



Consolidated Financial Statements

Nova Scotia Health

March 31, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

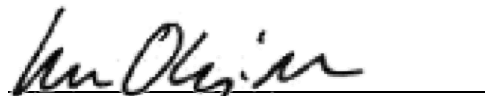
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for the notes to the consolidated financial statements 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 Administrator is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the regularly scheduled meetings. The Administrator regularly reviews internal financial statements and external audited consolidated financial statements annually and recommends approval.

The Auditor General of Nova Scotia provides an independent audit of the consolidated financial statements. Their examination is conducted in accordance with Canadian auditing standards and includes tests and procedures which allow them to report on the fairness of the consolidated financial statements prepared by management.

On behalf of Nova Scotia Health:



Karen Oldfield, QC
Nova Scotia Health
Interim President and CEO



Derek Spinney, CPA, CMA
Nova Scotia Health
Vice President Corporate Services,
Infrastructure and CFO

June 20, 2022

INDEPENDENT AUDITOR'S REPORT

To the Administrator of the Nova Scotia Health Authority:

Opinion

I have audited the consolidated financial statements of the Nova Scotia Health Authority (NS Health), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statement of operations, consolidated statement of change in net debt and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of NS Health as at March 31, 2022, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report. I am independent of NS Health in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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.

In preparing the consolidated financial statements, management is responsible for assessing NS Health's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate NS Health or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing NS Health's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 NS Health's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on NS Health's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause NS Health to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within NS Health to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

A handwritten signature in black ink that reads "Kim Adair". The signature is written in a cursive style with a large, sweeping initial "K".

Kim Adair, FCPA, FCA, ICD.D
Auditor General of Nova Scotia

Halifax, Nova Scotia


June 20, 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
AS AT MARCH 31				
	Note	2022		2021
Financial assets				
Cash	3	\$	61,923	\$ 61,454
Portfolio investments	3		60,140	59,180
Accounts receivable	4		36,815	29,083
Due from governments	5		418,456	449,213
Due from foundations	6		15,062	14,865
			<u>592,396</u>	<u>613,795</u>
Liabilities				
Accounts payable and accrued liabilities	7		281,022	298,023
Employee future benefits	8		288,211	283,457
Deferred revenue	9		87,187	86,171
Long-term debt	10		3,082	4,177
			<u>659,502</u>	<u>671,828</u>
Net debt			<u>(67,106)</u>	<u>(58,033)</u>
Non-financial assets				
Tangible capital assets	11		1,117,796	1,099,445
Inventories of supplies	12		69,991	54,070
Prepaid expenses			10,404	7,584
			<u>1,198,191</u>	<u>1,161,099</u>
Accumulated surplus		\$	<u>1,131,085</u>	\$ <u>1,103,066</u>

Contractual obligations & contingent liabilities (Notes 16 and 21)

The accompanying notes and schedule are an integral part of these consolidated financial statements.

Approved by the NS Health Administrator:


Janet Davidson, OC

CONSOLIDATED STATEMENT OF OPERATIONS				
YEAR ENDED MARCH 31				
	Note	Budget Unaudited [Note 23]	2022	2021
Revenues				
Operating grants – Provincial		\$ 2,339,042	\$ 2,458,868	\$ 2,248,048
Operating grants – Federal		41,441	38,628	42,894
Capital grants – Provincial		23,630	23,630	23,630
Capital grants – Other		25,000	25,952	13,174
Capital transfers		45,762	45,762	105,275
Research & designated contributions		41,223	31,941	26,255
Other revenue	13	101,505	104,904	84,030
Recoveries		46,776	49,094	47,623
Total revenues		2,664,379	2,778,779	2,590,929
Expenses (Schedule A)				
Inpatient care		761,776	763,554	737,096
Ambulatory care		423,277	441,040	414,061
Diagnostic and therapeutic services		418,012	444,758	410,397
Operational support services		483,011	498,005	433,008
Community health services		311,897	384,918	315,103
Corporate support		199,229	183,109	166,040
Research, innovation and discovery		44,785	35,376	38,551
Total expenses		2,641,987	2,750,760	2,514,256
Annual surplus		22,392	28,019	76,673
Accumulated surplus, beginning of year		1,103,066	1,103,066	1,026,393
Accumulated surplus, end of year		\$ 1,125,458	\$ 1,131,085	\$ 1,103,066

The accompanying notes and schedule are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT				
YEAR ENDED MARCH 31				
	Note	Budget <i>Unaudited</i> [Note 23]	2022	2021
Annual surplus		\$ 22,392	\$ 28,019	\$ 76,673
Change in tangible capital assets				
Acquisition of tangible capital assets		(94,392)	(90,947)	(142,185)
Amortization of tangible capital assets		72,000	72,097	64,502
Disposal of tangible capital assets		-	499	904
(Increase) in tangible capital assets		<u>(22,392)</u>	<u>(18,351)</u>	<u>(76,779)</u>
Change in other non-financial assets				
Net change in inventories of supplies		-	(15,921)	(6,796)
Net change in prepaid expenses		-	(2,820)	17,553
(Increase) decrease in other non-financial assets		<u>-</u>	<u>(18,741)</u>	<u>10,757</u>
(Increase) decrease in net debt		<u>-</u>	<u>(9,073)</u>	<u>10,651</u>
Net debt, beginning of year		<u>(58,033)</u>	<u>(58,033)</u>	<u>(68,684)</u>
Net debt, end of year		<u>\$ (58,033)</u>	<u>\$ (67,106)</u>	<u>\$ (58,033)</u>

