



Grant Thornton

Financial statements

Colchester East Hants Health Authority

March 31, 2014

Contents

	Page
Statement of responsibility	1
Independent auditor's report	2
Statement of financial position	4
Statement of operations	5
Statement of changes in net debt	6
Statement of cash flows	7
Notes to the financial statements	8
Schedule of tangible capital assets	18

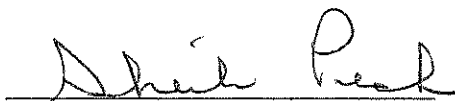
Management's responsibility for financial reporting

The accompanying financial statements are the responsibility of the management of Colchester East Hants Health Authority (the "Authority") and have been prepared in compliance with legislation, and in accordance with Canadian accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Board met with management and its external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized financial statements.

Grant Thornton LLP, as the Board's appointed external auditors, have audited the financial statements. The auditors' report is addressed to the Board of Directors and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the Authority in accordance with Canadian public sector accounting standards.



Chair



(Chief Executive Officer)



Independent auditor's report

Grant Thornton LLP
733 Prince Street
Truro, NS
B2N 1G7
T +1 902 893 1150
F +1 902 893 9757
www.GrantThornton.ca

To the Board of the Colchester East Hants Health Authority

We have audited the accompanying financial statements of the Colchester East Hants Health Authority, which comprise the statement of financial position as at March 31, 2014, the statement of operations, changes in net debt and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Health Authority'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 Health Authority'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, the financial statements present fairly, in all material respects, the financial position of the Colchester East Hants Health Authority as at March 31, 2014, and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Truro, Canada
June 23, 2014

Grant Thornton LLP

Chartered Accountants

Colchester East Hants Health Authority

Statement of financial position

March 31

2014

2013

Financial assets

Receivables (Note 3)	\$ 19,731,727	\$ 14,448,912
Post employment benefits (Note 7)	8,199,705	7,796,478
Compensated absences benefits (Note 9)	3,351,100	2,985,000
	<u>31,282,532</u>	<u>25,230,390</u>

Liabilities

Bank indebtedness (Note 4)	6,021,358	3,405,042
Payables and accruals (Note 5)	13,856,987	11,452,131
Deferred revenue (Note 6)	804,883	686,028
Post employment benefits (Note 7)	8,199,705	7,796,478
Compensated absences benefits (Note 9)	3,351,100	2,985,000
	<u>32,234,033</u>	<u>26,324,679</u>

Net debt

(951,501) (1,094,289)

Non-financial assets

Inventories	786,928	739,912
Prepays	409,188	485,793
Tangible capital assets (Page 18)	<u>177,242,870</u>	<u>179,306,475</u>
	<u>178,438,986</u>	<u>180,532,180</u>

Accumulated surplus

\$ 177,487,485 \$ 179,437,891

Commitments and contingencies (Notes 10 and 12)

See accompanying notes to the financial statements

Colchester East Hants Health Authority

Statement of operations

Year ended March 31, 2014	Budget 2014	Actual 2014	Actual 2013
Revenues			
Nova Scotia Department of Health and Wellness	\$ 73,053,500	\$ 85,309,769	\$ 106,994,855
Charges to M.S.I.	5,606,000	5,925,238	5,955,218
Auxiliaries	-	40,993	16,220
Foundations	-	681,790	5,244,406
In-patients	606,000	608,523	421,074
Out-patients	663,000	559,287	671,970
Rental income	-	-	36,936
Addiction services	81,960	82,983	126,650
Operating room services	265,590	243,230	240,723
Food services	215,000	153,328	142,470
Laboratory	225,000	146,845	159,434
Health information technology services	140,000	171,274	177,910
Other income	453,100	18,375	68,045
Parking	571,000	290,335	87,917
	<u>81,880,150</u>	<u>94,231,970</u>	<u>120,343,828</u>
Expenses			
In-patient services	22,455,237	24,421,076	22,914,895
Ambulatory services	19,629,695	20,424,918	19,319,858
Amortization	-	5,633,052	3,460,039
Diagnostic and therapeutic services	12,661,197	12,981,395	12,630,895
Support services	17,931,947	22,300,389	18,711,937
Community health board initiatives	160,306	250,904	143,935
Community services	8,111,005	8,644,526	8,257,488
Education and library	240,763	222,416	160,212
Retirement allowance benefits (Note 6)	690,000	759,113	740,693
Retirement health benefits (Note 6)	-	178,487	482,060
Compensated absences benefit (Note 8)	-	366,100	321,000
	<u>81,880,150</u>	<u>96,182,376</u>	<u>87,143,012</u>
(Deficit) surplus	-	(1,950,406)	33,200,816
Accumulated surplus, beginning of year	-	179,437,891	146,237,075
Accumulated surplus, end of year	\$ -	\$ 177,487,485	\$ 179,437,891

