

Financial Statements

South Shore District Health Authority
[Operating as South Shore Health]
March 31, 2014

MANAGEMENT'S REPORT

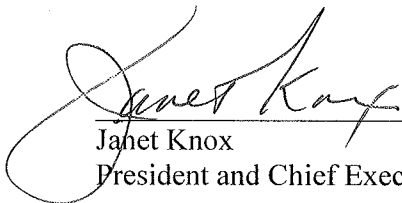
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.


Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors [the "Board"] is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and external audited financial statements yearly.

The external auditors, Ernst & Young LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of the South Shore District Health Authority and meet when required.

On behalf of the South Shore District Health Authority:


Janet Knox
President and Chief Executive Officer


Malcolm Pitman
Chief Financial Officer

June 26, 2014.



INDEPENDENT AUDITORS' REPORT

To the Chair and Members of the Board of Directors of the
South Shore District Health Authority

We have audited the accompanying financial statements of the **South Shore District Health Authority** [the “Authority”], which comprise the statement of financial position as at March 31, 2014, and the statements of operations, changes in net financial 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.

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 in our audit 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 Authority as at March 31, 2014 and the results of its operations, changes in net financial debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

Halifax, Canada,
June 26, 2014.

Chartered Accountants

South Shore District Health Authority
 [Operating as South Shore Health]

STATEMENT OF FINANCIAL POSITION

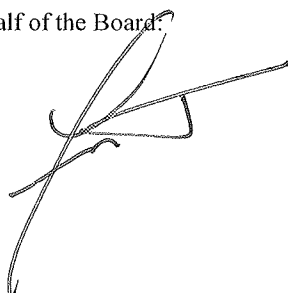
As at March 31,

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents <i>[note 3]</i>	2,269,237	3,568,848
Accounts receivable <i>[note 4]</i>	1,756,258	2,023,870
Due from government <i>[note 5]</i>	22,605,933	21,293,647
	<u>26,631,428</u>	<u>26,886,365</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities <i>[note 8]</i>	13,989,321	11,162,928
Due to government <i>[note 9]</i>	190,493	105,967
Deferred revenue <i>[note 10]</i>	695,289	4,285,916
Employee future benefits <i>[note 14]</i>	13,281,711	12,756,074
	<u>28,156,814</u>	<u>28,310,885</u>
Net financial debt	<u>(1,525,386)</u>	<u>(1,424,520)</u>
NON-FINANCIAL ASSETS		
Inventories of supplies	1,204,145	1,061,024
Prepaid expenses	407,350	364,001
Tangible capital assets <i>[note 6]</i>	28,873,473	28,361,373
	<u>30,484,968</u>	<u>29,786,398</u>
Accumulated surplus	<u>28,959,582</u>	<u>28,361,878</u>

Commitments *[note 11]*

See accompanying notes

On behalf of the Board:



South Shore District Health Authority
[Operating as South Shore Health]

STATEMENT OF OPERATIONS

Year ended March 31,

	2014	2014	2013
	\$	\$	\$
	[budget]		
REVENUE			
Department of Health and Wellness	82,383,782	84,734,531	82,571,981
Veterans Affairs Canada	2,673,074	2,621,971	2,695,404
Patient services	2,200,255	1,802,361	1,917,198
Program recoveries	3,518,478	4,304,660	4,485,763
Capital revenue	—	3,191,772	3,377,290
Other	794,807	501,195	832,526
	91,570,396	97,156,490	95,880,162
EXPENSES			
Administrative Services	5,063,673	4,924,855	5,019,065
Support Services	15,920,474	16,541,939	15,969,697
Nursing Inpatient Services	24,971,175	25,346,411	25,195,698
Ambulatory Care Services	14,592,433	15,320,786	14,517,140
Diagnostic and Therapeutic Services	15,121,343	14,944,881	15,209,758
Community Health Services	13,654,238	13,920,458	12,844,558
Research	—	—	38,150
Education	641,754	614,367	611,896
Bad debts	122,023	209,034	41,061
Employee future benefits [note 14]	909,391	1,576,291	1,966,552
Other undistributed expenses	573,892	565,772	823,287
Loss on transfer of tangible capital assets to Province of Nova Scotia	—	—	3,254,576
Amortization of tangible capital assets	—	2,593,992	2,861,341
	91,570,396	96,558,786	98,352,779
Annual surplus (deficit)	—	597,704	(2,472,617)
Accumulated surplus, beginning of year	28,361,878	28,361,878	30,834,495
Accumulated surplus, end of year	28,361,878	28,959,582	28,361,878