The accompanying notes and schedule are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW			
YEAR ENDED MARCH 31			
	Note	2022	2021
Operating Activities			
Annual surplus		\$ 28,019	\$ 76,673
Items not affecting cash			
Amortization of tangible capital assets		72,097	64,502
Disposal of tangible capital assets		499	904
Unrealized loss (gain)		948	(11,181)
Realized (gain) loss		(657)	-
Change in inventories of supplies		(15,921)	(6,796)
Change in prepaid expenses		(2,820)	17,553
Change in deferred revenue		1,016	19,761
Net change in other items	18	5,827	2,256
Change in employee future benefits		4,754	2,625
Cash provided by operating activities		<u>93,762</u>	<u>166,297</u>
Capital Activities			
Acquisition of tangible capital assets	11	(90,947)	(142,185)
Cash applied to capital activities		<u>(90,947)</u>	<u>(142,185)</u>
Financing Activities			
Debt retirement		(835)	1,488
Payments on capital lease		(260)	(65)
Cash applied to financing activities		<u>(1,095)</u>	<u>1,423</u>
Investing Activities			
Redemption of portfolio investments		2,980	344
Purchases of portfolio investments		(4,231)	(1,031)
Cash applied to investing activities		<u>(1,251)</u>	<u>(687)</u>
Increase in cash and cash equivalents		469	24,848
Cash and cash equivalents, beginning of the year		61,454	36,606
Cash, end of year	3	\$ <u>61,923</u>	\$ <u>61,454</u>

The accompanying notes and schedule are an integral part of these consolidated financial statements.

Note 1 Nature of the Organization

Nova Scotia Health Authority (NS Health) was established on April 1, 2015 under the *Health Authorities Act* (Nova Scotia) through the amalgamation of nine of the ten existing health authorities in Nova Scotia. All of the assets, liabilities, rights and obligations of the former health authorities were assumed by NS Health.

The objectives of NS Health are to govern, manage and provide health services in the province and to implement the strategic direction set out in the provincial health plan. As shown in the consolidated statement of operations, costs incurred to support these objectives have been presented in the below noted categories.

a. Inpatient care

Inpatient care includes costs incurred to meet physical and physiological needs of those patients who are admitted into hospital care.

b. Ambulatory care

Ambulatory care includes costs incurred relating to specialized diagnostic, consultative, treatment and teaching services. Access to these services is generally through a referral from a primary care practitioner or specialist. Includes community based dialysis, oncology, surgical and urgent care services.

c. Diagnostic and therapeutic services

Diagnostic and therapeutic services includes costs incurred for professional and technical services, which assist in the clinical services provided to detect, assess and/or treat diseases, disabilities or injuries. Includes pharmacy, laboratory services, physiotherapy, occupational therapy, social work and diagnostic imaging.

d. Operational support services

Operational support services includes costs incurred in both provision and management of all physical assets and services necessary to support staffing, operation and maintenance. Includes information technology, materials management, housekeeping, registration and food services.

e. Community health services

Community health services includes costs incurred in the provision of health services on an ambulatory or out-reach basis to individuals, groups and/or communities. Includes community addiction services, communicable disease prevention and control, cancer prevention and control, hospice, and community mental health services.

f. Corporate support

Corporate support includes costs incurred to support administering health services. Includes human resources, finance and communications.

g. Research, innovation and discovery

Research, innovation and discovery includes costs incurred for formally organized research studies.

NS Health is a non-profit entity and, as such, is exempt from income taxes under the *Income Tax Act*.

Note 2 Summary of Significant Accounting Policies

a. Basis of accounting

These consolidated financial statements have been prepared by management of NS Health in accordance with Canadian public sector accounting standards (PSAS) established by the Canadian Public Sector Accounting Board (PSAB).

b. Basis of consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is composed of all organizations that are controlled by NS Health.

The organization controlled by NS Health is the Provincial Drug Distribution Program (PDDP). As a result, this organization is fully consolidated with NS Health.

c. Cash

Cash includes cash on hand and demand deposits that are readily available and are subject to an insignificant risk of change in value.

d. Inventories of supplies

Inventories of supplies held for consumption or use include drugs, linen, food, medical & surgical and departmental supplies and are recorded using weighted average cost. Transfers of inventory from related parties are recorded at carrying value.

e. Prepaid expense

Prepaid expense includes maintenance, support costs, memberships, insurance and subscriptions and are charged to expense over the periods the good or service is consumed.

f. Tangible capital assets including capital leases

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. Certain tangible capital assets paid for by the Province through major redevelopment projects are excluded as the strategic realignments of health care in the province is determined and controlled by the Department of Health and Wellness.

NS Health standardized the tangible capital assets depreciation rates, on a straight-line basis, for all assets purchased subsequent to April 1, 2015. Tangible capital assets are recorded at cost and depreciated on a straight-line basis at the following annual rates:

Buildings and building service equipment	5–60 years
Leasehold improvements	lesser of term or 10 years
Equipment	5–20 years
Parking garage	40 years
Information technology	5–10 years

Note 2 Summary of Significant Accounting Policies (continued)

NS Health continues to depreciate the tangible capital assets transferred into NS Health on April 1, 2015 based on the former district health authorities' historical rates. Construction in progress assets are not amortized until the asset is available for productive use.

The useful life of an asset may require revision during its life due to significant changes such as physical damage, upgrades/developments, a change in its use, etc. The effect of this change would be recorded in the year of revision and in future years. The consolidated financial statements of previous years are not restated due to the change in an estimated useful life.

When a tangible capital asset is removed from service, destroyed, becomes obsolete, scrapped, etc., the asset is disposed as of the specified effective date. Assets will be retired from the accounts of NS Health when the asset is disposed. The gain or loss on disposal will be calculated as the difference between the proceeds received and the net book value of the asset. The gain or loss on disposal will be recorded as revenue or an expense in the consolidated statement of operations.

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

g. Deferred revenue

Deferred revenue includes contributions received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. Deferred revenues include both operating and capital revenue.

These amounts are recognized as revenue in the fiscal year in which the related expenses are incurred, services are performed, or when related stipulations are met.

h. Employee future benefits

Employee future benefits include retiring allowances/public service awards paid to employees upon retirements, health & life insurance, and accumulating non-vesting sick leave. A liability for employee future benefits has been included in these consolidated financial statements.

The cost and obligations of these employee future benefits are actuarially determined using management's best estimate of the assumptions disclosed in Note 8. The methods used in this valuation of costs and obligations were selected by the Nova Scotia Department of Finance and Treasury Board. These assumptions are in accordance with generally accepted actuarial practice.

The Province of Nova Scotia funds the employees' retiring allowances/public service awards, health & life insurance, and accumulating non-vesting sick leave benefits. As a result, a receivable for the same amount has been recorded from the Nova Scotia Department of Finance and Treasury Board and is included in due from governments in these consolidated financial statements.