See accompanying notes to the financial statements

Colchester East Hants Health Authority

Statement of changes in net debt

Year ended March 31, 2014

	Actual 2014	Actual 2013
(Deficit) surplus	\$ (1,950,406)	\$ 33,200,816
Purchase of tangible capital assets, net of disposals	(3,569,447)	(28,858,656)
Amortization of tangible capital assets	<u>5,633,052</u>	<u>3,460,039</u>
	<u>113,199</u>	<u>7,802,199</u>
Changes in other non financial assets		
Acquisition of prepaids (net of usage)	76,605	208,982
Acquisition of inventory (net of usage)	<u>(47,016)</u>	<u>(131,055)</u>
	<u>29,589</u>	<u>77,927</u>
(Decrease) increase in net debt	(142,788)	7,880,126
Net debt		
Beginning of year	<u>(1,094,289)</u>	<u>(8,974,415)</u>
End of year	<u>\$ (951,501)</u>	<u>\$ (1,094,289)</u>

See accompanying notes to the financial statements

Colchester East Hants Health Authority

Statement of cash flows

Year ended March 31

2014

2013

Increase (decrease) in cash and cash equivalents

Operating

(Deficit) surplus	\$	(1,950,406)	\$	33,200,816
Amortization		<u>5,633,052</u>		<u>3,460,039</u>
		3,682,646		36,660,855

Change in non-cash working capital

Receivables		(5,282,815)		(3,777,260)
Inventories		(47,016)		(131,055)
Prepays		76,605		208,982
Payables and accruals		2,404,856		(9,254,996)
Deferred revenue		<u>118,855</u>		<u>(375,371)</u>
		<u>953,131</u>		<u>23,331,155</u>

Capital

Purchase of tangible capital assets, net of disposals		<u>(3,569,447)</u>		<u>(28,858,656)</u>
---	--	--------------------	--	---------------------

Net (decrease) in cash and cash equivalents		(2,616,316)		(5,527,501)
---	--	--------------------	--	--------------------

(Bank indebtedness cash and cash equivalents, beginning of year		<u>(3,405,042)</u>		<u>2,122,459</u>
---	--	--------------------	--	------------------

Bank overdraft, end of year	\$	<u>(6,021,358)</u>	\$	<u>(3,405,042)</u>
------------------------------------	----	---------------------------	----	---------------------------

See accompanying notes to the financial statements

Colchester East Hants Health Authority

Notes to the financial statements

March 31, 2014

1. Nature of operations

Colchester East Hants Health Authority operates several health care facilities and programs including Colchester Regional Hospital, Lillian Fraser Memorial Hospital, public health, addictions, mental health, senior's clinic, continuing care and related health services.

Colchester East Hants Health Authority was formed by the *Health Authorities Act* of the Province of Nova Scotia, as assented to on June 8, 2000. On January 1, 2001, Colchester East Hants Health Authority acquired the assets and assumed the liabilities of the former Northern Regional Health Board related to the facilities and health services referred to above.

The Colchester East Hants Health Authority is a registered charity under the *Income Tax Act* of Canada and therefore, is exempt from income tax.

2. Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants and reflect the following significant policies:

Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting requires the Health Authority's management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Certain of these estimates require subjective or complex judgements that may be uncertain. Some of these items include the post-employment benefits, compensated absences, amortization rates on tangible capital assets, receivables, and allowances for uncollectible receivables. Actual results could differ from those reported.

