

Financial Statements

South West Nova District Health Authority

[Operating as South West Health]

March 31, 2015



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MANAGEMENT'S REPORT


The consolidated 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 consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated 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"] are 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 consolidated financial statements on a monthly basis and external audited consolidated 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 consolidated financial statements. The external auditors have full and free access to financial management of South West Nova District Health Authority and meet when required.

On behalf of South West Nova District Health Authority:



Allan Horsburgh
Nova Scotia Health Authority
Vice-President, Stewardship and
Accountability



Janet Knox
Nova Scotia Health Authority
President and CEO

June 24, 2015

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Nova Scotia Health Authority

We have audited the accompanying financial statements of the **South West Nova District Health Authority [the "Authority"]**, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net debt and cash flows for the years 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 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 financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 audits 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, 2015 and the results of its operations, changes in net debt, and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

Halifax, Canada,
June 24, 2015.

Chartered Accountants

South West Nova District Health Authority
 [Operating as South West Health]

STATEMENT OF FINANCIAL POSITION

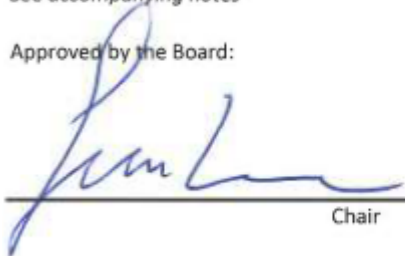
As at March 31,

	2015	2014
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents <i>[note 10]</i>	129,864	148,535
Short-term investment	35,155	34,704
Accounts receivable <i>[note 3]</i>	12,258,686	9,783,665
Long-term receivables <i>[note 4]</i>	19,100,959	17,737,855
	31,524,664	27,704,759
FINANCIAL LIABILITIES		
Bank indebtedness <i>[note 10]</i>	710,069	872,902
Accounts payable and accrued liabilities <i>[note 7]</i>	14,468,346	11,734,675
Revenue received in advance	529,444	549,431
Employee future benefits <i>[note 8]</i>	18,485,270	17,303,250
	34,193,129	30,460,258
Net financial debt	(2,668,465)	(2,755,499)
NON-FINANCIAL ASSETS		
Tangible capital assets <i>[note 5]</i>	67,212,564	65,016,144
Inventories of supplies	1,431,281	1,495,124
Prepaid expenses	380,776	365,544
	69,024,621	66,876,812
Accumulated surplus	66,356,156	64,121,313

Commitments *[note 11]*

See accompanying notes

Approved by the Board:



 Chair

South West Nova District Health Authority
 [Operating as South West Health]

