



Consolidated Financial Statements

Nova Scotia Health Authority

March 31, 2017

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 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"] is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the audit finance and risk committee. The audit finance and risk committee reviews internal consolidated financial statements on a monthly basis and external audited consolidated financial statements annually and recommends approval to the Board

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

On behalf of Nova Scotia Health Authority:



Janet Knox
Nova Scotia Health Authority
President and CEO



Allan Horsburgh
Nova Scotia Health Authority
Vice President Stewardship and
Accountability and CFO

June 28, 2017



5161 George Street
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Halifax, Nova Scotia
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Auditor General of Nova Scotia

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Nova Scotia Health Authority:

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Nova Scotia Health Authority, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net debt and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian 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.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Nova Scotia Health Authority as at March 31, 2017, 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.

Other Matter

My audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The information disclosed in Note 19 is presented for the purposes of additional information in accordance with the Health Authorities Act and is not a requirement of Canadian public sector accounting standards. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of the consolidated financial statements taken as a whole.

Michael A. Pickup, CPA, CA
Auditor General of Nova Scotia

June 28, 2017
Halifax, Nova Scotia

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Nova Scotia Health Authority

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2017
[in thousands of Canadian dollars]

	<i>Note</i>	2017 \$	(Restated) 2016 \$
Financial assets			
Cash		23,784	
Restricted cash and portfolio investments	6	47,548	45,338
Accounts receivable	3	76,494	76,865
Due from governments	4	459,425	485,055
Due from foundations		8,417	9,351
Investment in Partners for Care	15	725	725
		<u>616,393</u>	<u>617,334</u>
Liabilities			
Amounts due to research fund	6	-	7,067
Accounts payable and accrued liabilities	8	195,129	200,791
Restricted liabilities	6	47,548	45,338
Employee future benefits	10	407,729	405,848
Deferred operating revenue	9	2,535	1,835
Deferred capital revenue	9	965	1,803
Long-term debt	14	5,420	6,672
		<u>659,326</u>	<u>669,354</u>
Net debt		<u>(42,933)</u>	<u>(52,020)</u>
Non-financial assets			
Tangible capital assets	7	918,371	941,033
Inventories of supplies	5 and 17	39,035	35,685
Prepaid expenses		5,056	8,009
		<u>962,462</u>	<u>984,727</u>
Accumulated surplus	18	<u>919,529</u>	<u>932,707</u>

Contractual obligations & contingencies (Notes 13 and 21)

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

On behalf of the Board:


Board Chair



Audit Committee Chair

Nova Scotia Health Authority

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year ended March 31, 2017
[in thousands of Canadian dollars]

	Budget 2017 \$	Actual 2017 \$	(Restated) Actual 2016 \$
	[Note 22]		
REVENUE			
Operating grants - Provincial	1,793,351	1,789,000	1,795,843
Operating grants - Federal	49,484	47,481	46,847
Capital grants - Provincial	39,500	30,785	40,041
Capital grants - Other	22,500	15,978	18,150
Research & designated contributions	50,152	55,616	52,645
Other revenue	90,669	101,364	97,633
Recoveries	47,564	65,641	80,672
Investment revenue	1,695	466	922
Income from Partners for Care	15	—	394
Total revenue	2,094,915	2,106,331	2,133,147
EXPENSES			
Integrated Health Program Care 2	495,357	521,838	549,279
Integrated Health Program Care 1	496,597	517,917	504,227
Stewardship and Accountability	460,554	416,593	347,642
Integrated Health Community Support	263,105	250,878	267,550
Primary Care and Population Health	163,671	187,095	179,558
Medicine and Integrated Health Services	111,728	118,594	112,257
Learning, Research & Innovation	50,680	56,354	52,983
People Services	38,986	38,664	109,009
Quality and System Performance	15,066	12,837	13,035
Chief Public Engagement & Communication	5,169	5,216	—
Chief Executive Officer	3,002	1,625	3,893
NS Provincial Programs	—	—	5,263
Total expenses	2,103,915	2,127,611	2,144,696
Operating deficit	(9,000)	(21,280)	(11,549)
Accumulated surplus, beginning of year		932,707	
Adjustment to opening surplus PDDP	17	8,102	
Prior period adjustment	23		23,834
Net effect of restructuring transaction		—	920,422
Accumulated surplus, end of year	18	919,529	932,707

The accompanying notes and schedules are an integral part of these consolidated financial statements. See Schedule A for expense schedule by object.