Contributed services

Volunteers contribute numerous hours to assist the Health Authority in carrying out certain charitable aspects of its service delivery activities. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements.

Revenue recognition

Provincial government transfers for operating and capital purposes are recognized as revenue in the period in which all eligibility criteria and/or stipulations have been met and the amounts are authorized. Any funding received prior to satisfying these conditions is deferred until conditions have been met. When revenue is received without eligibility credits or stipulations, it is recognized when the transfer from the Province of Nova Scotia is authorized.

All non-government contribution or grant/revenues that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted inflow received before the criterion has not been met is reported as a liability until the resources are used for the purpose or purposes specified.

Colchester East Hants Health Authority

Notes to the financial statements

March 31, 2014

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

In patient, out-patient, food services, laboratory and parking revenue are recognized as revenue when the related service is rendered or goods are provided.

Rental income is recognized on a straight-line basis over the term of the lease.

Investment income is recognized as revenue in the year in which it was earned.

Inventories

Inventories are recorded at the lower of average cost or replacement value. The Health Authority uses the weighted average cost method to determine stores inventory and the first-in first-out method to determine cost of pharmacy inventory.

Tangible capital assets

Tangible capital assets are recorded at cost. The cost is amortized on a straight line basis over the estimated useful life as follows:

Buildings and land improvements – Colchester East Hants Health Centre	50 years
Buildings – Lillian Fraser Memorial Hospital	50 years
Land improvements – Lillian Fraser Memorial Hospital	20 years
Equipment	3-20 years

Amortization on construction in progress is not recorded until the projects are completed.

When conditions indicate that a tangible capital asset no longer contributes to the Health Authority's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. Write-downs are not reversed.

Compensation accruals

Colchester East Hants Health Authority follows the policy of recording in payables and accruals a liability for vacation pay, accumulated overtime, call back and statutory holiday.

Retirement and post employment benefits and compensated allowances

The Health Authority provides defined retirement allowances, post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental, retirement allowances and non-vesting sick leave. The Health Authority has adopted the following policies with respect to accounting for these employee benefits:

- i) The costs of post-employment retirement allowances are actuarially determined using management's best estimate of employee retention, retirement ages of employees, salary escalation, other cost escalation, long term inflation and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over estimated average remaining service life of the employee groups on a straight line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment.

Colchester East Hants Health Authority

Notes to the financial statements

March 31, 2014

2. Summary of significant accounting policies (continued)

Retirement and post employment benefits and compensated allowances (continued)

ii) The costs of post-employment future health benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment.

iii) The costs of multi-employer defined benefit pension are the employer's contributions due to the plan in the period and are accounted for as a defined contribution plan.

iv) The cost of non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any bank indebtedness.

Financial instruments

The Health Authority classifies its financial instruments at amortized cost.

This category includes cash and cash equivalents, receivables, bank overdraft and payables and accruals. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Management assess each financial instrument to determine whether there is any impairment losses and if any, are reported in the statement of operations and changes in accumulated surplus.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

There are no unrealized gains or losses therefore the statement of remeasurement gains and losses has not been presented.

Colchester East Hants Health Authority

Notes to the financial statements

March 31, 2014

3. Receivables	<u>2014</u>	<u>2013</u>
Charges to M.S.I.	\$ 353,379	\$ 195,141
Foundations and auxiliaries	422,026	588,931
Harmonized sales tax	719,937	958,748
Patients	396,046	829,889
Other District Health Authorities	2,041,982	305,172
Other	<u>201,138</u>	<u>402,848</u>
	4,134,508	3,280,729
 Nova Scotia Department of Health and Wellness		
Construction and equipment	346,589	2,653,723
Contracts and other	13,665,525	6,929,355
Vacation pay	<u>1,585,105</u>	<u>1,585,105</u>
	<u>15,597,219</u>	<u>11,168,183</u>
	\$ 19,731,727	\$ 14,448,912

4. Credit facilities

The Health Authority has a financing arrangement with a financial institution which provides an available operating line of credit totalling \$3,000,000. At year end, a temporary credit limit was in place totalling \$7,000,000 of which \$6,021,358 is used at March 31, 2014.