STATEMENT OF OPERATIONS

Year ended March 31,

	2015	2015	2014
	\$	\$	\$
	[budget]		
REVENUES			
Department of Health and Wellness	86,650,162	90,736,003	88,140,256
Veterans Affairs Canada	2,249,151	2,084,568	2,126,531
Patient services	2,475,540	1,952,701	1,757,892
Physician funding	4,280,000	5,193,898	5,168,167
Program recoveries	4,400,098	7,516,518	7,380,035
Capital revenue	—	6,171,878	5,665,193
Other	1,488,000	1,293,819	1,024,827
	101,542,951	114,949,385	111,262,901
EXPENSES			
Addiction services	2,654,616	2,406,040	2,285,234
Administration services	3,099,611	3,600,342	3,466,856
ALC Strategy	539,972	429,204	569,305
Amortization of tangible capital assets	—	3,937,035	3,638,691
Bad debts	136,933	324,000	293,440
Continuing Care	2,651,785	3,429,334	2,811,468
Diagnostic Imaging and ECG	5,088,901	5,015,394	5,114,186
Employee future benefits <i>[note 8]</i>	—	2,285,133	2,151,130
Environmental Services	3,871,977	3,734,364	3,495,977
Finance	1,028,454	995,667	943,017
Food and Nutrition	5,311,889	5,600,660	5,574,720
Health Information	2,062,011	2,122,984	2,112,732
Human Resources	852,885	897,090	811,702
Information Technology	1,805,015	1,887,940	1,973,870
Laboratory	6,424,364	6,452,902	6,454,939
Materials Management	1,583,460	1,918,658	1,896,091
Mental Health	5,418,220	5,571,968	5,129,547
Nurse Practitioners	1,427,427	1,318,713	1,375,925
Nursing	34,198,650	35,793,358	34,821,224
Other	544,491	904,472	799,317
Palliative Care	577,658	585,169	422,618
Pharmacy	1,377,946	1,478,490	1,572,551
Physician Services	4,280,000	5,193,898	5,168,167
Plant and support	6,886,585	7,153,015	7,084,091
Primary Health Care	580,967	702,103	628,342
Public Health	2,508,162	2,458,170	2,280,798
Rehabilitation	2,310,259	2,274,187	2,330,220
Respiratory	636,837	689,119	666,677
Restorative Care	1,399,247	1,343,976	1,300,457
School of Nursing	1,493,957	1,530,868	1,357,555
Social Work	211,851	186,301	253,347
Stroke Program	578,821	493,988	452,205
	101,542,951	112,714,542	109,236,399
Annual surplus	—	2,234,843	2,026,502
Accumulated surplus, beginning of year	64,121,313	64,121,313	62,094,811
Accumulated surplus, end of year	64,121,313	66,356,156	64,121,313

See accompanying notes

South West Nova District Health Authority
 [Operating as South West Health]

**STATEMENT OF CHANGES IN
 NET FINANCIAL DEBT**

Year ended March 31,

	2015	2014
	\$	\$
Annual surplus	2,234,843	2,026,502
Acquisition of tangible capital assets	(6,133,455)	(5,665,191)
Amortization of tangible capital assets	3,937,035	3,638,691
	38,423	2
Decrease (increase) in supplies inventory	63,843	(141,230)
(Increase) decrease in prepaid expenses	(15,232)	109,840
	48,611	(31,390)
Increase (decrease) in net financial debt	87,034	(31,388)
Net financial debt, beginning of year	(2,755,499)	(2,724,111)
Net financial debt, end of year	(2,668,465)	(2,755,499)

See accompanying notes

South West Nova District Health Authority
 [Operating as South West Health]

STATEMENT OF CASH FLOWS

Year ended March 31,

	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Annual surplus	2,234,843	2,026,502
Item not affecting cash:		
Amortization of tangible capital assets	3,937,035	3,638,691
Employee future benefits expense <i>[note 8]</i>	2,285,133	2,151,130
Net change in non-cash working capital items <i>[note 10]</i>	286,823	(953,643)
Employee future benefits paid <i>[note 8]</i>	(1,103,113)	(964,699)
Cash provided by operating activities	7,640,721	5,897,981
CAPITAL ACTIVITY		
Acquisition of tangible capital assets	(6,133,455)	(5,665,191)
Cash used in capital activity	(6,133,455)	(5,665,191)
FINANCING ACTIVITY		
(Decrease) increase in bank indebtedness	(162,833)	872,902
Cash provided by financing activity	(162,833)	872,902
INVESTING ACTIVITY		
Increase in long-term receivables	(1,363,104)	(1,069,088)
Cash used in investing activity	(1,363,104)	(1,069,088)
Net change in cash and cash equivalents	(18,671)	36,604
Cash and cash equivalents, beginning of year	148,535	111,931
Cash and cash equivalents, end of year	129,864	148,535

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

1. DESCRIPTION OF ORGANIZATION

The South West Nova District Health Authority [“South West Health”] was formed by an 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 West Health’s mission is to “Work with individuals, families and partners to promote and improve the health of our communities” and to “use resources wisely to provide access to a broad range of quality health services.”

The facilities owned and operated by South West Health are Digby General Hospital, Roseway Hospital and Yarmouth Regional Hospital. In addition, South West Health leases space in other locations to operate certain programs throughout Digby, Shelburne and Yarmouth counties, and supports four Community Health Boards.

