Consolidated Financial Statements

Nova Scotia Health

March 31, 2026

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 reviews internal consolidated financial statements on a monthly basis 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, KC
Nova Scotia Health
Interim President and CEO

Derek Spinney, FCPA, FCMA
Nova Scotia Health
Vice President Corporate Services,
Infrastructure and CFO

June 29, 2026

Kim.Adair@novascotia.ca
5161 George Street
Royal Centre, Suite 400
Halifax, Nova Scotia, B3J 1M7

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, 2026, and the consolidated statement of operations, consolidated statement of change in net debt and consolidated statement of cash flows 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, 2026, 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.

Other Information

Management is responsible for the other information. The other information comprises the annual report but does not include the consolidated financial statements and my auditor's report thereon.

My opinion on the consolidated financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, I am required to report that fact. We have nothing to report in this regard.

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. I am responsible for the direction, supervision, and performance of the group audit. I remain solely responsible for my 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.

Kim Adair

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

Halifax, Nova Scotia

June 29, 2026

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	Note	2026	2025
Financial assets			
Cash and cash equivalents	*3*	$ 72,219	$ 42,390
Portfolio investments	*3*	64,220	72,776
Accounts receivable	*4*	59,301	54,661
Due from governments	*5*	767,864	674,335
Due from foundations	*6*	19,175	14,587
		982,779	858,749
Liabilities			
Accounts payable and accrued liabilities	*7*	598,212	481,970
Employee future benefits	*8*	326,002	319,701
Deferred revenue	*9*	81,541	72,199
Long-term debt	*10*	8,555	5,019
Asset retirement obligations	*11*	53,745	53,745
		1,068,055	932,634
Net debt		**(85,276)**	**(73,885)**
Non-financial assets			
Tangible capital assets	*12*	1,662,290	1,479,995
Inventories of supplies	*13*	70,472	66,288
Prepaid expenses		21,943	14,677
		1,754,705	1,560,960
Accumulated surplus		**$ 1,669,429**	**$ 1,487,075**

Contractual Obligations & Contingent Liabilities (Notes 18 and 23)

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

Approved by the Nova Scotia Health Administrator:

Chris Power

Chris Power

CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31

	Note	Budget [Note 24]	2026	2025
Revenues				
Operating grants – Provincial		$ 3,845,861	$ 4,018,091	$ 3,714,648
Operating grants – Federal		35,786	39,710	44,645
Capital revenue	*14*	352,482	282,641	252,279
Research & designated contributions		46,074	38,582	42,232
Other revenue	*15*	136,590	129,410	141,312
Recoveries		59,278	62,708	60,821
Total revenues		**4,476,071**	**4,571,142**	**4,255,937**
Expenses (Schedule A)				
Inpatient care		1,021,228	1,122,706	1,095,205
Operational support services		766,034	790,608	707,449
Ambulatory care		626,763	651,772	621,891
Diagnostic and therapeutic services		572,732	582,279	548,934
Community health services		407,104	415,043	378,976
Health transformation office		355,494	390,939	395,248
Corporate support		404,553	389,889	300,925
Research, innovation and discovery		52,280	45,552	43,753
Total expenses		**4,206,188**	**4,388,788**	**4,092,381**
Annual surplus		**269,883**	**182,354**	**163,556**
Accumulated surplus, beginning of year		**1,487,075**	**1,487,075**	**1,323,519**
Accumulated surplus, end of year		**$ 1,756,958**	**$ 1,669,429**	**$ 1,487,075**

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

	Budget [Note 24]	2026	2025
Net debt, beginning of year	**$ (73,885)**	**$ (73,885)**	**(70,766)**
Annual surplus	**$ 269,883**	**$ 182,354**	**$ 163,556**
Change in tangible capital assets			
Acquisition of tangible capital assets	(352,483)	(277,013)	(249,577)
Amortization of tangible capital assets	82,600	93,809	83,706
Disposal of tangible capital assets	–	909	1,361
Increase in tangible capital assets	(269,883)	(182,295)	(164,510)
Change in other non-financial assets			
Net change in inventories of supplies	–	(4,184)	(5,695)
Net change in prepaid expenses	–	(7,266)	3,530
Decrease in other non-financial assets	–	(11,450)	(2,165)
Increase in net debt	**–**	**(11,391)**	**(3,119)**
Net debt, end of year	**$ (73,885)**	**$ (85,276)**	**$ (73,885)**