Nova Scotia Health Authority

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

Year ended March 31, 2017
[in thousands of Canadian dollars]

	Budget \$	2017 \$	2016 \$
	<u>[Note 22]</u>		
Net deficit	(9,000)	(21,280)	(11,549)
Change in tangible capital assets			
Acquisition of tangible capital assets	(62,000)	(45,381)	(60,383)
Amortization of tangible capital assets	71,000	68,043	70,538
Disposals of tangible capital assets	—	—	—
Decrease in tangible capital assets	<u>9,000</u>	<u>22,662</u>	<u>10,155</u>
Change in other non-financial assets			
Net change in inventories	—	330	(10,344)
Net change in prepaid expenses	—	2,953	(1,145)
Decrease (increase) in other non-financial assets	<u>—</u>	<u>3,283</u>	<u>(11,489)</u>
Decrease (increase) in net debt	<u>—</u>	<u>4,665</u>	<u>(12,883)</u>
Net debt, beginning of year as previously reported		(52,020)	
Net debt beginning of year PDDP (note 17)		4,422	
Net debt, transferred in due to restructuring		-	(39,137)
Net debt, end of year		<u>(42,933)</u>	<u>(52,020)</u>

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

Nova Scotia Health Authority

CONSOLIDATED STATEMENT OF CASH FLOW

Year ended March 31, 2017
[in thousands of Canadian dollars]

	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Net deficit	(21,280)	(11,549)
Items not affecting cash		
Amortization of tangible capital assets	68,043	70,538
Unrealized gain	(2,220)	-
Realized gain	(458)	(973)
Employee future benefits expenses	26,387	78,841
Other	-	(291)
Inventories of supplies	330	(10,344)
Prepaid expenses	2,953	(1,145)
Change in deferred revenue	(138)	(5,369)
Change in other non-cash working capital items	26,785	(51,083)
Adjustment for PDDP, beginning of the year (note 17)	4,422	-
Employee future benefits paid	(24,506)	(24,435)
Cash provided by operating activities	<u>80,318</u>	<u>44,190</u>
CAPITAL ACTIVITIES		
Cash applied to the acquisition of tangible capital assets	(50,893)	(69,346)
Cash applied to capital activities	<u>(50,893)</u>	<u>(69,346)</u>
FINANCING ACTIVITIES		
Debt retirement	(1,252)	(907)
Cash applied to financing activities	<u>(1,252)</u>	<u>(907)</u>
INVESTING ACTIVITIES		
Redemption of portfolio investments	8,392	16,976
Restricted funding	(5,714)	(21,485)
Cash applied to investing activities	<u>2,678</u>	<u>(4,509)</u>
Increase (Decrease) in cash and cash equivalents	30,851	(30,572)
Cash and cash equivalents, beginning of the year	(7,067)	
Cash and cash equivalents, transferred in due to restructuring	-	23,505
Cash, end of year	<u><u>23,784</u></u>	<u><u>(7,067)</u></u>

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

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

1. Nature of the Organization

The Nova Scotia Health Authority (NSHA) 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 the NSHA.

The objectives of the provincial health authority are to govern, manage and provide health services in the Province and to implement the strategic direction set out in the provincial health plan. These services are grouped into key areas such as medical and surgical care, mental health care, community health programs, addiction prevention and treatment and environmental health services.

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

2. Summary of Significant Accounting Policies

a. Basis of accounting

The consolidated financial statements are prepared by management of the NSHA 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 the NSHA.