Note 2 Summary of Significant Accounting Policies (continued)

Effective April 1, 2015, retiring allowances have been discontinued and as a result no new members will be admitted into this plan. The payment of retirement allowances are deferred until retirement and calculated based on accumulated service as of the discontinuation date and salary upon retirement.

NS Health participates in multi-employer registered defined benefit pension plans. NS Health accounts for these plans on a defined contribution basis. Accordingly, the pension expense recorded for these plans in these consolidated financial statements is comprised of the employer contributions that NS Health is required to pay for its employees during the fiscal year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plans' future benefits.

i. Revenue Recognition

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.

Provincial and federal government transfers, defined as operating or capital, are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose. Restricted contributions that must be maintained in perpetuity are recorded as revenue when received or receivable.

Recovery revenues include reimbursement or coverage by a third party entity for expenses covered by NS Health. Expenses for which NS Health would typically recover include compensation and supplies.

Revenue related to fees or services received in advance of the fee being earned or the service is performed are deferred and recognized when the fee is earned or service performed.

Investment income includes dividend and interest income, and realized gains or losses on the sale of portfolio investments and is reported in the period earned. Restricted investment income is recognized as revenue in the period the related expenses are incurred or the terms of use are met.

Donations, fundraising, and non-government contributions are received from individuals, corporations, and other not-for-profit organizations. Donations, fundraising, and non-government contributions may be unrestricted or externally restricted for operating or capital purposes.

Note 2 Summary of Significant Accounting Policies (continued)

Unrestricted donations, fundraising, and non-government contributions are recorded as revenue in the year received or in the year the funds are committed to NS Health if the amount can be reasonably estimated and collection is reasonably assured.

Donated supplies, including Federally donated personal protective equipment, vaccine supplies and COVID-19 rapid test kits, are recorded at fair market value on the day they were contributed.

j. Expenses

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

k. Financial instruments

Financial instruments are classified into either the cost/amortized cost or fair value categories. The cost/amortized cost category includes cash and cash equivalents, receivables, payables, long-term debt and accruals. These items are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Portfolio investments are measured at fair value. Once realized, the cumulative change in fair value is recognized in the consolidated statement of operations. Transaction costs of financial instruments in the fair value category, such as investment management fees, are expensed in the period in which they are incurred. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

Management assesses financial instruments for impairment on an annual basis. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations.

l. Measurement uncertainty

Measurement uncertainty exists in determining certain amounts at which items are recorded in these consolidated financial statements. Many items are measured using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Uncertainty exists whenever estimates are used because it is reasonably possible that there could be a material difference between the recognized amount and another reasonably possible amount.

Measurement uncertainty exists in accruals for such items as sick leave, retirement and other obligations. The nature of the uncertainty in the accruals for sick leave, retirement and other obligations arises because actual results may differ significantly from the various assumptions about plan members and economic conditions in the marketplace. Other areas requiring the use of management estimates include allowances for doubtful accounts, amortization rates and inventory.

Note 2 Summary of Significant Accounting Policies (continued)**m. Contributed Services**

Volunteers contribute a significant amount of their time each year to assist NS Health in carrying out its programs and services. Due to difficulty in determining fair value, contributed services are not recognized in these consolidated financial statements.

n. Future changes in accounting standards

PSAB has issued the following new accounting standards effective April 1, 2022:

- *PS 1201 Financial Statement Presentation* replaces PS 1200 with general reporting principles for disclosure of information and is effective in the period PS 2601 and PS 3450 are adopted
- *PS 2601 Foreign Currency Translation* replaces PS 2600 with revised accounting and reporting principles for transactions that are denominated in a foreign currency
- *PS 3041 Portfolio Investments* replaces PS 3040 with revised accounting and reporting principles for portfolio investments and is effective in the period PS 2601 and PS 3450 are adopted
- *PS 3280 Asset Retirement Obligations* defines and provides guidance for accounting and reporting retirement obligations associated with tangible capital assets and includes the withdrawal of *PS 3270 Solid Waste Landfill Closure and Post-Closure Liability*. The implementation of this new standard will be significant and may result in new material liabilities in the financial statements.
- *PS 3450 Financial Instruments* defines and provides guidance for accounting and reporting all types of financial instruments including derivatives

PSAB has also issued PS 3400 Revenue, effective April 1, 2023, to provide guidance on how to account for and report on revenue from exchange and non-exchange transactions.

These new accounting standards have not been applied in preparing these consolidated financial statements. NS Health is currently assessing the impact of these new standards, and the extent of the impact of their adoption on the consolidated financial statements has not yet been fully determined.

Note 3 Cash and Portfolio Investments

	2022	2021
Cash	\$ 61,923	\$ 61,454
Portfolio investments	60,140	59,180
	122,063	120,634
Amounts restricted for research and designated purposes	(79,213)	(77,946)
Amounts restricted for capital purposes	(4,125)	(5,311)
Amounts restricted for designated operating purposes	(3,849)	(2,914)
Unrestricted cash	\$ 34,876	\$ 34,463

Cash and portfolio investments consists of short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

Restricted amounts are designated to be used only in support of initiatives specifically approved by external funding organizations and individuals. These funds mainly represent money that is available for spending at any time to meet the needs of Research, Innovation and Discovery and individual research investigators, according to specific, pre-approved terms of reference, and must be invested accordingly. Related investments are stated at fair market value. The corresponding restricted liabilities represent unexpended funds as of the end of the fiscal year, and will be recognized as revenue when the funds are used for their intended purpose.