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

CONSOLIDATED STATEMENT OF CASH FLOW YEAR ENDED MARCH 31	Note	2026	2025
Operating Activities			
Annual surplus		**$ 182,354**	**$ 163,556**
Items not affecting cash			
Amortization of tangible capital assets		93,809	83,706
Writedown and disposal of tangible capital assets		909	1,361
Unrealized gain		(5,751)	(4,633)
Portfolio other income net of fees		(3,193)	(1,483)
Change in inventories of supplies		(4,184)	(5,695)
Change in prepaid expenses		(7,266)	3,530
Change in deferred revenue		9,342	1,662
Net change in other items	*20*	13,485	(586)
Change in asset retirement obligations		–	8,579
Change in employee future benefits		6,301	6,261
Cash provided by operating activities		285,806	256,258
Capital Activities			
Acquisition of tangible capital assets	*12*	(277,013)	(249,577)
Cash applied to capital activities		(277,013)	(249,577)
Financing Activities			
Payments on obligations under capital lease		5,703	2,202
Acquisition of capital leases		(2,167)	(554)
Cash applied to financing activities		3,536	1,648
Investing Activities			
Cash transfer from portfolio investments		17,500	–
Cash applied to investing activities		17,500	–
Increase in cash and cash equivalents		29,829	8,329
Cash and cash equivalents, beginning of the year		42,390	34,061
Cash, end of year	*3*	**$ 72,219**	**$ 42,390**

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. 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.

c. 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.

d. 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.

e. Health transformation office

Health transformation office supports the Provincial Government's investment in health care by implementing the priority initiatives outlined in the Action for Health Plan. Action for Health is the strategic plan set forward by the Government to invest in people, tools, technology, and infrastructure to provide solutions for better health care for Nova Scotians over both the short and long term. Initiatives can be categorized into Primary Care; System Health Human Resources; Surgical Access; Access & Flow; Digital and Innovation, Specialized Care; and Others.

f. 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.

g. Corporate support

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

Note 1 Nature of the Organization (continued)

h. Research, innovation and discovery

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

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 and cash equivalents

Cash and cash equivalents include 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, laboratory, 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, insurance, memberships and subscriptions and are charged to expense over the periods the good or service is consumed.

Note 2 Summary of Significant Accounting Policies (continued)

f. Tangible capital assets including capital leases

Tangible capital assets are recorded at cost, which include 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
Information technology	5-10 years

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.

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

Note 2 Summary of Significant Accounting Policies (continued)

g. Asset retirement obligations

NS Health owns tangible capital assets that are subject to asset retirement obligations (AROs). In accordance with Public Sector Accounting Standards (PSAS), NS Health has recognized and measured AROs based on the fair value of the liability at the time the obligation was incurred. Asset retirement obligation costs that can be reasonably estimated are capitalized as part of the cost of the related asset and amortized over the useful life of the asset.

The carrying amount of the liability for asset retirement obligations are reviewed at each financial reporting date and any changes to the liability are recognized at the time of review.

h. 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.

i. 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.

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.

Note 2 Summary of Significant Accounting Policies (continued)

j. 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.

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.

k. Expenses

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

Note 2 Summary of Significant Accounting Policies (continued)

l. 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.

m. 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, asset retirement obligations, amortization rates and departmental inventory.

There is an increased level of measurement uncertainty that exists for NS Health's Asset Retirement Obligations. NS Health has relied upon the expertise of third-parties to support current Asset Retirement Obligation values. There is potential for additional revisions to NS Health's Asset Retirement Obligations depending on future events.

n. 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.