As of April 1, 2016 NSHA assumed control of the Provincial Drug and Distribution Program (PDDP). The result is that the financial results of PDDP will now be consolidated with NSHA. The opening balance of PDDP's equity is included as an adjustment to beginning accumulated surplus as detailed in note 18. The NSHA had consolidated its investment in Queen Elizabeth II Health Sciences Centre Auxiliary, operating as Partners for Care using the modified equity method. During 2017 it was determined that NSHA ceased to exercise control. Its income will therefore no longer be consolidated with NSHA.

c. Cash

Cash include cash on hand and demand deposits.

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

2. Summary of Significant Accounting Policies (cont'd)

d. 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 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.

Management assesses financial instruments for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported as a realized loss on the statement of operations.

e. Restricted cash and portfolio investments and restricted liabilities

Restricted cash 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 cash and portfolio investments are designated to be used only in support of initiatives specifically approved by external funding organizations or as permitted by provincial legislation. Related investments are stated at fair market value. Externally restricted funding is recognized as revenue in the period in which the funds are used for their intended purposes; 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.

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

2. Summary of Significant Accounting Policies (cont'd)

f. Employee future benefits

Employee future benefits include retiring allowances/public service awards paid to employees upon retirement, health and life insurance, and accumulating non-vesting sick leave. A liability for employee future benefits has been included in the financial statements in the current year. The Province of Nova Scotia funds the employees' retiring allowances and as a result a receivable for the same amount has been recorded from the Department of Finance.

The cost of accumulating, non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employee retirement age, mortality rates and discount rates.

The methods used in this valuation of costs and obligations were selected by the Provincial Department of Finance in accordance with the requirements of PSAB Section 3255.

The Provincial Department of Finance has selected the assumptions used in the valuation of plan costs and obligations. They are management's best estimate assumptions, selected for accounting purposes in accordance with Section 3255 of the PSAB Handbook. These assumptions are in accordance with accepted actuarial practice. The Province of Nova Scotia funds the employees' sick leave benefits so a receivable for the same amount has been recorded from the Department of Finance.

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.

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

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

2. Summary of Significant Accounting Policies (cont'd)

h. 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.

NSHA 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	5-50 years
Leasehold improvements	Lessor of term or 10 years
Equipment	3-20 years
Parking garage	40 years
Information technology	3-10 years

NSHA continues to depreciate the tangible capital assets transferred into the NSHA on April 1, 2015 based on the former district health authorities' historical rates. Amortization on construction in progress is not recorded until the projects are completed.

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. When the useful life is expected to change, NSHA would provide adequate documentation supporting the decision to amend the useful life of the asset. The effect of this change will be recorded in the year of revision and in future years. The financial statements of previous years are not restated due to the change in an estimated useful life.

Tangible capital assets are written down when conditions indicate that they no longer contribute to NSHA'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 consolidated statement of operations. Write downs are not reversed.

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 NSHA 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.

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

2. Summary of Significant Accounting Policies (cont'd)

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.

i. 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.

j. Prepaid expenses

Prepaid expenses include maintenance, support costs, memberships and subscriptions, and are charged as an expense over the periods the good or service is expected to be consumed.

k. Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceed maximum acceptable amounts under an environmental standard. The NSHA is required to recognize a liability related to the cost of the remediation of contaminated sites when certain recognition criteria are met. For the fiscal year ended March 31, 2017, NSHA has not identified a liability for contaminated sites.

l. Revenue Recognition

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

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
(in thousands of Canadian dollars)

2. Summary of Significant Accounting Policies (cont'd)

Any unrestricted non-government contributions or grants are recorded as revenue in the year received or in the years the funds are committed to the NSHA if the amount can be reasonably estimated and collection is reasonably assured. All non-government contribution or grants that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted inflow received before the criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

NSHA recognizes as revenue provincial government transfers representing the year over year change in accrued benefit obligations as the transfer has been authorized.

In patient, out-patient, food & laundry services, laboratory and parking revenue are recognized as revenue when the related service is rendered or goods are provided. Rental income is recognized on a straight-line basis over the term of the lease.

Investment income 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.

m. Expenses

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

n. Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent liabilities, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the reporting periods.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Areas requiring the use of management estimates include retirement allowances, health benefit liabilities, amortization rates on tangible capital assets and the allowance for doubtful accounts. Actual results could differ from those estimates.