See accompanying notes



South Shore District Health Authority
 [Operating as South Shore Health]

**STATEMENT OF CHANGES IN
 NET FINANCIAL DEBT**

Year ended March 31,

	2014	2013
	\$	\$
Annual surplus (deficit)	597,704	(2,472,617)
Acquisition of tangible capital assets	(3,106,092)	(3,377,292)
Loss on transfer of tangible capital assets to Province of Nova Scotia	—	3,254,576
Amortization of tangible capital assets	2,593,992	2,861,341
	(512,100)	2,738,625
(Increase) decrease in supplies inventory	(143,121)	17,803
(Increase) decrease in prepaid expenses	(43,349)	83,887
	(186,470)	101,690
Net (increase) decrease in net financial debt	(100,866)	367,698
Net financial debt, beginning of year	(1,424,520)	(1,792,218)
Net financial debt, end of year	(1,525,386)	(1,424,520)

See accompanying notes



South Shore District Health Authority
 [Operating as South Shore Health]

STATEMENT OF CASH FLOWS

Year ended March 31,

	2014	2013
	\$	\$
	<hr/>	<hr/>
OPERATING ACTIVITIES		
Annual surplus (deficit)	597,704	(2,472,617)
Items not affecting cash		
Amortization of tangible capital assets	2,593,992	2,861,341
Loss on transfer of tangible capital assets to Province of Nova Scotia	—	3,254,576
Employee future benefits expense [note 14]	1,576,291	1,966,552
Employee future benefits paid [note 14]	(1,050,654)	(770,249)
Change in deferred revenue	(3,590,627)	(2,694,448)
Changes in non-cash working capital items [note 13]	1,679,775	(3,761,028)
Cash provided by (used in) operating activities	1,806,481	(1,615,873)
	<hr/>	<hr/>
CAPITAL ACTIVITY		
Cash used to acquire tangible capital assets	(3,106,092)	(3,377,292)
Cash used in capital activity	(3,106,092)	(3,377,292)
	<hr/>	<hr/>
Net change in cash and cash equivalents	(1,299,611)	(4,993,165)
Cash and cash equivalents, beginning of year	3,568,848	8,562,013
Cash and cash equivalents, end of year	2,269,237	3,568,848
	<hr/>	<hr/>

See accompanying notes



NOTES TO FINANCIAL STATEMENTS

March 31, 2014

1. DESCRIPTION OF ORGANIZATION

The South Shore District Health Authority [“South Shore Health” or the “Authority”] was formed by the *Health Authorities Act of the Province of Nova Scotia* [the “Act”] as assented to by the Lieutenant Governor, on June 8, 2000. The Act came into force by proclamation of the Lieutenant Governor on January 1, 2001. South Shore Health’s mission is to “Work with individuals, families and communities to prevent illness, provide care and improve the health of those we serve.”

The facilities owned and operated by South Shore Health are the Fishermen’s Memorial Hospital, South Shore Regional Hospital and Queens General Hospital. In addition, South Shore Health leases space in other locations to operate community-based programs throughout Lunenburg and Queens Counties and supports two Community Health Boards.

South Shore Health is dependent on the Nova Scotia Department of Health and Wellness to provide sufficient funds to continue operations, replace essential equipment and complete its capital projects. South Shore Health is a registered charity under the *Income Tax Act* (Canada) and, therefore, is exempt from income tax.