Note 2 Summary of Significant Accounting Policies (continued)

o. 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 exceeds an environmental standard. A liability of this nature is recognized net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- NSHA is directly responsible or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

For the fiscal year ended March 31, 2026, NS Health has recorded a liability ($600) for contaminated sites in relation to Sutherland Harris Memorial Hospital. Refer to Note 7.

p. Future changes in accounting standards

The Public Sector Accounting Board (PSAB) has issued: The Conceptual Framework for Financial Reporting in the Public Sector and PS 1202, Financial Statement Presentation, effective April 1, 2026. These standards will replace the existing conceptual framework and financial reporting model, PS 1000, Financial Statement Concepts, and PS 1100, Financial Statement Objectives, along with PS 1201, Financial Statement Presentation. These new standards have not been applied in preparing these statements but are expected to significantly impact the presentation of the consolidated financial statements.

Note 3 Cash and Portfolio Investments

		2026		2025
Cash	$	72,219	$	42,390
Portfolio investments		64,220		72,776
		136,439		115,166
Amounts restricted for research and designated purposes		(62,314)		(58,274)
Amounts restricted for capital purposes		(12,979)		(9,158)
Amounts restricted for designated operating purposes		(6,248)		(4,767)
Unrestricted cash and cash equivalents	**$**	**54,898**	**$**	**42,967**

Cash and portfolio investments consist of short-term liquid investments that are readily convertible to cash and that are less subject to significant risks of change in value. They 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

Note 3 Cash and Portfolio Investments (continued)

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

		2026		2025
Patient care	$	46,095	$	43,322
Operational accruals		15,374		21,098
Other external health organizations		7,023		5,324
Partners for Care		4,481		–
Research, Innovation and Discovery		5,626		5,924
Dalhousie University		1,801		1,204
Private long-term care facilities		1,376		896
Other		8,499		4,745
Less provision for doubtful accounts		(30,974)		(27,852)
	$	**59,301**	**$**	**54,661**

Note 5 Due from Governments

		2026	2025
Province of Nova Scotia			
Department of Finance & Treasury Board	$	395,957	373,446
(Employee Future Benefits – see Note 8)			
(Asset Retirement Obligations – See Note 11)			
Department of Health & Wellness		299,689	228,918
Office of Addictions and Mental Health		10,209	14,954
Department of Seniors & Long-Term Care		5,120	9,960
Federal Government		40,634	31,084
Other government organizations		9,737	7,336
Other Provincial Governments		6,492	8,248
IWK Health Centre		2,638	2,591
Less provision for doubtful accounts		(2,612)	(2,202)
	$	**767,864**	**674,335**

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 $21,480 (2025 – $23,157) from these organizations. The total amount receivable from foundations and auxiliaries at March 31, 2026 is $19,175 (2025 – $14,587).

Note 7 Accounts Payable & Accrued Liabilities

		2026	2025
Trade payables	$	223,400	208,308
Salaries and benefits payable		203,189	181,228
Accrued liabilities*		131,644	56,704
Vacation payable		39,979	35,730
	$	**598,212**	**481,970**

*For the fiscal year ended March 31, 2026, NS Health has recorded a liability of $600 (2025 –$990) for contaminated sites.

Note 8 Employee Future Benefits

		2026	2025
Health and life insurance (a)	$	270,368	263,972
Non-vested sick-leave benefits (b)		51,207	49,582
Retiring allowances (c)		4,427	6,147
	$	**326,002**	**319,701**

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 Nova Scotia Health Authority (Central Zone) health plan was conducted as at June 30, 2023, with actuarial liabilities extrapolated to March 31, 2026.

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 14 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 and revenue amount are recorded.