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

3. Accounts Receivable	2017	2016
	\$	\$
Patient care	38,895	40,948
Other	35,266	38,352
Grant revenue receivable	5,602	510
Payroll advances receivable	2,173	3,048
Due from Partners for Care	2,474	2,881
Less: provision for doubtful accounts	(7,916)	(8,874)
	76,494	76,865

4. Due from Governments	2017	2016
	\$	\$
Province of Nova Scotia		
Employee future benefits	407,729	405,848
Department of Health & Wellness	46,133	70,764
Federal government - HST	5,563	8,258
Federal government - Grants	-	185
	459,425	485,055

5. Inventories of Supplies	2017	2016
	\$	\$
Drugs	16,406	13,310
Departmental	10,549	11,368
Medical and surgical	9,479	8,442
Linen	2,601	2,565
	39,035	35,685

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

6. Restricted Cash and Portfolio Investments

The restricted assets and liabilities represent funding from external organizations, the use of which is restricted as described below:

Restricted assets	2017 \$	2016 \$
Cash	2,634	13,714
Amounts owing from operating fund	-	7,067
Portfolio Investments (at fair market value)	44,914	24,557
	47,548	45,338

Restricted liabilities	2017 \$	2016 \$
Centre for Clinical Research	37,705	36,000
Other	9,843	9,338
	47,548	45,338

Contributions to the Centre for Clinical Research ["CCR"] Fund represents money that is available for spending at any time to meet the needs of the CCR and individual research investigators, according to specific, pre-approved terms of reference, and must be invested accordingly. Restricted liabilities related to the CCR Fund represent the amount that must be used in support of these approved initiatives and projects which are consistent with the CCR's goals and objectives. Other restricted liabilities relate to miscellaneous sources of external funding which are to be used for purposes specified by the related funding organizations.

For the year ended, amounts added to restricted liabilities, and the expenditures made there from, were as follows:

	2017		2016	
	Centre for Clinical Research	Other	Centre for Clinical Research	Other
Balance, beginning of year	36,000	9,338	33,499	12,542
Funding received	24,968	32,847	27,007	32,089
Expenditures	(23,263)	(32,342)	(24,506)	(35,293)
Balance, end of year	37,705	9,843	36,000	9,338

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

7. Tangible Capital Assets

Historical Costs	(Restated)		2017
	2016	Additions	
Land	\$ 4,433	\$ -	\$ 4,433
Buildings	1,510,545	33,627	1,544,172
Equipment	759,715	32,351	792,066
Information technology	58,128	228	58,356
Parking equipment & paving	17,508	-	17,508
Land improvements	7,187	-	7,187
Construction in progress	75,989	(20,825)	55,164
	<u>\$ 2,433,505</u>	<u>\$ 45,381</u>	<u>\$ 2,478,886</u>

Accumulated Amortization	(Restated)		2017
	2016	Amortization expense	
Buildings	\$ 814,701	35,121	\$ 849,822
Equipment	610,089	30,927	641,016
Information technology	53,670	1,194	54,864
Parking equipment & paving	7,682	631	8,313
Land improvements	6,330	170	6,500
	<u>\$ 1,492,472</u>	<u>\$ 68,043</u>	<u>\$ 1,560,515</u>

	Net Book Value	
	(Restated) 2016	2017
Land	\$ 4,433	\$ 4,433
Buildings	695,844	694,350
Equipment	149,626	151,050
Information technology	4,458	3,492
Parking equipment & paving	9,826	9,195
Land improvements	857	687
Construction in progress	75,989	55,164
	<u>\$ 941,033</u>	<u>\$ 918,371</u>

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

8. Accounts Payable & Accrued Liabilities	2017	2016
	\$	\$
Trade payables	78,887	73,116
Salary & benefits	75,763	73,836
Accrued liabilities	25,592	32,228
Vacation pay	14,887	21,611
	<u>195,129</u>	<u>200,791</u>

9. Deferred Revenue

Deferred operating revenue of \$2,535 [2016 - \$1,835] represents advance funding received in the current year from the Department of Health & Wellness for the year ending March 31, 2018, as well as other program deferred funding. Deferred capital revenue of \$965 [2016 - \$1,803] represents advance funding received for capital equipment that will be purchased or constructed in the coming year(s).