Note 4 Accounts Receivable

	2022	2021
Patient care	\$ 28,946	\$ 25,028
Operational accruals	8,170	6,981
Research, Innovation and Discovery	5,767	3,722
Other external health organizations	5,486	4,032
Dalhousie University	2,018	1,790
Private long-term care facilities	1,378	729
Other	5,346	5,699
Less provision for doubtful accounts	(20,296)	(18,898)
	\$ 36,815	\$ 29,083

Note 5 Due from Governments

	2022	2021
Province of Nova Scotia		
Department of Finance & Treasury Board <i>(Employee Future Benefits – see Note 8)</i>	\$ 288,211	\$ 283,457
Department of Health & Wellness	108,912	147,539
Department of Seniors & Long-Term Care	3,356	–
Federal Government	8,177	8,388
Other Provincial Governments	4,208	6,006
Other government organizations	5,854	3,710
IWK Health Centre	2,145	2,005
Less provision for doubtful accounts	(2,407)	(1,892)
	\$ 418,456	\$ 449,213

Note 6 Due from Foundations

NS Health receives funding from various foundations, auxiliaries and organizations. This funding is used by NS Health for capital, clinical programs and research activities. During the current year, NS Health received \$19,391 (2021 – \$13,996) from these organizations. The total amount receivable from foundations and auxiliaries at March 31, 2022 is \$ 15,062 (2021 – \$14,865).

Note 7 Accounts Payable & Accrued Liabilities

	2022	2021
Salaries and benefits payable	\$ 133,096	\$ 132,579
Trade payables	98,980	120,719
Vacation pay	30,422	24,591
Accrued liabilities	18,264	19,874
Current portion of obligation under capital lease	260	260
	\$ 281,022	\$ 298,023

Note 8 Employee Future Benefits

	2022	2021
Health and life insurance (a)	\$ 223,580	\$ 213,470
Non-vested sick-leave benefits (b)	53,987	56,318
Retiring allowances (c)	10,644	13,669
	\$ 288,211	\$ 283,457

a. Health and Life Insurance

NS Health provides Health and optional life insurance benefits for certain non-union and unionized employees at the choice of the employee at retirement (life insurance is applicable to former Capital District Health Authority employees only). NS Health contributes to the cost of these premiums. The Province of Nova Scotia contracts a third party to perform actuarial valuations on employee future benefits on behalf of NS Health. The most recent actuarial valuation for the former Capital District Health Authority plan was conducted as at June 30, 2020, with actuarial liabilities extrapolated to March 31, 2022. The most recent actuarial valuation for all other former district health authorities was conducted as at June 30, 2020, with actuarial liabilities extrapolated to March 31, 2022.

The health and life insurance value is calculated using the projected unit credit method, prorated on service. Experience gains and losses and assumption changes are amortized on a linear basis over the expected average remaining service life of 13 years for active employees. Annually, results along with values to record the liability and expenses are provided by the Nova Scotia Department of Finance and Treasury Board.

The Nova Scotia Department of Finance and Treasury Board fully funds this liability; therefore, a corresponding accounts receivable amount is recorded.

NS Health has provided for Health and life insurance as follows:

Accrued benefit liability	2022	2021
Beginning balance, accrued benefit obligation	\$ 220,659	\$ 198,253
Current service cost	10,081	8,590
Interest on accrued benefit obligation	6,406	6,244
Experience loss	10,935	13,607
Benefits paid	(5,678)	(6,035)
Ending balance, accrued benefit obligation	242,403	220,659
Unamortized net actuarial (loss) gain	(18,823)	(7,189)
Accrued benefit liability	\$ 223,580	\$ 213,470

Employee future benefits health and life insurance expense	2022	2021
Current service costs	\$ 10,081	\$ 8,590
Interest on accrued benefit obligations	6,406	6,244
Amortization of net actuarial gain	(699)	(1,746)
Employee future benefits and health and life insurance expense	\$ 15,788	\$ 13,088

Note 8 Employee Future Benefits: Health and Life Insurance (continued)

The significant weighted-average actuarial assumptions adopted in measuring NS Health's health and life insurance are as follows as at March 31:

	2022	2021
Discount rate	2.74%	3.01%
Participation rate – health	80%–95%	80%–95%
Future mortality rate based on CPM 2014 Public sector table with mortality scale CPM-B	120%	120%
Rate of compensation increase	0.5% – 2%	0.5% – 2%
Promotion increase	0.4% – 2.9%	0.4% – 2.9%
Rate of healthcare inflation (reducing to a rate of 4% over 20 years)	7%	7%

b. Non-Vested Sick-Leave Benefits

NS Health provides non-vested sick-leave benefits to certain unionized and non-management employees. These employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in their respective employment agreement. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick-leave compensation ceases on termination of employment. The Province of Nova Scotia contracts a third party to perform actuarial valuations on employee future benefits on behalf of NS Health. The benefit costs and liabilities related to the plan are included in the consolidated financial statements. Actuarial gains and losses are amortized over the expected average remaining service life of 11 years. The most recent actuarial valuation was conducted as at June 30, 2020, with actuarial liabilities extrapolated to March 31, 2022.

The Nova Scotia Department of Finance and Treasury Board fully funds this liability; therefore, a corresponding accounts receivable amount is recorded.

NS Health has provided for non-vested sick-leave benefits as follows:

Accrued benefit liability	2022	2021
Beginning balance, accrued benefit obligation	\$ 33,101	\$ 40,197
Current service cost	4,731	5,564
Interest cost on accrued benefit obligation	917	1,232
Experience loss (gain)	566	(8,681)
Benefits paid	(5,127)	(5,211)
Ending balance, accrued benefit obligation	34,188	33,101
Unamortized net actuarial gain	19,799	23,217
Accrued benefit liability	\$ 53,987	\$ 56,318

Note 8 Employee Future Benefits: **Non-Vested Sick-Leave Benefits** (continued)

Employee future benefits, non-vested sick-leave benefits expense	2022	2021
Current service costs	\$ 4,731	\$ 5,564
Interest on accrued benefit obligation	917	1,232
Amortization of net actuarial gain	(2,852)	(2,062)
Employee future benefits, non-vested sick-leave benefits expense	\$ 2,796	\$ 4,734

The significant weighted-average actuarial assumptions adopted in measuring NS Health's non-vested sick leave benefits are as follows as at March 31:

	2022	2021
Discount rate	2.74%	3.01%
Future mortality rate based on CPM 2014 Public Sector table with mortality scale CPM-B	120%	120%
Rate of compensation increase	0.5% – 2%	0.5% – 2%
Promotional increase	0.4% – 2.9%	0.4% – 2.9%

c. Retiring Allowances

In the past, NS Health provided retiring allowances to employees under certain union collective agreements. Employees were entitled to a payment of one week's salary for every year of full-time service [max. 26 weeks] that an employee has served with the organization. Effective April 1, 2015, retiring allowances have been discontinued and as a result no new members will be admitted into this plan. The payment of retirement allowances are deferred until retirement and calculated based on accumulated service as of the discontinuation date and salary upon retirement. The Province of Nova Scotia contracts a third party to perform actuarial valuations on employee future benefits on behalf of NS Health. The most recent actuarial valuation was conducted as at March 31, 2019, with actuarial liabilities extrapolated to March 31, 2022.

