

Consolidated Financial Statements of

**GUYSBOROUGH ANTIGONISH
STRAIT HEALTH AUTHORITY**

Year ended March 31, 2014



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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 consolidated financial statements of Guysborough Antigonish Strait Health Authority which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations, change 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 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 auditors' 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 auditors consider 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.

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 consolidated financial statements present fairly, in all material respects, the financial position of Guysborough Antigonish Strait Health Authority as at March 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Sydney, Canada

June 17, 2014

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Consolidated Financial Statements

Year ended March 31, 2014

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GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Consolidated Statement of Financial Position

March 31, 2014, with comparative figures for 2013

| | 2014 | 2013 |
|---|----------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash and cash equivalents | \$ 1,317,118 | \$ 1,633,590 |
| Portfolio investments | 242,982 | 239,745 |
| Accounts receivable (note 2) | 8,654,742 | 11,007,679 |
| Receivable for post retirement benefits (notes 3 and 4) | | |
| Retiring allowance benefits | 5,620,927 | 5,572,724 |
| Retirement health benefits | 2,886,880 | 2,783,215 |
| Sick leave benefits | 3,270,333 | 2,871,000 |
| | <u>21,992,982</u> | <u>24,107,953</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities (note 5) | 11,471,296 | 14,081,559 |
| Deferred revenue (note 6) | 1,440,703 | 1,534,011 |
| Post retirement benefit obligations (notes 3 and 4) | | |
| Retiring allowance benefits | 5,620,927 | 5,572,724 |
| Retirement health benefits | 2,886,880 | 2,783,215 |
| Sick leave benefits | 3,270,333 | 2,871,000 |
| | <u>24,690,139</u> | <u>26,842,509</u> |
| NET DEBT | <u>(2,697,157)</u> | <u>(2,734,556)</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (note 7) | 32,622,063 | 34,608,601 |
| Prepaid expenses | 181,967 | 260,476 |
| Inventories held for consumption or use (note 8) | 926,752 | 916,754 |
| | <u>33,730,782</u> | <u>35,785,831</u> |
| NET ASSETS | <u>\$ 31,033,625</u> | <u>\$ 33,051,275</u> |
| FUND BALANCE | | |
| Operating fund | \$ - | \$ - |
| Capital fund | 31,033,625 | 32,975,373 |
| Restricted fund | - | 75,902 |
| | <u>\$ 31,033,625</u> | <u>\$ 33,051,275</u> |

Contingencies (note 10)

See accompanying notes to consolidated financial statements.

On behalf of the Board:

_____ Director

_____ Director

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Consolidated Statement of Operations

Year ended March 31, 2014, with comparative figures for 2013

| | Budget | 2014 | 2013 |
|--|---------------|---------------|---------------|
| REVENUES | | | |
| Department of Health and Wellness | | | |
| Operating grant | \$ 72,971,575 | \$ 75,419,608 | \$ 72,281,714 |
| Contract settlements | - | 835,284 | 1,410,247 |
| Employee future benefit | - | 723,868 | 1,045,139 |
| Retirement health benefits | - | 213,858 | 618,200 |
| Sick leave benefits | - | 399,333 | 350,000 |
| Capital funding | - | 800,517 | 2,197,433 |
| N.S. Medical Services Insurances (MSI) | 4,698,270 | 4,667,328 | 4,676,578 |
| Patient income | 2,417,331 | 2,229,430 | 2,270,212 |
| Dietary recoveries | 480,200 | 548,782 | 553,915 |
| Foundations and auxiliaries | - | 244,817 | 442,706 |
| Rentals | (22,200) | 22,349 | 56,165 |
| Miscellaneous | 1,136,375 | 1,630,009 | 1,598,055 |
| Referred in revenue | 667,400 | 761,465 | 740,791 |
| Drug program rebates | 50,000 | 52,500 | 16,887 |
| Wage grants/recoveries | 264,747 | 544,304 | 542,789 |
| Investment income | 56,500 | 70,930 | 48,105 |
| Laundry recoveries | 173,040 | 163,189 | 155,107 |
| | 82,893,238 | 89,327,571 | 89,004,043 |
| EXPENSES | | | |
| Nursing services | 29,729,285 | 31,324,164 | 29,940,537 |
| Support services | 12,634,332 | 12,763,683 | 12,185,732 |
| Diagnostic and therapeutic | 12,679,789 | 12,504,883 | 12,692,399 |
| Administrative services | 4,937,748 | 5,667,820 | 5,064,046 |
| Infrastructure projects | 731,082 | 1,112,298 | 1,213,292 |
| Medical services | 3,600,827 | 3,663,609 | 3,662,455 |
| Non-portable programs | 12,805,638 | 13,241,729 | 12,948,463 |
| Continuing care | 4,009,997 | 4,469,316 | 4,172,841 |
| Physician services | 1,764,540 | 1,833,620 | 1,854,730 |
| Retiring allowance benefits (note 3) | - | 723,868 | 1,045,139 |
| Retirement health benefits (note 3) | - | 213,858 | 618,200 |
| Sick leave benefits (note 3) | - | 399,333 | 350,000 |
| Contribution to paid parking | - | 113,975 | - |
| Amortization of capital assets | - | 3,313,065 | 3,148,114 |
| | 82,893,238 | 91,345,221 | 88,895,948 |
| CHANGE IN FUND BALANCE | - | (2,017,650) | 108,095 |
| FUND BALANCE, BEGINNING OF YEAR | - | 33,051,275 | 32,943,180 |
| FUND BALANCE, END OF YEAR | \$ - | \$ 31,033,625 | \$ 33,051,275 |