	2017		2016	
	Operating \$	Capital \$	Operating \$	Capital \$
Balance, beginning of year	1,835	1,803	9,037	1,478
Receipts during the year	991	-	-	325
Transfers to revenue during the year	(291)	(838)	(7,202)	-
Balance, end of year	<u>2,535</u>	<u>965</u>	<u>1,835</u>	<u>1,803</u>

10a. Employee Future Benefits – Summary	2017	2016
	\$	\$
Employee future benefits summary		
Ending balance, retiring allowances (Note 10b)	167,547	178,982
Ending balance, health and life insurance (Note 10c)	185,073	175,410
Ending balance, non-vested sick-leave benefits (Note 10d)	55,109	51,456
Ending balance, employee future benefits	<u>407,729</u>	<u>405,848</u>

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

10b. Employee Future Benefits – Retiring Allowances

Retiring allowances paid to employees upon retirement are actuarially determined. The retiring allowance value is calculated by the Provincial Department of Finance for the NSHA. It is calculated using the projected benefit method prorated on services as required under Section 3250 of the PSAB Handbook. Experience gains and losses and assumption charges are amortized on a linear basis over the expected average remaining service life of 12 years. Annually, results along with values to record the liability and expenses are provided by the Department of Finance. Effective April 1, 2015, retiring allowances have been frozen resulting in no further increases in service time and rates of pay to be applied to the plan benefits.

The Department of Finance fully funds this liability; therefore, a corresponding accounts receivable amount is recorded. Under Union Collective agreements, employees are entitled to a payment of one week's salary for every year of full-time service (max. 26 weeks) that an employee has contributed to the organization. The Province of Nova Scotia contracts a third party to perform an actuarial valuation for all government departments, government agencies and boards. The most recent actuarial valuation was conducted as at June 30, 2015.

NSHA has provided for retiring allowances as follows:

	2017	2016
	\$	\$
Accrued benefit liability		
Beginning balance, accrued benefit obligation	172,692	174,530
Interest cost during the year	5,933	6,691
Impact of curtailment	-	8,996
Other (past service, transfers, etc.)	(1,414)	4,880
Experience loss (gain)	1,678	(6,290)
Benefits paid	(15,396)	(16,115)
Accrued benefit obligation	163,493	172,692
Unamortized actuarial gains	4,054	6,290
Ending balance, accrued benefit liability	167,547	178,982

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

10b. Employee Future Benefits – Retiring Allowances (con't)

	2017	2016
	\$	\$
Employee future benefits retiring expense:		
Interest on accrued benefits	5,933	6,691
Curtailment	(37)	48,913
Other	(1,414)	-
Amortization of experience loss	(520)	-
	<u>3,962</u>	<u>55,604</u>

The significant actuarial assumptions adopted in measuring NSHA's retiring allowances are as follows [weighted average assumptions] as at March 31:

	2017	2016
Discount rate	3.59%	3.71%
Average age of employees	44.3	44.3
Average years of service	12.3	12.3
Future mortality rate	[none assumed]	
Rate of compensation increase plus promotion increase [based on average]	2.25%	2.25%

10c. Employee Future Benefits – Health and Life Insurance

NSHA provides health and life insurance benefits to employees upon retirement. Under Union Collective agreements, employees are entitled to receive this benefit upon retirement. The benefit is an optional choice for employees at retirement. NSHA contributes to the cost of these premiums. The Province of Nova Scotia contracts a third party to perform an actuarial valuation for all government departments, government agencies and boards. The most recent actuarial valuation was conducted as at June 30, 2015.

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(in thousands of Canadian dollars)

10c. Employee Future Benefits – Health and Life Insurance (cont'd)

The health and life insurance value is calculated by the Provincial Department of Finance for NSHA. It is calculated using the projected benefit method prorated on services as required under Section 3250 of the PSAB Handbook. Experience gains and losses and assumption changes are amortized on a linear basis over the expected average remaining service life of 12 years for most employees and 11 years for those in the Nova Scotia Nurses' Union ("NSNU") plan. Annually, results along with values to record the liability and expenses are provided by the Department of Finance. The Department of Finance covers this liability, therefore a corresponding accounts receivable balance is recorded.