These financial statements do not include the assets, liabilities and results of operations of foundations and auxiliaries that were established to raise funds for the respective hospitals within South Shore Health.

The Province of Nova Scotia has announced its intention to reorganize the province’s 10 existing district health authorities, including South Shore Health, into two health authorities. The reorganization is expected to be completed on April 1, 2015. Although South Shore Health will be dissolved upon completion of the reorganization, it is expected its assets, liabilities, and operations will continue as part of a successor health authority. As a result, these financial statements have been prepared on a going concern basis.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation

The financial statements have been prepared by management of South Shore Health in accordance with Canadian public sector accounting [“PSA”] standards as issued by the Public Sector Accounting Board.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and money market investments with maturities of three months or less from the date of acquisition.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Inventories of supplies

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

Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

Amortization is provided on a straight-line basis at the following annual rates:

Land improvements	5 – 12.5%
Building and building service equipment	2.5 – 10%
Equipment	5 – 33%

Tangible capital assets are written down when conditions indicate that they no longer contribute to South Shore Health's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statements of operations.

Contributed capital assets are recorded into revenue at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which is then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Deferred revenue

Certain amounts are received pursuant to legislation or agreement with an external party and may only be used for the stipulated purpose of the resources. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, services are performed or when stipulations are met. Amounts received before the specified criterion has been met are reported as a liability described as deferred revenue.

Pension plan

Pension cost for multi-employer pension plans is equal to South Shore Health's share of the amounts contributed to the plans on behalf of the employees.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Employee future benefits

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

Revenues

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when accruals cannot be determined with a reasonable degree of certainty or when estimation is impracticable.

Government transfers (revenue from non-exchange transactions) are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when amounts have been received, but not all stipulations have been met.

Restricted contributions and restricted investment income is recognized as revenue in the year during which the related expenses are incurred, services are performed or when stipulations are met.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Measurement uncertainty

The preparation of South Shore Health's financial statements in conformity with Canadian PSA standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Items requiring significant estimates include amounts estimated for final accounts receivable settlements from Veterans Affairs Canada, amounts estimated for accounts receivable from the Department of Health and Wellness for wage contract settlements, allowances for doubtful accounts, inventory valuations, estimated useful life for certain items of tangible capital assets and employee future benefits assumptions.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

South Shore District Health Authority
 [Operating as South Shore Health]

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

3. CASH AND CASH EQUIVALENTS

	2014	2013
	\$	\$
Restricted cash	154,822	4,505,123
Unrestricted cash (bank indebtedness)	2,114,415	(936,275)
	2,269,237	3,568,848

Restricted cash relates to amounts received for a capital project, for which not all eligibility criteria have been met. As these amounts were received before the specified criterion has been met, they are reported as a liability described as deferred revenue. The source of funds included donations, government transfers and income earned on the donations and transfers.

4. ACCOUNTS RECEIVABLE

	2014	2013
	\$	\$
Patient care	947,582	861,995
Extended care facilities	458	4,543
Homecare/VON	70,324	167,387
Charitable foundations	671,379	690,779
Psychiatric recoveries	105,916	168,240
Payroll advances receivable	75,135	92,922
Other District Health Authorities	317,595	209,229
Other	139,360	252,386
Less: provision for doubtful accounts	(571,491)	(423,611)
	1,756,258	2,023,870

5. DUE FROM GOVERNMENT

	2014	2013
	\$	\$
Province of Nova Scotia		
Department of Health and Wellness	8,032,224	7,410,982
Employee future benefits	13,824,555	13,202,080
Federal government – HST	749,154	680,585
	22,605,933	21,293,647

The employee future benefits receivable represents an amount due from the Province of Nova Scotia Department of Health and Wellness. This receivable corresponds to retiring the accrued benefit liability for retirement allowances and retirement health benefits for current and retired employees, respectively, for South Shore Health.