Retiring allowances paid to employees upon retirement are actuarially determined. The retiring allowance value is calculated using the projected unit credit method, prorated on services. Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life of 7 years. Annually, results along with values to record the liability and expense are provided by the Nova Scotia Department of Finance and Treasury Board.

Note 8 Employee Future Benefits: Retiring Allowances (continued)

The Nova Scotia Department of Finance and Treasury Board fully funds this liability; therefore, a corresponding accounts receivable amount is recorded.

NS Health has provided for retiring allowances as follows:

Accrued benefit liability	2022	2021
Beginning balance, accrued benefit obligation	\$ 9,838	\$ 13,069
Interest on accrued benefit obligation	237	342
Experience loss (gain)	93	28
Benefits paid	(2,575)	(3,601)
Ending balance, accrued benefit obligation	7,593	9,838
Unamortized net actuarial gain	3,051	3,831
Accrued benefit liability	\$ 10,644	\$ 13,669

Employee future benefits retiring allowance expense (recovery)	2022	2021
Interest on accrued benefit obligation	\$ 237	\$ 342
Amortization of net actuarial (gain) loss	(687)	(691)
Employee future benefits retiring allowance expense	\$ (450)	\$ (349)

The significant weighted average assumptions adopted in measuring NS Health's retiring allowances are as follows as at March 31:

	2022	2021
Discount rate	2.74%	3.01%
Average age of employees	52.2	52.2
Average years of services	11.2	11.2
Future mortality rate	[none assumed]	
Rate of compensation increase	0.5% – 2%	0.5% – 2%
Promotional increase	0.4% – 2.9%	0.4% – 2.9%

Note 9 Deferred Revenue

Deferred operating revenue of \$3,849 [2021 – \$2,914] represents advance operating grant funding. Deferred capital revenue of \$4,125 [2021 – \$5,311] represents advance funding, received from Foundations and Partners for Care, for capital equipment that will be purchased or constructed in the coming year(s).

Deferred Research, Innovation and Discovery [R, I and D] revenue of \$67,761 [2021 – \$65,322] represents the fund that is available for spending at any time to meet the needs of R, I and D and individual research investigators. These funds are subject to specific, pre-approved terms of reference, and must be managed accordingly. Deferred revenue related to the fund represents the amount that must be used in support of these approved initiatives and projects which are consistent with the fund’s goals and objectives.

Deferred designated revenue of \$11,452 [2021 – \$12,624] relate to miscellaneous sources of external funding which are to be used for purposes specified by the related funding organization or individual. Sources of designated contributions include endowments and funding specified for other restricted purposes.

	2022	2021
Deferred operating revenue		
Balance, beginning of year	\$ 2,914	\$ 321
Receipts during the year	1,226	2,877
Recognized during the year	(291)	(284)
Balance, end of year	3,849	2,914
Deferred capital revenue		
Balance, beginning of year	5,311	6,177
Receipts during the year	4,380	2,181
Recognized during the year	(5,566)	(3,047)
Balance, end of year	4,125	5,311
Deferred Research, Innovation and Discovery Fund		
Balance, beginning of year	65,322	47,661
Receipts during the year	30,320	39,453
Recognized during the year	(27,881)	(21,792)
Balance, end of year	67,761	65,322
Deferred designated revenue		
Balance, beginning of year	12,624	12,251
Receipts during the year	2,622	2,119
Recognized during the year	(3,794)	(1,746)
Balance, end of year	11,452	12,624
	\$ 87,187	\$ 86,171

Note 10 Long-Term Debt

	2022	2021
Term loan – parking garage	\$ 917	\$ 1,782
Term loan – building improvements	85	120
Obligation under capital lease	2,080	2,275
	\$ 3,082	\$ 4,177

In 2003/2004, the former Capital District Health Authority received approval from its Board of Directors and the Department of Health & Wellness to construct a new multi-level parking garage at its Halifax Infirmary site. The parking garage became fully operational in the 2004/2005 fiscal year. The final project cost was \$11,000.

A debenture between the former Capital District Health Authority and the Nova Scotia Municipal Finance Corporation was signed on January 10, 2003 to finance this capital project. The Department of Health & Wellness issued a letter dated December 10, 2002 confirming an intercept mechanism on its provincial grant payments to Capital Health District Health Authority in case of loan default.

The term loan bears interest at 5.913% annually, matures on January 9, 2023, and is repayable in semi-annual installments of principal and interest totaling \$479.

Total principal repayments required in respect of long-term debt as at March 31, 2022 for each of the next five years are as follows:

Year ended March 31		
2023	\$	952
2024		295
2025		275
2026		260
2027		260
Thereafter		1,040
	\$	3,082

The total gross interest paid on long term debt for the year ended March 31, 2022 was \$81 [2021 – \$130].

NS Health has access to a \$65,000 line of credit with a Canadian chartered bank which may be used for general operating purposes. Draws on the facility bear interest at the bank’s prime rate less 0.80% per annum. As at March 31, 2022, NS Health has \$nil [2021 – \$nil] draws against this facility.

NS Health also has access to a \$15,000 revolving lease line of credit with a Canadian chartered bank which may be used for the acquisition of capital assets. Draws on the facility bear interest at a rate to be negotiated at the time of the draw. As at March 31, 2022, NS Health has \$nil [2021 – \$nil] draws against this facility.