NSHA has provided for health and life insurance as follows:

	2017	2016
	\$	\$
Accrued benefit liability		
Beginning balance, accrued benefit obligation	173,095	158,980
Current service cost for the year	7,618	7,325
Interest cost during the year	6,385	6,325
Other (past service, transfers, etc.)	(389)	440
Experience (gain) loss	(14,407)	3,853
Benefits paid	(4,327)	(3,828)
Accrued benefit obligation	167,975	173,095
Unamortized actuarial gains	17,098	2,315
Ending balance, accrued benefit liability	185,073	175,410

	2017	2016
	\$	\$
Employee future benefits health and life expense:		
Current service costs	7,618	7,325
Interest on accrued benefits	6,385	6,325
Amortization of experience loss	382	88
Other (past service, transfers, etc.)	(389)	-
Unamortized actuarial loss	(5)	-
	13,991	13,738

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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10c. Employee Future Benefits – Health and Life Insurance (cont'd)

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

	2017	2016
Discount rate	3.59%	3.71%
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 plus promotion increase [based on average]	2%	2%
Rate of healthcare inflation, (average of 4.5% over the next 15 years)	7%	7%

10d. Employee Future Benefits – Non-Vested Sick-Leave Benefits

NSHA provides non-vested sick-leave benefits to certain 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 benefit costs and liabilities related to the plan are included in the consolidated financial statements. The most recent actuarial valuation was conducted as at March 31, 2014.

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

	2017 \$	2016 \$
Accrued benefit liability		
Beginning balance, accrued benefit obligation	42,892	39,807
Current service cost for the year	8,470	8,648
Interest cost during the year	1,601	1,582
Other (past service, transfers, etc.)	(407)	-
Experience loss (gain)	273	(2,362)
Benefits paid	(4,783)	(4,783)
Accrued benefit obligation	48,046	42,892
Unamortized actuarial gains	7,063	8,564
Ending balance, accrued benefit liability	55,109	51,456

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

10d. Employee Future Benefits – Non-Vested Sick-Leave Benefits (con't)

	2017 \$	2016 \$
Employee future benefits, non-vested sick-leave benefits:		
Current service costs	8,470	8,648
Interest on accrued benefits	1,601	1,582
Amortization of experience loss	(1,149)	(731)
Other (past service, transfers, etc.)	(407)	-
Unamortized actuarial losses	(78)	-
	8,437	9,499

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

	2017	2016
Discount rate	3.59%	3.71%
Future mortality rate based on CPM 2014 Public Sector table with mortality scale CPM-B	120%	120%
Rate of compensation increase plus promotion increase [based on average]	2.25%	2.25%

11. Pension Funds

Health Association Nova Scotia

Most employees of the NSHA participate in the multi-employer Nova Scotia Health Employees' Pension Plan. The NSHA'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.

Public Service Superannuation Fund

Certain employees of the former district health authorities belong to the Public Service Superannuation Fund. This plan is funded equally by employee and employer contributions. The employer's contributions are included in NSHA's operating expenses. The Nova Scotia Government Department of Finance administers the pension plan. The NSHA'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 Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

11. Pension Funds (cont'd)

Public Sector Superannuation Account

A small group of employees of the former Camp Hill Medical Centre who were on staff when Camp Hill Hospital transferred from Federal to Provincial jurisdiction on May 29, 1978 opted to continue in this pension plan. The Plan is funded by employee and employer contributions. The employer's contributions are included in NSHA's operating expenses. Public Works & Government Services Canada administers the pension plan. The NSHA's responsibility with regard to this plan is limited to its contributions.

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

	2017	2016
	\$	\$
Employer contributions	93,359	94,287

12. Long-Term Disability Plan

Health Association Nova Scotia

Most employees of the NSHA are members of this plan, which is funded equally by employee and employer contributions. The employer's contributions are included in NSHA's operating expenses. Health Association Nova Scotia administers this long-term disability plan. The NSHA'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.