See accompanying notes to consolidated financial statements.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Consolidated Statement of Change in Net Debt

Year ended March 31, 2014, with comparative figures for 2013

| | 2014 | 2013 |
|---|-----------------------|-----------------------|
| Change in fund balance | \$ (2,017,650) | \$ 108,095 |
| Tangible capital assets | | |
| Acquisition of tangible capital assets | (1,326,527) | (3,119,087) |
| Amortization of tangible capital assets | 3,313,065 | 3,148,114 |
| | (31,112) | 137,122 |
| Other non-financial assets | | |
| Decrease (increase) in inventories | (9,998) | 27,079 |
| Decrease in prepaids | 78,509 | 270,865 |
| DECREASE IN NET DEBT | 37,399 | 435,066 |
| NET DEBT, BEGINNING OF YEAR | (2,734,556) | (3,169,622) |
| NET DEBT, END OF YEAR | \$ (2,697,157) | \$ (2,734,556) |

See accompanying notes to consolidated financial statements.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Consolidated Statement of Cash Flows

Year ended March 31, 2014, with comparative figures for 2013

| | 2014 | 2013 |
|---|----------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in fund balance | \$ (2,017,650) | \$ 108,095 |
| Items not involving cash | | |
| Amortization of capital assets | 3,313,065 | 3,148,114 |
| Changes in non-cash operating working capital | | |
| Decrease (increase) in accounts receivable | 2,352,937 | (4,989,690) |
| Increase in receivable for post retirement benefits | (551,201) | (1,087,421) |
| Decrease (increase) in inventories held for consumption or use | (9,998) | 27,079 |
| Decrease in prepaid expenses | 78,509 | 270,865 |
| Increase (decrease) in accounts payable and accrued liabilities | (2,610,263) | 3,454,473 |
| Increase in post retirement benefit obligations | 551,201 | 1,087,421 |
| Increase (decrease) in deferred revenue | (93,308) | 428,639 |
| | 1,013,292 | 2,447,575 |
| CASH FLOWS FROM CAPITAL ACTIVITIES | | |
| Additions to capital assets | (1,326,527) | (3,119,087) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Increase in portfolio investments | (3,237) | (2,726) |
| DECREASE IN CASH AND CASH EQUIVALENTS | (316,472) | (674,238) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 1,633,590 | 2,307,828 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 1,317,118 | \$ 1,633,590 |

See accompanying notes to consolidated financial statements.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

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) Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

b) Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and changes in fund balances of the operating, capital and restricted funds of the Authority. Inter-fund balances and transactions have been eliminated.

c) Cash and cash equivalents

Cash and cash equivalents are comprised of cash held in bank accounts, cash on hand and investments with maturity of three months or less.

d) 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 and Wellness. 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.

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

e) Financial instruments

Measurement of financial instruments

The Authority initially measures its financial assets and financial liabilities at fair value.

The Authority subsequently measures all its financial assets and financial liabilities at amortized cost, except portfolio investments. These are subsequently measured at fair market value with any changes recorded on the consolidated statement of operations.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in income. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

f) Inventories held for consumption or use

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

g) Restricted fund

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

h) Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization.

Tangible 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% |
| Equipment | 5%, 6.67%, 10%, 20% |

i) 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.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Estimates

The preparation of the financial statements in conformity with PSAB 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 expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, valuation of post retirement benefits and obligations and valuation allowance of accounts receivable. Actual results could differ from those estimates.