Note 11 Tangible Capital Assets

Historical Costs	Land	Buildings	Equipment ^(b)	Information technology	Construction in progress (CIP)	2022 Total	2021 Total
Opening costs	4,284	1,698,284	467,694	7,214	264,920	2,442,396	\$ 2,318,924
Transfers from CIP	-	158,911	58,757	1,617	(219,285)	-	-
Additions	-	18,480	20,012	656	51,799	90,947	142,185
Disposals ^(a)	-	-	(4,662)	-	-	(4,662)	(18,713)
Closing costs	4,284	1,875,675	541,801	9,487	97,434	\$ 2,528,681	\$ 2,442,396

Accumulated Amortization	Land	Buildings	Equipment	Information technology	Construction in progress (CIP)	2022 Total	2021 Total
Opening	-	1,016,653	320,204	6,094	-	1,342,951	1,296,258
Disposals	-	-	(4,163)	-	-	(4,163)	(17,809)
Amortization Expense	-	38,712	32,687	698	-	72,097	64,502
Closing Amortization	-	1,055,365	348,728	6,792	-	1,410,885	\$ 1,342,951
Net Book Value	4,284	820,310	193,073	2,695	97,434	\$ 1,117,796	\$ 1,099,445

a. Disposals

Disposals are for the removal of equipment and information technology assets which were determined by management to no longer be in use.

b. Leased equipment

Equipment includes tangible capital assets acquired through capital leases.

Note 12 Inventories of Supplies

	2022	2021
Medical, surgical, other	\$ 25,357	\$ 15,858
Drugs	23,770	23,105
Departmental	9,315	9,654
Laboratory	8,906	2,914
Linen	2,643	2,539
	\$ 69,991	\$ 54,070

Note 13 Other Revenue

	2022	2021
Out of province – patient	\$ 20,245	\$ 20,292
Uninsured services – patient	19,635	18,827
Donated rapid test kits	15,128	–
Out of country – patient	12,274	11,148
Workers compensation	11,536	9,102
PDDP external drug sales	10,215	9,967
Cafeteria	5,182	4,508
Parking	3,668	2,623
Preferred accommodation	3,180	3,331
Other	2,963	3,737
Investment income	878	495
	\$ 104,904	\$ 84,030

Note 14 Contributions to Employee Pension Plans

Nova Scotia Health Employees’ Pension Plan

The majority of NS Health employees participate in the multi-employer Nova Scotia Health Employees’ Pension Plan. The Plan is funded by employee and employer contributions. The employer’s contributions are included in NS Health’s operating expenses. Health Association Nova Scotia administers the pension plan. NS Health’s responsibility with regard to this plan is limited to its contributions.

Nova Scotia Public Service Superannuation Plan

Certain employees of the former district health authorities belong to the Nova Scotia Public Service Superannuation Plan. This plan is funded equally by employee and employer contributions. The employer’s contributions are included in NS Health’s operating expenses. The Nova Scotia Pension Services Corporation administers the pension plan. NS Health’s responsibility with regard to this plan is limited to its contributions.

Total employer contributions to the above mentioned plans are as follows:

	2022	2021
Employer contributions	\$ 114,082	\$ 111,055

Note 15 Contributions to Employee Long-Term Disability Plans

Health Association Nova Scotia Long-Term Disability Plan

The majority of NS Health employees are members of this plan, which is funded equally by employee and employer contributions. The employer’s contributions are included in NS Health’s operating expenses. Health Association Nova Scotia administers this long-term disability plan. NS Health’s responsibility with regard to this plan is limited to its contributions and it has no claim on the surplus or responsibility for any unfunded amounts that may occur.

Nova Scotia Public Service Long-Term Disability Plan Trust Fund

Certain employees of the former district health authorities are members of this plan which is funded equally by employee and employer contributions. The employer’s contributions are included in NS Health’s operating expenses. The Plan is currently administered by the Province of Nova Scotia and the Nova Scotia Government Employees Union. NS Health’s responsibility with regard to this plan is limited to its contributions and it has no claim on the surplus or responsibility for any unfunded amounts that may occur.

Long-Term Disability Plan for Clinical Research

Certain employees of the former district health authorities are members of this plan which is funded by employee and employer contributions. The employer’s contributions are included in NS Health’s operating expenses. The Plan is currently administered by Great West Life. NS Health’s responsibility with regard to this plan is limited to its contributions and it has no claim on the surplus or responsibility for any unfunded amounts that may occur.

Total employer contributions to the long-term disability plans are as follows:

	2022	2021
Employer contributions	\$ 19,345	\$ 16,428

Note 16 Contractual Obligations

NS Health has entered into a number of multiple-year contracts for the delivery of supplies, services and operating leases. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Estimated annual minimum lease payments and purchase commitments in each of the next five years are expected as follows:

Year ended March 31	
2023	\$ 23,890
2024	17,495
2025	12,407
2026	8,880
2027	7,523
Thereafter in aggregate	14,919

Note 17 Financial Instruments

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. NS Health’s financial assets include cash and cash equivalents, portfolio investments and receivables. NS Health’s financial liabilities include accounts payable, long-term debt and accrued liabilities.

Restricted portfolio investments consist of the following:

Investments at fair value	FV hierarchy level	2022	2021
Short term investments	Level 2	\$ 892	\$ 1,384
Common equities & related securities	Level 1	59,248	57,796
		\$ 60,140	\$ 59,180

The fair value hierarchy level is provided to present the degree of objectivity of the fair values of the investment portfolio. The levels are defined as follows:

- Level 1: Unadjusted quoted prices in an active market for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly [i.e., as prices] or indirectly [i.e., derived from prices]; and
- Level 3: Inputs for the asset or liability that are not based on observable market data [unobserved inputs].

Risk management

NS Health is exposed to a number of risks as a result of the financial instruments on its consolidated statement of financial position that can affect its operating performance. These risks include interest rate risk, market risk, credit risk, liquidity risk, and foreign exchange risk.

Under NS Health’s Investment Policy, money market securities are limited to a rating of R-1 or higher and no more than 10% may be invested in any one issuer. Investments in corporate bonds are limited to BBB or equivalent rated bonds and no more than 30% of the total fixed income securities.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. NS Health is subject to interest rate risk relating to the fixed-term investment portion of the portfolio, short-term borrowings and long-term debt.

Interest rate risk is mitigated through diversification of the investment portfolio and the use of fixed-rate financing where applicable.