5. Payables and accruals	<u>2014</u>	<u>2013</u>
Trade	\$ 10,006,682	\$ 7,809,094
Vacation pay	2,885,079	2,774,786
Harmonized sales tax	39,206	35,042
Government source deductions	<u>926,020</u>	<u>833,209</u>
	\$ 13,856,987	\$ 11,452,131

Payroll advances to employees of \$216,520 (2013 - \$251,250), which resulted from the payroll cut-off date being changed to accommodate the conversion to the Province wide SAP payroll system, have been netted with trade payables above.

Colchester East Hants Health Authority

Notes to the financial statements

March 31, 2014

6. Deferred revenue	<u>2014</u>	<u>2013</u>
Balance, beginning of the year	\$ 686,028	\$ 1,061,399
Less: amounts recognized as revenue in the year	(32,075)	(828,970)
Add: amounts received during the year	<u>150,930</u>	<u>453,599</u>
Balance, end of year	<u>\$ 804,883</u>	<u>\$ 686,028</u>

Deferred revenue is comprised of:

Government grants	\$ 615,928	\$ 602,432
Capital contributions	137,757	28,556
Other	<u>51,198</u>	<u>55,040</u>
	<u>\$ 804,883</u>	<u>\$ 686,028</u>

7. Post employment benefits

Retirement allowances amounts for employees and cost sharing for certain employees on health benefits following retirement are actuarially determined. The Province of Nova Scotia contracts a third party to perform an actuarial valuation for all government departments' agencies and boards. The last actuarial valuation for retiring allowances was conducted as at March 31, 2013. The last actuarial valuation for the health benefits was as at March 31, 2012. These actuarial liabilities as at March 31, 2014 were extrapolated based on the latest actuarial valuations.

The retirement allowance and post-retirement health benefit values are calculated by the Department of Finance for the Health Authority. It is calculated using the projected benefit method prorated on services as required under Section 3250 of the Public Sector Accounting Handbook. Experience gains and losses and assumption changes are amortized on a linear basis over the expected average remaining service life of 9-11 years. 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 receivable balance is recorded.

Information respecting the retirement allowances and retirement health benefits is as follows:

	<u>Health</u>	<u>Retirement</u>	<u>2014 Total post employment benefits</u>	<u>2013 Total post employment benefits</u>
Accrued benefit plan obligation	\$ 2,362,736	\$ 6,372,713	\$ 8,735,449	\$ 8,103,508
Plan deficit	2,362,736	6,372,713	8,735,449	8,103,508
Unamortized actuarial (gains) losses	<u>(339,720)</u>	<u>875,464</u>	<u>535,744</u>	<u>307,030</u>
Total liability	<u>\$ 2,702,456</u>	<u>\$ 5,497,249</u>	<u>\$ 8,199,705</u>	<u>\$ 7,796,478</u>

Colchester East Hants Health Authority

Notes to the financial statements

March 31, 2014

7. Post employment benefits (continued)

Current year benefit costs	\$ 127,500	\$ 410,700	\$ 538,200	\$ 520,100
Interest on accrued benefit obligation	91,977	246,138	338,115	360,500
Plan amendments	-	-	-	237,800
Amortized actuarial losses (gains)	(40,990)	102,275	61,285	104,353
Retirement and post employment benefits expense	\$ 178,487	\$ 759,113	\$ 937,600	\$ 1,222,753

The following actuarial assumptions have been used in these valuations as at March 31, 2014:

	<u>Allowances</u>	<u>Benefits</u>
Discount rate	4.1%	4.1%
Rate of compensation increase	0.15%-2.65%	N/A
Termination rates	1.20%-20%	0%-20%
Rate of coverage increase	N/A	4.5%-7%

- (i) The actuary for the pension manager assumed that 75% of employees will retire on the date they are first eligible for an unreduced retirement pension, and the remainder will retire on their normal retirement date, which is their 65th birthday.
- (ii) The actuary for the health benefits plan manager assumed 75% would retire on the date they are first eligible for an unreduced retirement pension and the remainder will retire at the rate of 5% each at ages 52, 57, 60, 62 and 65. In calculating the post-retirement health benefits liability, it was further assumed that 60% of members will elect family coverage and that 95% of eligible employees will elect to participate.