2. ACCOUNTS RECEIVABLE

| | 2014 | 2013 |
|---|--------------|---------------|
| Patient services | \$ 632,089 | \$ 563,805 |
| Department of Health and Wellness (note 4) | 6,199,989 | 8,241,965 |
| Other | | |
| Sundry | 445,796 | 579,148 |
| Employees – pay change advance | 403,429 | 420,198 |
| Harmonized sales tax | 342,674 | 363,651 |
| Hospital foundations/auxiliaries (note 9) | 186,148 | 348,443 |
| Employees – vacation credits | 185,576 | 200,110 |
| Paid parking proceeds | 161,547 | – |
| Nova Scotia Medical Insurance Services (M.S.I.) | 85,224 | 137,013 |
| Health Canada | 12,270 | 20,600 |
| Emergency group physicians | – | 132,746 |
| | \$ 8,654,742 | \$ 11,007,679 |

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

3. POST RETIREMENT BENEFITS

The Authority, in conjunction with the Department of Health and Wellness, 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 Consolidated Statement of Operations contributions in the amount of \$4,578,401 (\$4,359,248 in 2013). 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 Consolidated Statement of Financial Position. The inclusion of these obligations does not impact the Authority's financial position as a corresponding receivable from the Department of Health and Wellness is also reflected in the Consolidated Statement of Financial Position.

Retirement, health benefit and sick expenses in excess of amounts paid by the Authority are reflected in the Consolidated 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 and Wellness is also reflected.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

3. POST RETIREMENT BENEFITS (CONTINUED)

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

| | Retiring Allowance Benefits | | | |
|----------------------------------|-----------------------------|------------------------------------|---------------------|---------------------|
| | Actual Obligation | Unamortized Actuarial Losses | 2014 Total | 2013 Total |
| Balance, beginning of year | \$ 6,414,060 | \$ (841,336) | \$ 5,572,724 | \$ 5,362,376 |
| Current service cost | 446,800 | — | 446,800 | 421,500 |
| Interest cost | 262,077 | — | 262,077 | 277,000 |
| Actuarial losses | 628,600 | (628,600) | — | — |
| Plan amendments | — | — | — | 301,100 |
| Amortization of actuarial losses | — | 14,991 | 14,991 | 45,539 |
| Benefit payments | (675,665) | — | (675,665) | (834,791) |
| Balance, end of year | \$ 7,075,872 | \$ (1,454,945) | \$ 5,620,927 | \$ 5,572,724 |

| | Retirement Health Benefits | | | |
|---|----------------------------|---|---------------------|---------------------|
| | Actual Obligation | Unamortized Actuarial Gains (Losses) | 2014 Total | 2013 Total |
| Balance, beginning of year | \$ 2,504,503 | \$ 278,712 | \$ 2,783,215 | \$ 2,256,142 |
| Current service cost | 137,900 | — | 137,900 | 135,800 |
| Interest cost | 105,147 | — | 105,147 | 116,100 |
| Actuarial loss | 43,600 | (43,600) | — | — |
| Amortization of actuarial losses (gains) | — | (29,189) | (29,189) | 6,400 |
| Benefit payments | (110,193) | — | (110,193) | (91,127) |
| Plan amendments | — | — | — | 359,900 |
| Balance, end of year | \$ 2,680,957 | \$ 205,923 | \$ 2,886,880 | \$ 2,783,215 |

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

3. POST RETIREMENT BENEFITS (CONTINUED)

| | Sick Leave Benefits | | | |
|----------------------------------|----------------------|------------------------------------|---------------------|---------------------|
| | Actual Obligation | Unamortized Actuarial Losses | 2014 Total | 2013 Total |
| Balance, beginning of year | \$ 2,883,000 | \$ (12,000) | \$ 2,871,000 | \$ 2,521,000 |
| Current service cost | 551,000 | — | 551,000 | 532,000 |
| Interest cost | 125,000 | — | 125,000 | 116,000 |
| Actuarial losses | 63,667 | (63,667) | — | — |
| Sick leave taken | (278,000) | — | (278,000) | (298,000) |
| Amortization of actuarial losses | — | 1,333 | 1,333 | — |
| Balance, end of year | \$ 3,344,667 | \$ (74,334) | \$ 3,270,333 | \$ 2,871,000 |