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 NSHAs' operating expenses. The Plan is currently administered by the Province of Nova Scotia and Nova Scotia Government Employees Union. The NSHA'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 Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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[in thousands of Canadian dollars]

12. Long-Term Disability Plan (cont'd)

Canada Life Plan

Employees of the former Nova Scotia Rehabilitation Centre are members of this plan, which is funded equally by employee and employer contributions. The employer's contributions are included in NSHA's operating expenses. The plan is currently administered by Canada Life. The NSHA's responsibility with regard to this plan is limited to its contributions.

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

	2017	2016
	\$	\$
Employer contributions	12,321	12,413

13. Operating Lease Commitments

NSHA has commitments for operating supplies and occupancy & equipment leases. Estimated annual minimum lease payments and purchases commitments in each of the next five years are expected as follows:

	\$
2018	15,547
2019	11,607
2020	8,335
2021	6,554
2022	5,996
Thereafter in aggregate	20,093

14. Long-Term Debt

	2017	2016
	\$	\$
Term loan - parking garage	4,780	5,426
DHW loan (Cobequid Foundation)	317	634
Term loan - building improvements	323	418
Capital lease	-	194
	5,420	6,672

Nova Scotia Health Authority

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For the year ended March 31, 2017
[in thousands of Canadian dollars]

14. Long-Term Debt (cont'd)

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 Infirmity 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 Health and the Nova Scotia Municipal Financing 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 in case of loan default.

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

A debenture between the former Annapolis Valley District Health Authority and the Nova Scotia Municipal Financing Corporation was signed on January 10, 2003 to provide funding for improvements to the Annapolis Community Health Centre.

The term loan bears interest ranging from 4.65% to 5.01% and matures on October 17, 2017.

Total principal repayments required in respect of long term debt as at March 31, 2017 for each of the next five years and thereafter are as follows:

	\$
2018	1,100
2019	761
2020	805
2021	851
2022	900
Thereafter in aggregate	1,003

The total gross interest paid on long term debt for the year ended March 31, 2017 was \$318 [2016 - \$384].

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

15. Investment in Partners for Care

The Queen Elizabeth II Health Sciences Centre Auxiliary "Partners for Care" is a volunteer based non-profit, charitable organization. The primary objective of Partners for Care is to generate revenue for NSHA through parking and retail services, rental activities and other special projects which generally take place within the hospital premises.

The Partners for Care bylaws were amended in June 2016. This resulted in a loss of control for NSHA which then ceased application of the modified equity method to consolidate the results of Partners for Care in its financial statements. The investment of \$725 by NSHA remains to assist Partners for Care to deliver on their mandate.

16. 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. NSHA's financial assets include cash and cash equivalents, portfolio investments and receivables. NSHA's financial liabilities include accounts payable, long-term debt and accrued liabilities.

Portfolio investments consist of the following:

		2017	2016
	FV hierarchy		
Investments at fair value	level		
Short term investments	Level 2	\$3,102	\$700
Canadian government & corporate bonds	Level 2	14,269	7,297
Common equities & related securities	Level 1	27,543	16,560
		<u>44,914</u>	<u>24,557</u>

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:

- Unadjusted quoted prices in an active market for an identical asset/liability [Level 1];
- 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] [Level 2]; and
- Inputs for the asset or liability that are not based on observable market data [unobserved inputs] [Level 3].

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

16. Financial Instruments (cont'd)

Risk management

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

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. NSHA 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.

NSHA 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. NSHA does not have any variable interest rate debt.

The future principal repayments required in respect of long term debt are described in Note 15.

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.

NSHA authorizes BMO Nesbitt Burns 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.

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

16. Financial Instruments (con't)

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.

A 10% change in the market prices of these investments, with all other variables held constant, would have a \$4,181 [2016 - \$2,386] impact on net assets.

Credit risk

NSHA is exposed to credit risk with respect to accounts receivable. NSHA 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, 2017 amounts to \$7,916 [2016 - \$8,874].