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

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

Accrued benefit liability		2026	2025
Beginning balance, accrued benefit obligation	$	205,160	204,088
Current service cost		9,412	9,517
Interest on accrued benefit obligation		7,875	6,959
Experience gains		(12,729)	(9,654)
Benefits paid		(6,342)	(5,750)
Ending balance, accrued benefit obligation		203,376	205,160
Unamortized net actuarial gains (losses)		66,992	58,812
Accrued benefit liability	**$**	**270,368**	**263,972**

Employee future benefits health and life insurance expense		2026	2025
Current service costs	$	9,412	9,517
Interest on accrued benefit obligations		7,875	6,960
Amortization of net actuarial (gains) losses		(4,549)	(4,312)
Employee future benefits and health and life insurance expense	$	**12,738**	**12,165**

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

	2026	2025
Discount rate	4.06%	3.67%
Participation rate - health	80%-90%	80%-90%
Future mortality rate based on CPM-2014		
Public sector table with mortality scale CPM-B	120%	120%
Rate of compensation increase	2.0%-3.5%	0.5% - 3.5%
Promotion increase	0.25%-2.75%	0.4% - 2.9%
Rate of healthcare inflation (reduced to a rate of 4% over 20 years)	7.0%	7.0%

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 12 years.

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

The most recent actuarial valuation was conducted as at June 30, 2023, with actuarial liabilities extrapolated to March 31, 2026.

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

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

Accrued benefit liability		2026	2025
Beginning balance, accrued benefit obligation	$	51,556	51,148
Current service cost		8,072	7,933
Interest cost on accrued benefit obligation		2,057	1,823
Other		-	-
Experience (gains) losses		(1,406)	(1,559)
Benefits paid		(7,430)	(7,789)
Ending balance, accrued benefit obligation		52,849	51,556
Unamortized net actuarial (losses)		(1,642)	(1,974)
Accrued benefit liability	$	**51,207**	**49,582**

Employee future benefits, non-vested sick-leave benefits expense		2026	2025
Current service costs	$	8,072	7,933
Interest on accrued benefit obligation		2,057	1,822
Amortization of net actuarial gains		(1,074)	(937)
Other		-	-
Employee future benefits, non-vested sick-leave benefits expense	$	**9,055**	**8,818**

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

	2026	2025
Discount rate	4.06%	3.67%
Future mortality rate based on CPM-2014 Public Sector table with mortality scale CPM-B	120%	120%
Rate of compensation increase	1.5%-6.01%	1.5% - 3.5%
Promotional increase	0.25%-2.75%	0.3%-2.8%

Note 8 Employee Future Benefits: Retiring Allowances (continued)

c. Retiring Allowances

NS Health provides retiring allowances to employees under certain 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 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, 2025, with actuarial liabilities extrapolated to March 31, 2026.

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 6 years. Annually, results along with values to record the liability and expense 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 and revenue amount are recorded.

NS Health has provided for retiring allowances as follows:

Accrued benefit liability		2026	2025
Beginning balance, accrued benefit obligation	$	5,147	5,936
Interest on accrued benefit obligation		194	199
Experience losses (gains)		594	(73)
Benefits paid		(632)	(915)
Ending balance, accrued benefit obligation		5,303	5,147
Unamortized net actuarial gains (losses)		(876)	1,000
Accrued benefit liability	$	**4,427**	**6,147**

Employee future benefits retiring allowance expense (recovery)		2026		2025
Interest on accrued benefit obligation	$	194	$	198
Amortization of net actuarial gains		(1,282)		(466)
Employee future benefits retiring allowance expense	$	**(1,088)**	**$**	**(268)**

Note 8 Employee Future Benefits: Retiring Allowances (continued)

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

	2026	2025
Discount rate	4.06%	3.67%
Average age of employees	52.8	51.8
Average years of services	6.81	7.96
Future mortality rate	[none assumed]	
Rate of compensation increase	1.5%–2.0%	1.5% –3.5%
Promotional increase	0.4%–2.9%	0.4% – 2.9%

Note 9 Deferred Revenue

Deferred operating revenue of $6,248 [2025 – $4,765] represents advance operating grant funding. Deferred capital revenue of $12,979 [2025 – $9,158] 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 $47,347 [2025 – $42,755] 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 $14,967 [2025 – $15,521] 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.