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

| | Retiring Allowance Benefits | | Retirement Health Benefits | |
|---|-----------------------------|---------------------|----------------------------|-------------------|
| | 2014 | 2013 | 2014 | 2013 |
| Current service cost | \$ 446,800 | \$ 421,500 | \$ 137,900 | \$ 135,800 |
| Interest on obligation | 262,077 | 277,000 | 105,147 | 116,100 |
| Amortization of actuarial losses (gains) | 14,991 | 45,539 | (29,189) | 6,400 |
| Plan amendments | — | 301,100 | — | 359,900 |
| | \$ 723,868 | \$ 1,045,139 | \$ 213,858 | \$ 618,200 |

| | Sick Leave Benefits | |
|----------------------------------|---------------------|-------------------|
| | 2014 | 2013 |
| Current service cost | \$ 551,000 | \$ 532,000 |
| Interest on obligation | 125,000 | 116,000 |
| Sick leave taken | (278,000) | (298,000) |
| Amortization of actuarial losses | 1,333 | — |
| | \$ 399,333 | \$ 350,000 |

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

4. ACCOUNTS WITH THE DEPARTMENT OF HEALTH AND WELLNESS

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

| | 2014 | 2013 |
|--|----------------------|----------------------|
| Accounts receivable | | |
| Short-term (note 2) | | |
| Deficit funding | \$ 959,709 | \$ - |
| Capital items | 832,736 | 2,037,548 |
| Vacation liability | 659,707 | 659,707 |
| Contract settlement | 608,274 | 1,023,819 |
| Infrastructure | 565,066 | 893,293 |
| Retirement allowance | 416,265 | 309,911 |
| Continuing Care Service Delivery | 352,394 | 451,659 |
| Operating grants | 295,200 | 216,162 |
| On Call Physician Program | 292,850 | 841,500 |
| Pathology funding | 184,619 | - |
| Nursing strategy | 162,653 | 350,102 |
| Care coordination | 143,190 | - |
| Other non-portable program funds | 136,179 | 118,804 |
| Retiree benefits | 114,329 | 104,536 |
| Time due bank | 105,234 | 105,234 |
| Oncology drugs | 79,138 | 125,125 |
| Other | 71,042 | 48,207 |
| Interim funding (Occupational & Physiotherapy) | 59,633 | 59,600 |
| EIBI expansion | 45,045 | 72,068 |
| Knowledge Exchange Coordinator | 42,127 | 73,327 |
| Alternative level of care | 29,150 | 85,493 |
| Crisis team | 23,849 | 42,985 |
| Interim funding (adult day) | 21,600 | 21,600 |
| Scanning and archiving project | - | 369,290 |
| Drug treatment program | - | 165,343 |
| Grants various programs | - | 36,679 |
| Start up costs various programs | - | 29,973 |
| | <u>6,199,989</u> | <u>8,241,965</u> |
| Long-term | | |
| Retiring allowance benefits | 5,620,927 | 5,572,724 |
| Retirement health benefits | 2,886,880 | 2,783,215 |
| Sick leave benefits | 3,270,333 | 2,871,000 |
| | <u>11,778,140</u> | <u>11,226,939</u> |
| | <u>\$ 17,978,129</u> | <u>\$ 19,468,904</u> |

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 revenues in the period in which settlement occurs.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Financial Statements

Year ended March 31, 2014

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2014 | 2013 |
|--|----------------------|----------------------|
| Accounts payable and accrued liabilities | \$ 5,688,418 | \$ 8,824,460 |
| Accrued payroll | | |
| Salaries | 3,874,195 | 3,479,661 |
| Government remittances | 681,415 | 655,579 |
| Vacation pay | 1,227,268 | 1,121,859 |
| | \$ 11,471,296 | \$ 14,081,559 |

6. DEFERRED REVENUE

| | 2014 | 2013 |
|-----------------------------------|---------------------|---------------------|
| Department of Health and Wellness | \$ 1,058,026 | \$ 1,303,565 |
| Other | 382,677 | 230,446 |
| | \$ 1,440,703 | \$ 1,534,011 |

