Amounts funded by deferred contributions	(2,590,269)	(2,007,912)
	\$ —	\$ —

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Financial Statements

Year ended March 31, 2011

9. Accounts with the Department of Health:

The Authority has the following accounts with the Department of Health:

	2011	2010
Accounts receivable:		
Employee future benefits	\$ 5,631,820	\$ 5,318,760
Retirement health benefit	2,078,540	1,939,621
Vacation liability	659,707	653,929
Nursing strategy	143,573	149,973
Capital items	924,560	548,257
Special maintenance	371,438	461,429
Hospital in the home	112,512	101,280
On Call Physician Program	274,100	306,950
Other	24,771	38,251
Alternative level of care	69,151	146,089
Interim funding (Occupational & Physiotherapy)	59,633	228,537
Interim funding (adult day)	21,600	—
Oncology drugs	56,698	110,227
Hospital Information System project	20,507	18,619
Retiree benefits	55,232	57,406
Continuing Care Service Delivery	301,765	179,800
Knowledge Exchange Coordinator	22,608	57,771
H1N1	—	420,376
Contract settlement	59,108	52,254
SAP pressures	—	119,857
Dialysis	—	111,521
Time due bank	105,234	105,234
Retirement allowance	138,614	140,470
Drug treatment program	98,417	—
Operating grant	216,162	—
	\$ 11,445,750	\$ 11,266,611

Collectability of the estimated receivable is dependent on obtaining approval for certain expenditures.

The adjustment, if any, on the ultimate settlement of the above amounts will be accounted for as a charge to or credit against income in the period in which settlement occurs.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Financial Statements

Year ended March 31, 2011

10. Related parties:

The Authority is related to St. Martha's Regional Hospital Foundation, Guysborough Memorial Hospital Foundation, Strait Richmond Hospital Charitable Foundation and St. Mary's Memorial Hospital Society. The Foundations' primary purpose is to raise funds to assist in the construction of and the supply of certain equipment for the Authority.

The following amounts were due from the stakeholders as at March 31:

	2011	2010
Capital fund:		
St. Martha's Regional Hospital Foundation	\$ 70,000	\$ —
St. Martha's Regional Hospital Auxiliary	72,294	—
St. Mary's Memorial Hospital Foundation	19,543	—
Guysborough Memorial Hospital Auxiliary	—	16,000
	<u>\$ 161,837</u>	<u>\$ 16,000</u>

During the year ended March 31, 2011, the following amounts were received/receivable from the Foundations/Auxiliaries to purchase capital:

	2011	2010
St. Martha's Regional Hospital Foundation	\$ 169,633	\$ 49,462
St. Martha's Regional Hospital Auxiliary	203,850	91,693
Guysborough Memorial Hospital Auxiliary	8,300	31,123
St. Mary's Memorial Hospital Foundation	31,270	15,123
Strait Richmond Hospital Foundation	47,949	—
Strait Richmond Hospital Auxiliary	2,600	—
Guysborough Memorial Hospital Foundation	7,812	—
St. Mary's Memorial Hospital Auxiliary	—	8,000
	<u>\$ 471,414</u>	<u>\$ 195,401</u>

11. Contingencies:

The Authority has referred incidents to their lawyers. The outcome of these matters is not determinable and settlement, if any, will be accounted for as a charge to operations in the period of settlement. Management is of the opinion that their insurance coverage is sufficient to meet or discharge any obligations arising from any possible lawsuits.

12. Amounts owing to Operating and Restricted Funds:

The Board has agreed to repay the restricted fund and the operating fund for amounts it borrowed to pay for the Paid Parking Project. The payments will be for a period of seven years commencing in fiscal 2011/2012.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Financial Statements

Year ended March 31, 2011

13. Fair value of financial assets and liabilities:

The carrying values of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these financial instruments.

The fair value of marketable securities is measured using year end quoted market prices.

14. Capital management:

The Authority's objectives when managing capital are:

To safeguard the Authority's ability to continue as a going concern, so that it can continue to provide health services to the residents of Eastern Nova Scotia.

To maintain the facilities from which services are provided.

The Authority manages its capital through established management policies and governance at the level of the Board of Directors.

15. New accounting pronouncements:

The Accounting Standards Board has issued a set of standards for not-for-profit organizations as part of the CICA Handbook – Accounting. Not-for-profit organizations have a choice to report in accordance with International Financial Reporting Standards or the new standards for not-for-profit organizations.

The effective date for application in annual financial statements is for fiscal year ends beginning on or after January 1, 2012; however, early adoption is permitted.

16. Comparative figures:

Certain of the 2010 comparative figures have been reclassified to conform with the financial statement presentation adopted in 2011.