South Shore District Health Authority
 [Operating as South Shore Health]

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

6. TANGIBLE CAPITAL ASSETS

	2014		2013	
	Cost \$	Accumulated amortization \$	Net book value \$	Net book value \$
Land	230,288	—	230,288	230,288
Land improvements	787,419	728,832	58,587	72,398
Building and building service equipment	49,037,421	24,767,482	24,269,939	23,973,927
Equipment	42,498,375	38,183,716	4,314,659	4,084,760
	92,553,503	63,680,030	28,873,473	28,361,373

7. CREDIT FACILITIES

South Shore Health has an operating line of credit available with a Canadian chartered bank totaling \$3.4 million. Interest is charged at prime less 0.75%. There was \$ nil drawn on the operating line as at March 31, 2014 [2013 – \$1,249,239].

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014 \$	2013 \$
Trade payables	3,681,088	2,177,317
Accrued liabilities	4,172,977	3,422,965
Vacation pay	1,082,859	1,019,739
Salary and benefits	5,052,397	4,542,907
	13,989,321	11,162,928

9. DUE TO GOVERNMENT

	2014 \$	2013 \$
Federal government – Veterans Affairs	190,493	105,967

South Shore District Health Authority
 [Operating as South Shore Health]

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

10. DEFERRED REVENUE

Deferred revenues are set aside for specific purposes as required either under legislation, regulation or agreement as of March 31, 2014.

	Balance, beginning of year \$	Receipts \$	Transfers to Province \$	Transfers to Revenue \$	2014 Balance, end of year \$	2013 Balance, end of year \$
Endowments funds	55,660	30,769	—	(16,772)	69,657	55,660
DHW program funds	406,313	1,420,847	—	(1,420,847)	406,313	406,313
Other source program funds	29,486	73,293	—	(76,303)	26,476	29,486
Capital project funds	3,794,457	1,716,638	(5,318,252)	—	192,843	3,794,457
	4,285,916	3,241,547	(5,318,252)	(1,513,922)	695,289	4,285,916

11. COMMITMENTS

Lease and purchase commitments

South Shore Health has committed funds from operations for operating supplies and occupancy and equipment leases. Estimated minimum lease payments and purchase commitments over the next five years are expected to be as follows:

	\$
2015	3,000,019
2016	1,786,273
2017	1,652,218
2018	441,208
2019	137,700
	7,017,418

12. PENSION PLANS

South Shore Health contributes to two pension plans on behalf of its employees. The first plan is a multi-employer plan administered by Health Association Nova Scotia. The most recent actuarial valuation was as of April 1, 2012. At that time, there was a funding excess of \$444 million. A projection to December 31, 2012, applying the same assumptions, indicated a funding excess of \$351 million.

South Shore District Health Authority
[Operating as South Shore Health]

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

12. PENSION PLANS [Cont'd]

The second plan is also a multi-employer plan, administered by the Public Service Superannuation Plan Trustee Inc. The most recent actuarial valuation was completed as of December 31, 2012. At that time, there was a funding liability for the entire multi-employer plan of \$ 181 million. A projection to March 31, 2013 applying the same assumptions indicated a funding liability of \$ 155 million.

South Shore Health bears no direct financial responsibility for the unfunded liability of either plan as the responsibility lies with the plan administrators. The amount contributed to the plans for the year ended March 31, 2014 was \$ 4,934,445 [2013- \$4,908,413] for current service costs which are spread over a number of expense line items in the statements of operations.