South West 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 West 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 of South West Health, as they are not controlled by South West Health.

The Province of Nova Scotia has passed legislation to reorganize the province’s 10 existing district health authorities, including South West Health, into two health authorities. The reorganization was completed April 1, 2015. Although South West Health was dissolved upon completion of the reorganization, its assets, liabilities, and operations will continue as part of the successor health authority, the Nova Scotia 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 West Health in accordance with Canadian public sector accounting standards and reflect the following significant accounting policies:

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Bank indebtedness

Bank indebtedness consists of cash on hand, balances and overdrafts with financial institutions and money market investments with maturities of three months or less from the date of acquisition.

Inventories of supplies

Inventories of supplies are recorded at the lower of cost and net realizable value, and include medical/surgical supplies, 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 West 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 are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Deferred contributions

Revenue received in advance is 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. As at March 31, 2015, South West Health was in compliance with all restrictions applicable to these funding sources.

Employee future benefits

Employee future benefits are determined as outlined in note 8 and are recognized in the period during which benefits are earned by employees.

Revenue

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

Government transfers [revenue from non-exchange transactions] are recognized as revenue 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 have been met.

Expenses

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

South West Nova District Health Authority
[Operating as South West Health]

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Prepaid expenses

Prepaid expenses include maintenance, support costs, memberships and subscriptions, and are charged to expense over the periods expected to benefit from it.

Measurement uncertainty

The preparation of South West Health's financial statements in conformity with Canadian public sector accounting 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 revenues and expenses during the reporting period. Significant estimates used by management in preparing these financial statements include amounts estimated 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.

3. ACCOUNTS RECEIVABLE

	2015	2014
	\$	\$
Department of Health and Wellness		
Funding for operations	3,624,673	3,487,036
Capital grants	3,241,986	2,137,029
Patient care	471,659	560,894
HST rebates	803,660	641,634
Extended care facilities	552,593	458,750
Homecare/VON	223,037	356,921
Charitable foundations	1,324,587	1,227,154
Psychiatric recoveries	144,243	160,788
Other	1,872,248	753,459
	12,258,686	9,783,665

South West Nova District Health Authority
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NOTES TO FINANCIAL STATEMENTS

March 31, 2015

4. LONG-TERM RECEIVABLES

	2015	2014
	\$	\$
Due from the Province of Nova Scotia		
Department of Health and Wellness	19,030,447	17,662,001
Payroll advances receivable	70,512	75,854
	19,100,959	17,737,855

The receivable from the Province of Nova Scotia Department of Health and Wellness corresponds to retirement allowances, retirement health benefits, and estimated sick leave for retired and current employees, respectively.

5. TANGIBLE CAPITAL ASSETS

	2015		2014	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	34,603	—	34,603	34,603
Land improvements	1,262,969	971,040	291,929	411,586
Building and building service equipment	108,311,726	50,641,422	57,670,304	56,116,093
Equipment	41,535,777	32,320,049	9,215,728	8,453,862
	151,145,075	83,932,511	67,212,564	65,016,144

6. CREDIT FACILITIES

South West Health has an operating line of credit available with a Canadian chartered bank totaling \$4.35 million. Interest is charged at prime less 0.75%. There was \$710,069 drawn on the operating line as at March 31, 2015 [2014 – \$872,902].

South West Nova District Health Authority
[Operating as South West Health]

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
	\$	\$
Trade payables	3,547,684	3,144,252
Accrued liabilities	4,515,616	2,486,895
Vacation pay	556,333	565,435
Salaries and benefits	5,848,713	5,538,093
	14,468,346	11,734,675

8. EMPLOYEE FUTURE BENEFITS

Employee future benefits, other than pension, consist of retirement allowances, post-retirement health benefits, and estimated sick leave. These costs are actuarially determined using the projected benefits method prorated on service and 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 Province of Nova Scotia Department of Health and Wellness fully funds this liability; accordingly, an offsetting accounts receivable balance is recorded.