Note 17 Financial Instruments (continued)

NS Health has entered into fixed rate long-term debt and, accordingly, the impact of interest rate fluctuations has no effect on interest payments until such time as this debt is to be refinanced. However, changes in prevailing benchmark interest rates and credit spreads may impact the fair value of this debt. NS Health does not have any variable interest rate debt.

The future principal repayments required in respect of long-term debt are described in Note 10.

Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

NS Health authorizes RBC Dominion Securities Inc. to manage its short-term and long-term investment portfolio based on its established investment objectives: in determining the degree of risk, greater relevant importance is to be given to the objective of preservation of capital than to the extent to which an investment provides for maintenance of necessary liquidity, diversification of investment portfolio or a competitive return on investment.

Cash investments (including T-bills) shall have a minimum rating of R-1 by the Dominion Bond Rating Service (DBRS) or equivalent. Fixed income securities (Provincial/Federal, Municipal and Corporate Bonds) must have a minimum credit rating of "A" by DBRS or an equivalent rating by another recognized rating agency.

Equity investments may be made primarily in mid/large cap companies that are listed on a major North American or International stock exchange. Equities must be diversified in at least five of the 10 multiple sectors: Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Telecommunications Services and Utilities. A typical portfolio may be invested 60% in mid/large cap common shares, 35% in fixed income and no more than 5% in cash and equivalents.

Venture capital and speculative securities shall not be permitted. No more than 10% of the equity/debt portion of the portfolio may be invested in the equity of any one corporation, government or agency, with the exception of the Government of Canada or guarantees of the Government of Canada.

Price risk

Price risk relates to the possibility that equity portfolio investments will change in fair value due to future fluctuations in market prices caused by factors specific to an individual equity investment or other factors affecting all equities traded in the market. NS Health is exposed to price risk associated with the underlying equity portfolio investments held in pooled funds. A 10% change in the market prices of these investments, with all other variables held constant, would have a \$5,925 [2021 – \$5,780] impact on net assets.

Note 17 Financial Instruments (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in market interest rates. NS Health’s interest rate risk, relating to investments, is mitigated by the rebalancing of the investment portfolio by NS Health’s authorized investment manager, RBC Dominion Securities Inc.

A 1% change in market value yield relating to fixed income securities would have increased or decreased fair value by approximately \$592 (2021 – \$578).

Foreign currency risk

NS Health’s operating results and financial positions are reported in Canadian dollars. Some of NS Health’s financial instruments and transactions are denominated in currencies other than Canadian dollar, and therefore, its operations are subject to currency transaction and translation risks. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates.

NS Health occasionally makes payments denominated in foreign currencies. Most of these foreign transactions are in US dollars with vendors located in the USA. Foreign currency is acquired in Canadian dollars at the spot rate in the amounts necessary to cover the foreign currency amount.

The currency most contributing to the foreign exchange risk is the US dollar. Comparative foreign exchange rates as at March 31 are as follows:

	2022	2021
US dollar per Canadian dollar	\$ 0.8003	\$ 0.7952

NS Health has not entered into any agreements or purchased any foreign currency hedging arrangements to hedge possible currency risks. The foreign currency financial instruments are short-term in nature and do not give rise to significant foreign currency risk.

Credit risk

Credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligation. NS Health is exposed to credit risk with respect to accounts receivable. NS Health has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks, and maintains provisions for potential credit losses that are assessed on an ongoing basis. The allowance for doubtful accounts at March 31, 2022 amounts to \$ 22,729 [2021 – \$20,966].

Note 17 Financial Instruments: Credit risk (continued)

The aging of trade accounts receivable was as follows:

	2022	2021
Current	\$ 25,079	\$ 15,992
61-90 days	2,087	1,701
90-120 days	1,739	1,634
Greater than 120 days	7,910	9,756
Total	\$ 36,815	\$ 29,083

Liquidity risk

Liquidity risk is the risk of limitations on NS Health's ability to convert financial assets to cash in order to meet financial liabilities. NS Health has contractual obligations and financial liabilities and, therefore, is exposed to liquidity risk. NS Health monitors its liquidity risk by updating and reviewing its 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.

Capital management

In managing capital, NS 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, 2022, NS Health has met its objective of having sufficient liquid resources to meet its current obligations.

Note 18 Net Change in Other Items

	2022	2021
(Increase) decrease in account receivable	\$ (7,732)	\$ 11,192
Decrease (increase) in due from governments	30,757	(54,083)
(Increase) decrease in due from foundations	(197)	2,309
(Decrease) increase in accounts payable	(17,001)	42,838
Net change in other items	\$ 5,827	\$ 2,256

Note 19 Operational & Capital Funding Reconciliation

As per the Health Authorities Act of Nova Scotia, NS Health is to reconcile the annual operating and capital funding surplus/deficit, as defined by the Act, to the current year operating and capital surplus/deficit reported on the consolidated statement of operations and accumulated surplus. The below schedule is the reconciliation of the operating and capital funding:

	2022	2021
Annual surplus, reported on the consolidated statement of operations	\$ 28,019	\$ 76,673
Amortization	72,097	64,502
Capital grants	(95,343)	(142,079)
Gain on sale of land	(17)	-
Disposal of tangible capital assets	499	904
Operating funding surplus (deficit), as defined by the Act	\$ 5,255	\$ -

Note 20 Related Parties and Inter-Entity Transactions

NS Health is related in terms of common ownership to all Province of Nova Scotia created departments, agencies, boards and commissions. Related parties also include key management personnel having the authority and responsibility for planning, directing and controlling the activities of the Authority. This includes the executive leadership team, NS Health Administrator, and their close family members. NS Health enters into transactions with these entities in the normal course of business measured at the exchange amount. This disclosure is in addition to the related party disclosure provided elsewhere in these consolidated financial statements.

The Province of Nova Scotia has centralized some of its administrative activities for efficiency and cost-effectiveness purposes. As a result, the Province of Nova Scotia uses a shared services model so that one department performs services for other departments, agencies, boards and commissions without charge. The costs of these services, such as the Department of Public Works project management and the Nova Scotia Digital Services information technology support provided by the Province of Nova Scotia to NS Health, are not recognized in the consolidated financial statements. Additionally, SAP Enterprise system support services are provided by NS Health to IWK at no charge.