13. ADDITIONAL INFORMATION RELATING TO THE STATEMENT OF CASH FLOWS

Changes in non-cash working capital items

	2014	2013
	\$	\$
Accounts receivable	267,612	(49,735)
Due from government	(1,312,286)	(4,631,325)
Inventories of supplies	(143,121)	17,803
Prepaid expenses	(43,349)	83,887
Accounts payable and accrued liabilities	2,826,393	1,053,710
Due to government	84,526	(235,368)
	1,679,775	(3,761,028)

Other information

	2014	2013
	\$	\$
Interest received	4,219	5,776

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

14. EMPLOYEE FUTURE BENEFITS

Employee future benefits, other than pension, consist of post-retirement allowances and post-retirement health benefits. The cost of post-retirement allowances and post-retirement health benefits is actuarially determined using the projected benefits method prorated on service and uses assumptions provided by the Provincial Department of Finance for District Health Authorities. Actuarial gains and losses arise from changes in assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gains and losses over 10% of the benefit obligation is amortized over the average remaining service period of active employees. Past service costs arising from plan amendments are expensed when incurred. The Department of Finance fully funds this liability, thus an offsetting accounts receivable balance is recorded.

The last actuarial valuation for retirement allowances was completed as of March 31, 2013. The last actuarial valuation for post-retirement health benefits was completed as of March 31, 2012. The last actuarial valuation for the sick leave obligation was completed as of March 31, 2011. The results of these valuations were extrapolated to March 31, 2014. The next actuarial valuation for retirement allowances will be completed as of March 31, 2016. The next actuarial valuation for post-retirement health benefits will be completed as at March 31, 2015. The next actuarial valuation for estimated sick leave will be completed as at March 31, 2014.

South Shore District Health Authority
[Operating as South Shore Health]

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

14. EMPLOYEE FUTURE BENEFITS [Cont'd]

At March 31, 2014, the total accrued benefit liability for employee future benefits, other than pension, amounted to \$13,281,711 [2013 – \$12,756,074]. Further information about South Shore Health's employee future benefits, other than pension, is as follows:

	2014			2013	
	Retirement allowances \$	Retirement health benefits \$	Sick leave \$	Total \$	Total \$
Accrued benefit liability					
Accrued benefit obligation	7,961,601	3,298,875	3,763,000	15,023,476	13,745,700
Unamortized actuarial experience (gain) loss	(1,789,043)	126,056	(78,778)	(1,741,765)	(989,626)
Accrued benefit liability on the statement of financial position	6,172,558	3,424,931	3,684,222	13,281,711	12,756,074
Plan expenses					
Current service costs	532,300	161,400	173,000	866,700	793,800
Plan Amendments	—	—	—	—	402,200
Interest cost	293,747	128,583	144,000	566,330	583,900
Current-year amortized actuarial loss	161,606	(20,567)	2,222	143,261	186,652
Net employee future benefits expense on the statement of operations	987,653	269,416	319,222	1,576,291	1,966,552
Change in accrued benefit liability					
Accrued benefit liability, beginning of year	6,155,664	3,235,410	3,365,000	12,756,074	11,559,771
Expense	987,653	269,416	319,222	1,576,291	1,966,552
Benefits paid	(970,759)	(79,895)	—	(1,050,654)	(770,249)
Accrued benefit liability, end of year	6,172,558	3,424,931	3,684,222	13,281,711	12,756,074

South Shore District Health Authority
 [Operating as South Shore Health]

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

14. EMPLOYEE FUTURE BENEFITS [Cont'd]

The significant actuarial assumptions used in the measurement of South Shore Health's accrued benefit liability are as follows:

	2014	2013
Retirement allowance		
Discount rate used to determine accrued benefit liability	4.10%	4.30%
Discount rate used to determine benefit expense	4.10%	4.30%
Salary increase rate	2.4% to 4.9%	2.4% to 4.9%
Health benefit		
Discount rate used to determine accrued benefit liability	4.10%	4.30%
Discount rate used to determine benefit expense	4.10%	4.30%
Extended health care cost trend rates	7.00% decreasing to an ultimate rate of 4.5% per annum over 15 years	7.00% decreasing to an ultimate rate of 4.5% per annum over 15 years
Prescription drug coverage trend rates	7.00% decreasing to an ultimate rate of 4.5% per annum over 15 years	7.00% decreasing to an ultimate rate of 4.5% per annum over 15 years
Sick leave		
Discount rate used to determine accrued benefit liability	4.10%	4.30%
Discount rate used to determine benefit expense	4.10%	4.30%
Sick leave salary increase rate	2.4% to 4.9%	2.4% to 4.9%