8. Pension plans

The Health Authority contributes to the following pension plans on behalf of its employees:

- (i) a multi-employer defined benefit plan, as administered by the Health Association of Nova Scotia, providing pension benefits to most of its employees. The most recent actuarial valuation was conducted as at April 1, 2012, which indicated there was a funding surplus.
- (ii) the second plan is administered by an independent trustee, the Public Service Superannuation Plan Trustee Inc., which also administers the actuarial and investment risk. The most recent actuarial valuation was December 31, 2009 and extrapolated to March 31, 2014. At this time, there was an unfunded liability.

The Health Authority's pension expense for the year amounted to \$5,787,927 (2013 - \$5,806,409).

Colchester East Hants Health Authority

Notes to the financial statements

March 31, 2014

9. Compensated absences

Qualifying employees are entitled to a prescribed number of sick leave days over their employment term. The Health Authority has recognized in these financial statements, the liability associated with accumulated sick leave earned by staff. The Health Authority has also recorded a corresponding receivable from the Province of Nova Scotia which has assumed responsibility for the liability up to March 31, 2014. Compensated absences for qualifying employees are actuarially determined. The Province of Nova Scotia contracts a third party to perform an actuarial valuation for all Health Authorities. The initial actuarial valuation for non-vesting sick leave banks usage was as at March 31, 2011. These actuarial liabilities as at March 31, 2011 were extrapolated to March 31, 2013 and March 31, 2014. This evaluation has calculated the benefit obligation for the Health Authority to be \$3,351,100 as of March 31, 2014 (2013 - \$2,985,000)

	<u>2014</u>	<u>2013</u>
Accrued benefit plan obligation	\$ 3,351,000	\$ 2,985,000
Plan deficit	(3,428,000)	(3,006,000)
Unamortized actuarial (gains) losses	76,900	21,000
Total liability	\$ <u>(3,351,100)</u>	\$ <u>(2,985,000)</u>
Current year benefit costs	\$ 237,100	\$ 199,000
Interest on accrued benefit obligation	<u>129,000</u>	<u>122,000</u>
Compensated absences benefit expense	\$ <u>366,100</u>	\$ <u>321,000</u>

These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the board's best estimate of expected rates of:

	<u>2014</u>
Salary growth rate	0.15%-2.65%
Discount rate	4.1%
Termination rates	0-20%

Colchester East Hants Health Authority

Notes to the financial statements

March 31, 2014

10. Commitments

- (i) Colchester East Hants Health Authority is committed to the following operating and occupancy lease payments in each of the next five fiscal years ended March 31:

2015	\$2,318,861
2016	\$2,074,923
2017	\$1,177,728
2018	\$913,170
2019	\$860,514

- (ii) The Health Authority has entered into agreements to spend \$1,825,936 on additions to property and equipment for the Colchester Regional Hospital replacement project.
-

11. Related entities

The Health Authority has responsibility for the operation of certain hospitals and health care centres as outlined in Note 1. There are in existence several hospital auxiliaries and foundations, which solicit funds in the name of these particular hospitals and health care centres. These funds are intended by the contributor to assist in the provision of health care services in the catchment area. The Health Authority is considered to have an economic interest in these foundations and auxiliaries whereby the assets of these organizations may accrue to the benefit of the Health Authority. The amount and nature of these assets at March 31, 2014 are available from the individual financial statements of the related entities.

12. Contingencies

- (a) The Health Authority may, from time to time, be involved in legal proceedings, claims and litigation that arise in the normal course of business and which the Health Authority believes would not reasonably be expected to have a material adverse effect on its financial position.
- (b) During fiscal 2012, claims were made against the Health Authority, in connection with the new hospital construction project, for costs incurred which the claimants consider being outside the terms of the initial contract. The Health Authority is disputing the validity of these claims; however, neither the outcome nor the amount of a possible settlement can be foreseen. Therefore, no provisions have been recorded in the financial statements.

Colchester East Hants Health Authority

Notes to the financial statements

March 31, 2014

13. Financial instrument risk management

Credit risk

Credit risk is the risk of financial loss to the Health Authority if a debtor fails to make payments when due. The Health Authority is exposed to this risk relating to its receivables.