Note 9 Deferred Revenue (continued)

		2026	2025
Deferred operating revenue			
Balance, beginning of year	$	4,765	2,648
Receipts during the year		4,704	5,228
Recognized during the year		(3,221)	(3,111)
Balance, end of year		**6,248**	**4,765**
Deferred capital revenue			
Balance, beginning of year		9,158	7,528
Receipts during the year		6,100	4,032
Recognized during the year		(2,279)	(2,402)
Balance, end of year		**12,979**	**9,158**
Deferred Research, Innovation and Discovery Fund			
Balance, beginning of year		42,755	47,704
Receipts during the year		39,939	33,241
Recognized during the year		(35,347)	(38,190)
Balance, end of year		**47,347**	**42,755**
Deferred designated revenue			
Balance, beginning of year		15,521	12,657
Receipts during the year		3,715	5,938
Recognized during the year		(4,269)	(3,074)
Balance, end of year		**14,967**	**15,521**
	$	**81,541**	**72,199**

Note 10 Long-Term Debt

		2026	2025
Obligations under capital lease	$	8,555	5,019
	$	**8,555**	**5,019**

Estimated annual minimum capital lease payments in each of the next five years are expected as follows:

Year ended March 31		
2027	$	3,084
2028		1,572
2029		1,254
2030		926
2031		727
Thereafter		992
	$	**8,555**

Note 10 Long-Term Debt (continued)

NS Health has access to a $25,000 revolving lease line of credit by way of leases with a Canadian chartered bank which may be used for the acquisition of capital assets. The Canadian chartered bank can use this revolving lease line of credit to secure NS Health's obligations to third parties. Draws on the facility bear interest at a rate to be negotiated at the time of the draw. As at March 31, 2026, NS Health has $nil [2025 – $nil] draws against this facility. As at March 31, 2026 the Canadian chartered bank has secured $3,307 [2025 – $7,440] to third parties.

NS Health also has access to a $95,000 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, 2026, NS Health has $nil [2025 – $nil] draws against this facility.

Note 11 Asset Retirement Obligations

The asset retirement obligations are based on the estimated costs to dispose of regulated materials in accordance with prescribed legislative requirements. These estimated costs per unit were developed based on available data such as environmental reports, building management reports, and long-range outlook reports, supplemented as required by past experience of management's expert in relation to these types of regulated materials. The asset retirement obligations estimates have not been discounted due to the uncertainty in the timing of settlement of these obligations.

The most significant asset retirement obligation is attributed to the disposal of asbestos in buildings and hospitals. Although there is no legal requirement to dispose of asbestos until it is disturbed, regulations require asbestos to be handled and disposed of in a prescribed manner when disturbed, such as during renovations or upon demolition. Similarly for paint with lead, there is a legal obligation to dispose of lead-containing paint in a prescribed manner.

Assets identified by NS Health that are included in the ARO calculation include hospital buildings, storage buildings & sheds. Legal asset retirement obligation costs that can be reasonably estimated are included in the tangible capital asset cost and are amortized straight-line over the remaining useful life of the underlying asset.

As at March 31, 2026, a total liability for asset retirement obligations of 53,745 [2025 –$53,745] has been recorded.

	Asbestos	Lead	Other	2026 Total	2025 Total
Opening liability	46,002	6,596	1,147	53,745	45,166
Liabilities incurred	–	–	–	–	–
Prior year revisions			–		8,579
Closing liability	**46,002**	**6,596**	**1,147**	**53,745**	**$ 53,745**

Tangible capital asset net book value and related ARO liability amounts at March 31, 2026 are as follows:

Tangible Capital Asset Class	Tangible Capital Asset NBV	ARO Liability
Buildings	16,259	53,745
Total	**16,259**	**53,745**

Note 12 Tangible Capital Assets

Historical Costs	Land	Buildings	Equipment[b]	Information technology	Construction in progress (CIP)	2026 Total	2025 Total
Opening costs	4,694	2,052,256	655,628	34,313	359,975	3,106,866	2,902,928
Transfers from CIP	–	24,249	44,528	10,829	(79,606)	–	–
Additions	–	3,141	16,127	17	257,728	277,013	249,577
Disposals[a]	–	(37,168)	(27,429)	–	–	(64,597)	(45,639)
Closing costs	4,694	2,042,478	688,854	45,159	538,097	3,319,282	$ 3,106,866