15. FINANCIAL INSTRUMENTS

South Shore Health's financial instruments are recorded at cost or amortized cost. Financial instruments are any contracts that give rise to financial assets of one entity and financial liabilities of another entity. Financial assets represent a contractual right to receive cash in the future and financial liabilities represent a contractual obligation to deliver cash in the future. South Shore Health's financial assets include accounts receivables and due from government. South Shore Health's financial liabilities consist of accounts payable and accrued liabilities and due to government.

Transaction costs are expensed as incurred.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

15. FINANCIAL INSTRUMENTS [Cont'd]

Risk management

South Shore Health is exposed to a number of risks as a result of the financial instruments on its statement of financial position that can affect its operating performance. These risks include interest rate risk, credit risk, and liquidity risk. South Shore Health's financial instruments are not subject to foreign exchange risk or other price risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. South Shore Health is subject to interest rate risk relating to short-term borrowings. Interest rate risk is mitigated by monitoring its cash flow and ensuring any short term borrowings are kept to a minimum.

Liquidity risk

South Shore Health is exposed to liquidity risk through its contractual obligations and financial liabilities. South Shore Health manages its liquidity risk by maintaining adequate cash and credit facilities, and by updating and reviewing cash flow projections on a regular and as needed basis.

Credit risk

South Shore Health is exposed to credit risk with respect to accounts receivable. South Shore Health performs an evaluation of its customers' credit and records an allowance for doubtful accounts as required. Management considers that there is no significant exposure to credit risk as at March 31, 2014.

Capital management

In managing capital, South Shore Health focuses on liquid resources available for operations. Its objective is to have sufficient liquid resources to continue operating despite events with adverse financial consequences and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at March 31, 2014, South Shore Health has met its objective of having sufficient liquid resources to meet its current obligations.

South Shore District Health Authority
 [Operating as South Shore Health]

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

16. RECONCILIATION OF OPERATING SURPLUS

	2014	2013
	\$	\$
Revenue	97,156,490	95,880,162
Expenses	(96,558,786)	(98,352,779)
Annual surplus	597,704	(2,472,617)
Capital revenue	(3,290,772)	(3,661,775)
Amortization of tangible capital assets	2,593,992	2,861,341
Other undistributed expenses	99,076	284,484
Transfer of tangible capital assets to Province of NS		3,254,574
Operating surplus	—	266,007

17. EXPENSES BY OBJECT TYPE

	2014	2013
	\$	\$
Salaries and Wages	62,107,019	60,755,739
Employee Benefits	12,015,765	11,792,338
Medical Surgical	2,648,415	2,639,618
Drugs	2,233,891	2,244,631
Clinical Supplies and Expenses	1,912,769	1,849,662
Bad debts	209,034	41,061
Deliver, Freight and Postage	341,256	343,986
Housekeeping, Laundry and Linen	544,185	531,706
Insurance	252,291	228,694
Maintenance of Buildings and Equipment	3,203,724	3,186,476
Purchase/Lease of Buildings and Equipment	1,982,543	1,983,031
Raw Food Costs	622,054	773,578
Travel and Education	749,622	675,235
Professional and Management Fees	1,218,614	1,281,339
Stationary, Photo and Printing	216,229	261,897
Utilities	2,078,118	1,926,635
Other	1,629,265	1,721,236
Loss on transfer of tangible capital assets to Province of Nova Scotia	—	3,254,576
Amortization of tangible capital assets	2,593,992	2,861,341
	96,558,786	98,352,779

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

18. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Board of Directors and approved by the Province of Nova Scotia. South Shore Health does not prepare an annual budget for the statement of net debt.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.