Receivables are ultimately due from the government, third party insurers, patients, foundations and auxiliaries and other Health Authorities. Credit risk is mitigated by management review of aging and collection of receivables and billings. The Health Authority recognizes a specific allowance for doubtful accounts when management considers the expected amounts to be recovered is lower than the actual receivable.

The Health Authority measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Health Authority's historical experience regarding collections. The amounts outstanding at year end were as follows:

	Total	0-120 Days	121+ Days
Charges to MSI	\$ 353,379	\$ 353,379	\$ -
Foundation and Auxiliary	422,026	422,026	-
Harmonized sales tax	719,937	719,937	-
Patients	616,284	296,387	319,897
Other District Health Authorities	2,041,982	2,041,982	-
Other	201,138	201,138	-
Nova Scotia Department of Health and Wellness	15,597,219	14,012,114	1,585,105
Less: impairment allowances	(220,238)	-	(220,238)
Net receivables	\$ 19,731,727	\$ 18,046,963	\$ 1,684,764

Patient receivables not impaired are collectible based on the Health Authority's assessment and past experience regarding collection rates.

Government receivables are due from the Nova Scotia Government. The Health Authority mitigates credit risk by ensuring that grants are entered into by way of a contract and by continuous monitoring of outstanding balances to ensure collection is timely.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk and equity risk. The Health Authority is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments.

Colchester East Hants Health Authority

Notes to the financial statements

March 31, 2014

13. Financial instrument risk management (continued)

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Health Authority is exposed to this risk through its variable interest bearing bank overdraft. However, management does not feel that this represents a material risk to the Health Authority as fluctuations in market interest rates would not materially impact future cash flows and operations relating to the bank overdraft.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Liquidity risk

Liquidity risk is the risk that the Health Authority will not be able to meet all cash outflow obligations as they come due. The Health Authority mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining a bank overdraft credit facility if unexpected cash outflows arise. The following table sets out the contractual maturities of financial liabilities:

	Total	Within 6 months	>5 years
Payables and accruals	\$10,971,908	\$10,971,908	\$ -
Vacation Pay	2,885,079	-	2,885,079
	\$13,856,987	\$10,971,908	\$ 2,885,079

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

14. Subsequent event

The Authority will remain as its own legal entity until April 1, 2015, the date the nine health authorities will be amalgamated and a new provincial board established.

15. Comparative figure

Certain of the 2013 comparative figures have been reclassified to conform with the financial statement presentation adopted in 2014.

Colchester East Hants Health Authority

Schedule of tangible capital assets

Year ended March 31, 2014

	Land	Land improvements	Buildings and improvements	Equipment	Construction in progress	2014	2013
Cost							
Beginning of year	\$ 1,456,764	\$ 328,724	\$ 181,621,119	\$ 30,754,294	\$ 426,727	\$ 214,587,628	\$ 185,728,972
Additions during the year	-	-	2,053,154	1,671,293	11,993	3,736,440	196,773,343
Disposals during the year	-	-	-	-	(166,993)	(166,993)	167,914,687
Write-Down of fully amortized assets	-	(245,512)	(19,435,670)	(8,512,999)	-	(28,194,181)	-
End of year	\$ 1,456,764	\$ 83,212	\$ 164,238,603	\$ 23,912,588	\$ 271,727	\$ 189,962,894	\$ 214,587,628
Accumulated amortization							
Beginning of year	\$ -	\$ 284,491	\$ 21,697,184	\$ 13,299,478	\$ -	\$ 35,281,153	\$ 31,821,114
Write-Down of fully amortized assets	-	(245,512)	(19,452,757)	(8,495,912)	-	(28,194,181)	-
Amortization	-	4,160	3,264,926	2,363,966	-	5,633,052	3,460,039
End of year	\$ -	\$ 43,139	\$ 5,509,353	\$ 7,167,532	\$ -	\$ 12,720,024	\$ 35,281,153
Net book value of tangible capital costs	\$ 1,456,764	\$ 40,073	\$ 158,729,250	\$ 16,745,056	\$ 271,727	\$ 177,242,870	\$ 179,306,475