Note 21 Contingent Liabilities

NS Health may, from time to time, be involved in legal proceedings, claims and litigations that arise in the ordinary course of business. NS Health believes it is not exposed to a material adverse effect on its financial position as management is of the opinion that their insurance coverage is sufficient to meet or discharge any obligation arising from these lawsuits.

On June 11, 2020, there was a Consent Award between NS Health and Nova Scotia Government and General Employees Union (NSGEU) as a result of an outstanding Licensed Practical Nurse (LPN) classification grievance in the former Capital District Health Authority (CDHA). The outcome of the Consent Award resulted in a reclassification for former CDHA NSGEU LPNs. Effective March 17, 2014, the consent award provided an increase of 12% to LPNs and eligible LPNs received a retroactive pay to that date in August 2020.

LPNs in the Nova Scotia Nurses Union (NSNU), Unifor, and Canadian Union of Public Employees (CUPE) received a proactive 12% hourly wage increase in June of 2020, consistent with the increase awarded to NSGEU LPNs. NS Health is involved in outstanding grievances on criteria for retroactive pay for CUPE/NSNU/Unifor LPNs, and whether eligibility will be consistent with what was done for NSGEU employees. These reviews are still outstanding and the results cannot be predicted with certainty.

NS Health currently has three collective agreements that have expired and are currently under negotiation at March 31, 2022. The outcome of these negotiations is not determinable at this time and no accrual has been made in the consolidated financial statements

Note 22 COVID-19

On March 11th, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The novel Coronavirus 19 (or COVID-19) is an infectious disease which is highly contagious and deadly. As a result of the pandemic, NS Health reduced or suspended many of its services on March 18th, 2020. This was ahead of the Province of Nova Scotia who declared a provincial state of emergency on March 22nd, 2020, which ended on March 21, 2022. Nationally, the infection has caused provincial border restrictions, mandatory quarantines and the temporary closure of most businesses. Globally, the virus has caused significant volatility that will go into the foreseeable future.

Operational impact

COVID-19 had considerable operational impacts on NS Health. These impacts include delays/deferrals in most non-elective services and surgeries, clinic closures, and changes in employee absenteeism. In order to respond to COVID-19, NS Health had to react quickly by setting up COVID-19 assessment centers across the province, increasing virtual care, increasing lab testing capacities, offering free parking at all locations and ensuring internal personal protective equipment (PPE) supply was sufficient to meet demand. Mandatory screening protocols and visitor restrictions were also put into place across the province.

Note 22 COVID-19 (continued)**Financial impact**

Any current year impact of COVID-19 on costs and revenues have been recognized in these consolidated financial statements. The overall financial impact of COVID-19 for fiscal 2022 included lost revenue that would have normally been generated from uninsured medical services and visitor traffic had those services not been cancelled, lost parking revenue as a result of parking being free for a portion of the year, increases in wages and benefits, additional equipment purchases and increased PPE, rapid test kits, and vaccination supplies usage. The financial impact has been captured in NS Health's consolidated statement of operations. The duration and impact of the COVID-19 pandemic on NS Health remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of NS Health for future periods.

Personal Protective Equipment (PPE), rapid test kits and vaccination supplies inventory

During fiscal 2022, NS Health procured PPE, rapid test kits and vaccination supplies inventory on behalf of the Department of Health and Wellness for numerous entities across the province. Title and control of this inventory lies with the Department of Health and Wellness and consequently pandemic stockpile inventory balances, relating to this PPE, rapid test kits and vaccination inventory, have not been included in these consolidated financial statements.

NS Health also received donations of rapid test kits directly from the federal government for internal usage, such as employee testing and patient pre-screening.

NS Health has recognized any expenses related to NS Health's consumption of PPE, rapid test kits and vaccination supplies inventory within these consolidated financial statements.

Vaccines

Title and control of the Nova Scotia Provincial supply of Health Canada approved vaccines (Pfizer, Moderna, Astrazeneca) lies with the Department of Health and Wellness and consequently vaccine balances have not been included in these consolidated financial statements.

Note 23 Budgeted Figures

Budgeted figures, detailed within NS Health’s 2021–2022 Quality and Sustainability Plan, have been provided for comparison purposes and have been approved by the Department of Health and Wellness (DHW). Budgeted figures included in the consolidated financial statements are not audited.

The following presents a reconciliation between NS Health’s approved budget and the budget as presented in the statement of operations to align with the presentation of the current year results.

Revenues	
DHW approved operating revenue per Quality and Sustainability Plan	2,523,211
Recoveries	46,776
Capital grants – Provincial	23,630
Capital grants – Other	25,000
Capital transfers	45,762
Total budgeted revenues per consolidated statement of operations	2,664,379
Expenses	
DHW approved operating expenses per Quality and Sustainability Plan	2,523,211
Recoveries	46,776
Amortization	72,000
Total budgeted expenses per consolidated statement of operations	2,641,987

Note 24 Comparative Figures

The comparative consolidated financial statements have been reclassified from the statements previously presented to conform to the presentation adopted for the current year.

CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT			
FOR THE YEAR ENDED MARCH 31			
		2022	2021
Compensation	\$	1,854,496	\$ 1,741,737
Drugs		162,810	146,785
Medical and surgical supplies		141,117	131,799
Clinical supplies		73,403	49,862
Amortization		72,097	64,502
Utilities		57,373	46,475
Equipment and maintenance		56,816	57,747
Contracted services		56,487	39,968
Professional fees		39,502	33,082
Laundry and linen supplies		38,563	27,247
Building and grounds		35,876	31,851
Clinical research and designated programs		28,259	26,255
Equipment purchase and lease		26,414	21,574
Other (general supplies, bad debt, communications)		23,469	20,351
Delivery and courier		18,046	15,244
Food and dietary supplies		17,063	14,787
Travel and education		13,879	11,411
Plant operations		9,753	9,633
Office expenses		9,589	8,907
Insurance		9,124	8,121
Community grants		6,624	6,918
Total expenses	\$	2,750,760	\$ 2,514,256