7. TANGIBLE CAPITAL ASSETS

| | 2014 | | | | 2013 |
|---------------------------------|-------------------|----------------------------|---------------------|----------------------|----------------------|
| | Land | Buildings and paving | Equipment | Total | Total |
| Cost | | | | | |
| Beginning of year | \$ 581,852 | \$ 56,298,822 | \$ 20,531,909 | \$ 77,412,583 | \$ 74,293,496 |
| Additions during the year | - | 5,675 | 1,320,852 | 1,326,527 | 3,119,087 |
| End of year | 581,852 | 56,304,497 | 21,852,761 | 78,739,110 | 77,412,583 |
| Accumulated amortization | | | | | |
| Beginning of year | - | 30,485,117 | 12,318,865 | 42,803,982 | 39,655,868 |
| Amortization | - | 1,701,561 | 1,611,504 | 3,313,065 | 3,148,114 |
| End of year | - | 32,186,678 | 13,930,369 | 46,117,047 | 42,803,982 |
| Net book value | \$ 581,852 | \$ 24,117,819 | \$ 7,922,392 | \$ 32,622,063 | \$ 34,608,601 |

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Financial Statements

Year ended March 31, 2014

8. INVENTORIES HELD FOR CONSUMPTION OR USE

| | 2014 | 2013 |
|----------------------|-------------------|-------------------|
| Drugs | \$ 473,631 | \$ 439,519 |
| General | 214,472 | 225,526 |
| Medical and surgical | 154,432 | 147,276 |
| Maintenance | 40,279 | 60,197 |
| Food | 36,537 | 34,932 |
| Intravenous | 7,401 | 9,304 |
| | <u>\$ 926,752</u> | <u>\$ 916,754</u> |

9. 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 and their auxiliaries. 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:

| | 2014 | 2013 |
|---|-------------------|-------------------|
| Capital fund | | |
| St. Martha's Regional Hospital Foundation | \$ 70,000 | \$ 57,396 |
| St. Martha's Regional Hospital Auxiliary | 116,148 | 122,354 |
| Strait Richmond Hospital Foundation | - | 80,422 |
| Guysborough Memorial Hospital Foundation | - | 25,340 |
| Eastern Memorial Hospital Foundation | - | 25,005 |
| St. Mary's Memorial Hospital Foundation | - | 20,864 |
| Guysborough Memorial Hospital Auxiliary | - | 17,062 |
| | <u>\$ 186,148</u> | <u>\$ 348,443</u> |

The following amounts were received/receivable from the Foundations/Auxiliaries to purchase capital:

| | 2014 | 2013 |
|---|-------------------|-------------------|
| St. Martha's Regional Hospital Foundation | \$ 65,000 | \$ 100,380 |
| St. Martha's Regional Hospital Auxiliary | 144,927 | 131,995 |
| Strait Richmond Hospital Foundation | 8,230 | 89,687 |
| Guysborough Memorial Hospital Foundation | - | 34,614 |
| St. Mary's Memorial Hospital Foundation | - | 26,109 |
| Eastern Memorial Hospital Foundation | - | 25,005 |
| Guysborough Memorial Hospital Auxiliary | - | 6,798 |
| | <u>\$ 218,157</u> | <u>\$ 414,588</u> |

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Consolidated Financial Statements

Year ended March 31, 2014

10. CONTINGENCIES

The Authority has referred 8 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.

11. FINANCIAL INSTRUMENTS

The Authority is exposed to various risks through its financial instruments and includes the following significant risks at March 31, 2014.

Interest rate risk

Interest rate risk is the risk that the fair value or future flows of a financial instrument will fluctuate because of changes in market interest rates.

Future cash flows of its portfolio investments are dependent on market interest rates. The Authority's overall investing policy is not high risk, so fluctuations would likely be minimal.

Credit risk

The Authority's credit risk is due to its patient, Department of Health and Wellness and other receivables.

The patient receivables are reviewed regularly and an allowance is established based on management's assessment of its collectability. There is no concentration of credit risk to the Authority.

The Department of Health and Wellness and other receivables are generally low risk with reliable collectability and no allowance is deemed necessary by management.

The Authority is not subject to significant liquidity or currency risks.

12. COMPARATIVE FIGURES

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

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Schedule of Operating Fund and Change in Fund Balance