The aging of trade accounts receivable was as follows:

	2017	2016
Current	\$44,199	\$47,576
61-90 days	4,291	3,519
90-120 days	5,380	2,404
Greater than 120 days	22,624	23,366
Total	\$76,494	\$76,865

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

16. Financial Instruments (con't)

Liquidity risk

NSHA has contractual obligations and financial liabilities and, therefore, is exposed to liquidity risk. NSHA 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.

Foreign exchange risk

NSHA's operating results and financial positions are reported in Canadian dollars. Some of NSHA'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.

NSHA 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:

	2017 \$
US dollar per Canadian dollar	0.75130

NSHA 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.

Capital management

In managing capital, NSHA 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, 2017, NSHA has met its objective of having sufficient liquid resources to meet its current obligations.

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

17. Consolidation of PDDP

As of April 1, 2016, NSHA assumed control of the Provincial Drug and Distribution Program (PDDP). The financial results of PDDP will now be consolidated with NSHA. On April 1, 2016, the opening balances of PDDP to be consolidated with NSHA are as follows:

	<u>2017</u>
Cash & cash equivalents	\$ 258
Accounts receivable	(2,025)
Accounts payable and accrued liabilities	6,189
Inventories of supplies	3,680
Accumulated surplus	8,102

This further resulted in a change to opening Net debt of \$4,422.

18. Accumulated Surplus

The accumulated surplus is made up as follows:

	2017	2016
	\$	\$
Beginning balance, accumulated surplus	932,707	920,422
Prior period adjustment (note 23)	-	23,834
Beginning balance of PDDP	8,102	-
Current year operating surplus	-	404
Current year capital deficit	(21,280)	(12,347)
Income from Partners for Care	-	394
Ending balance, accumulated surplus	919,529	932,707

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

19. Operational & Capital Funding Reconciliation

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

	2017	2016
	\$	\$
Annual deficit	(21,280)	(11,549)
Amortization	68,043	70,538
Capital grants	(46,763)	(58,191)
Income from Partners for Care	-	(394)
Current year operating surplus	-	404
Amounts attributed to restructuring transaction	-	(331)
Unspent operational funding at year end	-	73

20. 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.

21. Contingencies

NSHA may, from time to time, be involved in legal proceedings, claims and litigations that arise in the ordinary course of business. NSHA 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.

Nova Scotia Health Authority

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017
[in thousands of Canadian dollars]

22. Budgeted Figures

Budgeted figures, detailed within the Authority's 2016-17 Business Plan, have been provided for comparison purposes and have been approved by the Department of Health and Wellness.

The following presents a reconciliation between the original budget approved by the Department of Health and Wellness and the budget as presented in the consolidated financial statement of operations and accumulated surplus to align with the presentation of the current year results

Department approved operating revenue	1,985,352
Recoveries	47,563
Capital grants - Provincial	39,500
Capital grants - Other	22,500
	<u>2,094,915</u>
Department approved operating expenses	1,985,352
Recoveries	47,563
Amortization	71,000
	<u>2,103,915</u>

23. Prior period adjustment

Effective April 1, 2015, NSHA assumed the accounting for additional QEII facilities from the Province of Nova Scotia.

The 2016 financial results have been restated to reflect this adjustment as follows:

Increase in cost of tangible capital assets	\$258,623
Increase in accumulated amortization of tangible capital assets	\$234,789
Increase in accumulated surplus	\$23,834

SCHEDULE OF EXPENSES

Year ended March 31,
(in thousands of Canadian dollars)

	2017	2016
	\$	\$
Compensation	1,464,574	1,514,488
Medical/surgical supplies	126,626	119,569
Drugs	101,932	90,606
Amortization	68,043	70,538
Equipment and maintenance	61,469	57,164
Other	63,973	56,873
Clinical research and designated programs	55,616	52,983
Utilities	47,429	50,631
Clinical supplies	39,458	35,682
Plant operations	35,645	35,206
Food and dietary supplies	16,560	16,833
Professional fees	18,568	16,264
Laundry and linen supplies	16,707	16,018
Travel and education	11,011	11,841
Total expenses	2,127,611	2,144,696

See accompanying notes