The last actuarial valuation for retirement allowances was completed as at March 31, 2013. The last actuarial valuation for post-retirement health benefits was completed as at March 31, 2012. The last actuarial valuation for estimated sick leave was completed as at March 31, 2014. The results of these valuations were extrapolated to March 31, 2015. The next actuarial valuation for retirement allowances will be completed as at 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, 2017.

South West Nova District Health Authority
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NOTES TO FINANCIAL STATEMENTS

March 31, 2015

8. EMPLOYEE FUTURE BENEFITS [Cont'd]

At March 31, 2015, the total accrued benefit liability for employee future benefits, other than pension, amounted to \$18,485,270 [2014 – \$17,303,250]. Further information about South West Health's employee future benefits, other than pension, is as follows:

	2015			2014	
	Retirement allowances	Retirement health benefits	Sick Leave	Total	Total
	\$	\$	\$	\$	\$
Accrued benefit liability					
Accrued benefit obligation	9,321,051	4,599,258	4,468,000	18,388,309	18,646,503
Unamortized actuarial experience (gains) losses	(1,330,560)	336,672	1,090,849	96,961	(1,343,253)
Accrued benefit liability on the statement of financial position	7,990,491	4,935,930	5,558,849	18,485,270	17,303,250
Plan expenses					
Current service costs	694,622	211,408	379,000	1,285,030	1,170,400
Plan amendments	—	—	—	—	—
Interest cost	373,273	181,816	216,000	771,089	739,793
Current-year amortized actuarial (gain) loss	260,045	(43,180)	12,149	229,014	240,937
Net employee future benefits expense on the statement of operations	1,327,940	350,044	607,149	2,285,133	2,151,130
Change in accrued benefit liability					
Accrued benefit liability, beginning of year	7,571,442	4,780,108	4,951,700	17,303,250	16,116,819
Expense	1,327,940	350,044	607,149	2,285,133	2,151,130
Benefits paid	(908,891)	(194,222)	—	(1,103,113)	(964,699)
Accrued benefit liability, end of year	7,990,491	4,935,930	5,558,849	18,485,270	17,303,250

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NOTES TO FINANCIAL STATEMENTS

March 31, 2015

8. EMPLOYEE FUTURE BENEFITS [Cont'd]

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

	<u>2015</u>	<u>2014</u>
Retirement allowance discount rate used to determine accrued benefit liability	4.10%	4.10%
Retirement allowance discount rate used to determine benefit expense	4.10%	4.10%
Retirement allowance salary increase rate	2.40 to 4.90%	2.40 to 4.90%
Health benefit discount rate used to determine accrued benefit liability	4.10%	4.10%
Health benefit discount rate used to determine benefit expense	4.10%	4.10%
Extended health care cost trend rates	6.8% decreasing over 14 years to an ultimate rate of 4.5% per annum	7.0% decreasing over 15 years to an ultimate rate of 4.5% per annum
Prescription drug coverage trend rates	6.8% decreasing over 14 years to an ultimate rate of 4.5% per annum	7.0% decreasing over 15 years to an ultimate rate of 4.5% per annum
Sick leave obligation discount rate used to determine accrued benefit liability	4.10%	4.10%
Sick leave obligation discount rate used to determine benefit expense	4.10%	4.10%

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NOTES TO FINANCIAL STATEMENTS

March 31, 2015

9. PENSION PLANS

South West Health contributes to two pension plans on behalf of its employees. The first plan is a multi-employer plan administered by Nova Scotia Health Employees' Pension Plan. The most recent actuarial valuation was as at July 1, 2014 and showed a funding excess for the entire multi-employer plan of \$935 million.

The second pension 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, 2013. At that time, there was an unfunded liability for the entire multi-employer plan of \$95 million. A projection to March 31, 2014, applying the same assumptions, indicated an unfunded liability of \$67 million.

South West Health bears no direct financial responsibility for any 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, 2015 was \$5,548,897 [2014 – \$5,482,565] for current service costs that are spread over a number of expense line items in the Statement of Operations.