Year ended March 31, 2014, with comparative figures for 2013

| | Budget | 2014 Actual | 2013 Actual |
|--|---------------|----------------|----------------|
| REVENUES | | | |
| Department of Health and Wellness | | | |
| Operating grant | \$ 72,971,575 | \$ 75,419,608 | \$ 72,281,714 |
| Contract settlements | — | 835,284 | 1,410,247 |
| Employee future benefit | — | 723,868 | 1,045,139 |
| Retirement health benefits | — | 213,858 | 618,200 |
| Sick leave benefits | — | 399,333 | 350,000 |
| N.S. Medical Services Insurances (MSI) | 4,698,270 | 4,667,328 | 4,676,578 |
| Patient income | 2,417,331 | 2,229,430 | 2,270,212 |
| Dietary recoveries | 480,200 | 548,782 | 553,915 |
| Foundations and auxiliaries | — | 26,660 | 28,118 |
| Rentals | (22,200) | 22,349 | 56,165 |
| Miscellaneous | 1,136,375 | 1,322,156 | 1,030,989 |
| Referred in revenue | 667,400 | 761,465 | 740,791 |
| Drug program rebates | 50,000 | 52,500 | 16,887 |
| Wage grants/recoveries | 264,747 | 544,304 | 542,789 |
| Investment income | 56,500 | 67,694 | 45,379 |
| Laundry recoveries | 173,040 | 163,189 | 155,107 |
| | 82,893,238 | 87,997,808 | 85,822,230 |
| EXPENSES | | | |
| Nursing services | 29,729,285 | 31,324,164 | 29,940,537 |
| Support services | 12,634,332 | 12,763,683 | 12,185,732 |
| Diagnostic and therapeutic | 12,679,789 | 12,504,883 | 12,692,399 |
| Administrative services | 4,937,748 | 5,667,820 | 5,064,046 |
| Infrastructure projects | 731,082 | 1,112,298 | 1,213,292 |
| Medical services | 3,600,827 | 3,663,609 | 3,662,455 |
| Non-portable programs | 12,805,638 | 13,241,729 | 12,948,463 |
| Continuing care | 4,009,997 | 4,469,316 | 4,172,841 |
| Physician services | 1,764,540 | 1,833,620 | 1,854,730 |
| Retiring allowance benefits (note 3) | — | 723,868 | 1,045,139 |
| Retirement health benefits (note 3) | — | 213,858 | 618,200 |
| Sick leave benefits (note 3) | — | 399,333 | 350,000 |
| | 82,893,238 | 87,918,181 | 85,747,834 |
| Excess of revenues over expenses before the following | — | 79,627 | 74,396 |
| TRANSFERS | | | |
| Transfer to capital fund | — | 44,790 | 44,790 |
| Transfer to restricted fund | — | 34,837 | 34,837 |
| Net transfers | — | 79,627 | 79,627 |
| CHANGE IN FUND BALANCE | — | — | (5,231) |
| FUND BALANCE, BEGINNING OF YEAR | — | — | 5,231 |
| FUND BALANCE, END OF YEAR | \$ — | \$ — | \$ — |

See accompanying notes to consolidated financial statements.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Schedule of Capital Fund and Change in Fund Balance

Year ended March 31, 2014, with comparative figures for 2013

| | 2014 | 2013 |
|---|----------------------|---------------------|
| REVENUES | | |
| Department of Health and Wellness | \$ 800,517 | \$ 2,197,433 |
| Foundations and auxiliaries | 218,157 | 414,588 |
| Miscellaneous | 307,853 | 567,066 |
| | <u>1,326,527</u> | <u>3,179,087</u> |
| EXPENSES | | |
| Amortization of capital assets | 3,313,065 | 3,148,114 |
| | <u>(1,986,538)</u> | <u>30,973</u> |
| Excess (deficiency) of revenues over expenses before the following | | |
| | (1,986,538) | 30,973 |
| TRANSFERS | | |
| Transfer from operating fund | 44,790 | 44,790 |
| | <u>(1,941,748)</u> | <u>75,763</u> |
| CHANGE IN FUND BALANCE | | |
| | (1,941,748) | 75,763 |
| FUND BALANCE, BEGINNING OF YEAR | 32,975,373 | 32,899,610 |
| | <u>\$ 31,033,625</u> | <u>\$32,975,373</u> |

See accompanying notes to consolidated financial statements.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Schedule of Restricted Fund and Change in Fund Balance

Year ended March 31, 2014, with comparative figures for 2013

| | 2014 | 2013 |
|---|-----------|-----------|
| REVENUES | | |
| Investment income | \$ 3,236 | \$ 2,726 |
| EXPENSES | | |
| Contribution to paid parking | 113,975 | - |
| Excess (deficiency) of revenues over expenses before the following | (110,739) | 2,726 |
| TRANSFERS | | |
| Transfer from operating fund | 34,837 | 34,837 |
| CHANGE IN FUND BALANCE | (75,902) | 37,563 |
| FUND BALANCE, BEGINNING OF YEAR | 75,902 | 38,339 |
| FUND BALANCE, END OF YEAR | \$ - | \$ 75,902 |

See accompanying notes to consolidated financial statements.