10. ADDITIONAL CASH FLOW INFORMATION

Net change in non-cash working capital items

	2015	2014
	\$	\$
Short-term investment	(451)	(532)
Accounts receivable	(2,475,020)	(1,192,482)
Inventories of supplies	63,842	(141,230)
Prepaid expenses	(15,233)	109,840
Accounts payable and accrued liabilities	2,733,671	29,356
Revenue received in advance	(19,986)	241,405
	286,823	(953,643)

South West Nova District Health Authority
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NOTES TO FINANCIAL STATEMENTS

March 31, 2015

10. ADDITIONAL CASH FLOW INFORMATION [Cont'd]

Cash and cash equivalents

	2015	2014
	\$	\$
Cash	129,864	133,350
Cash equivalents	—	15,185
	129,864	148,535

Bank indebtedness

	2015	2014
	\$	\$
Bank indebtedness	710,069	872,902

Other information

	2015	2014
	\$	\$
Interest received	7,445	14,878

11. COMMITMENTS

Lease and purchase commitments

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

	\$
2016	2,415,197
2017	1,233,757
2018	216,746
2019	95,291
2020	70,666

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

12. FINANCIAL INSTRUMENTS

South West Health's financial instruments are recorded at cost or amortized cost. Financial instruments are any contracts that give rise to financial assets for one entity and financial liabilities for 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 West Health's financial assets include accounts receivable. South West Health's financial liabilities consist of accounts payable and accrued liabilities. Transaction costs from settling financial instruments are expensed as incurred.

Risk management

South West Health is exposed to a number of risks as a result of the financial instruments on its statement of financial position, which can affect its operating performance. These risks include interest rate risk, credit risk, and liquidity risk. South West 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 West Health is subject to interest rate risk relating to short-term borrowings. Interest rate risk is mitigated through the use of fixed-rate financing where applicable.

Liquidity risk

South West Health is exposed to liquidity risk through its contractual obligations and financial liabilities. South West Health manages its liquidity risk by maintaining adequate cash and credit facilities, by updating and reviewing multi-year cash flow projections on a regular and as needed basis, and by matching its long-term financing arrangements with its cash flow needs.

Credit risk

South West Health is exposed to credit risk with respect to accounts receivable. South West 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, 2015.

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NOTES TO FINANCIAL STATEMENTS

March 31, 2015

12. FINANCIAL INSTRUMENTS [Cont'd]

Capital management

In managing capital, South West 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, 2015, South West Health has met its objective of having sufficient liquid resources to meet its current obligations.

South West Health maintains an available line of credit for periodic short-term requirements [note 6]. As at March 31, 2015, South West Health was in compliance with all covenants applicable to its debt instruments.

13. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Board of Directors and the Department of Health and Wellness. South West Health does not prepare an annual budget for the statement of net debt. These figures are unaudited.

14. COMPARATIVE FIGURES

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

South West Nova District Health Authority
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NOTES TO FINANCIAL STATEMENTS

March 31, 2015

15. EXPENSES BY OBJECT TYPE

	2015	2014
	\$	\$
Compensation	85,015,477	82,465,775
Medical/Surgical Supplies & Drugs	7,342,434	7,132,122
Plant and Maintenance	7,544,217	7,281,736
Travel and Education	1,144,705	1,107,726
Food and Dietary Supplies	1,354,812	1,318,163
Building and Equipment	3,472,316	3,628,824
Amortization of tangible capital assets	3,937,035	3,638,691
Other	2,903,546	2,663,362
	112,714,542	109,236,399

16. RECONCILIATION OF OPERATING SURPLUS

	2015	2014
	\$	\$
Revenue	114,949,385	111,262,901
Expenses	(112,714,542)	(109,236,399)
Annual surplus	2,234,843	2,026,502
Capital revenue	(6,171,878)	(5,665,193)
Amortization of tangible capital assets	3,937,035	3,638,691
Operating surplus	—	—