Accumulated Amortization	Land	Buildings	Equipment	Information technology	Construction in progress (CIP)	2026 Total	2025 Total
Opening	–	1,189,882	425,236	11,753	–	1,626,871	1,587,443
Disposals	–	(36,260)	(27,428)	–	–	(63,688)	(44,278)
Amortization expense	–	44,416	43,351	6,042	–	93,809	83,706
Closing amortization	–	1,198,038	441,159	17,795	–	1,656,992	$ 1,626,871
Net Book Value	**4,694**	**844,440**	**247,695**	**27,364**	**538,097**	**1,662,290**	**$ 1,479,995**

a. Disposals

Disposals are for the sale and removal of buildings and equipment 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 13 Inventories of Supplies

	2026	2025
Drugs	$ 38,034	$ 35,681
Medical, surgical, other	17,660	16,539
Departmental	9,288	8,785
Laboratory	3,369	3,284
Linen	2,121	1,999
	$ 70,472	**$ 66,288**

Note 14 Capital Revenue

		2026		2025
Capital Grants Provincial – Envelopes	$	64,188		52,269
Capital Grants Provincial – Projects		135,143		87,262
Capital Transfers		60,630		91,132
Capital Grants Other		22,680		21,616
	$	**282,641**	**$**	**252,279**

Note 15 Other Revenue

		2026		2025
Uninsured Patient Revenue	$	27,503		25,057
Out of Province Patient Revenue		25,135		28,285
Out of Country Patient Revenue		24,447		28,228
Workers Compensation		13,494		15,317
PDDP		12,539		14,393
Other		11,218		10,767
Cafeteria		9,339		9,398
Investment		3,305		4,863
Preferred Accommodations		2,243		2,301
Parking		187		2,703
	$	**129,410**	**$**	**141,312**

Note 16 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' Defined Benefit 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:

		2026		2025
Employer contributions	$	180,334	$	152,665

Note 17 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. The liability for the Plan is recorded by the Province in the Province's Public Accounts.

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. The liability for the Plan is recorded by the Province in the Province's Public Accounts.

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. The liability for the Plan is recorded by the Province in the Province's Public Accounts.

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

	2026	2025
Employer contributions	$ 32,986	$ 28,782

Note 18 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	
2027	$ 306,987
2028	228,816
2029	151,200
2030	125,398
2031	111,321
Thereafter in aggregate	1,105,818
Total	**$ 2,029,540**

Note 19 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		2026		2025
Short term investments	Level 2	$	855	$	1,006
Common equities & related securities	Level 1		63,365		71,770
		$	**64,220**	**$**	**72,776**

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.

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.

Note 19 Financial Instruments (continued)

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 $6,337 [2025 - $7,177] impact on net financial assets.

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 $634 [2025 - $718].

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 the 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.

Note 19 Financial Instruments (continued)

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

	2026	2025
US dollar per Canadian dollar	$ 0.7174	$ 0.6956

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, 2026 amounts to $30,974 [2025 - $27,852].

The aging of trade accounts receivable was as follows:

	2026	2025
Current	$ 42,745	$ 37,213
61-90 days	2,220	3,116
91-120 days	1,815	883
Greater than 120 days	12,521	13,449
Total	**$ 59,301**	**$ 54,661**

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, 2026, NS Health has met its objective of having sufficient liquid resources to meet its current obligations.

Note 20 Net Change in Other Items

	2026	2025
Increase in account receivable	$ (4,640)	$ (887)
(Increase) decrease in due from governments	(93,529)	14,785
Increase in due from foundations	(4,588)	(250)
Increase (decrease) in accounts payable	116,242	(14,234)
Net change in other items	**$ 13,485**	**$ (586)**

Note 21 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:

	2026	2025
Annual surplus, reported on the consolidated statement of operations	$ 182,354	$ 163,556
Amortization	93,809	83,706
Capital grants	(282,641)	(252,279)
Disposal of tangible capital assets	909	1,361
Capital Costs expensed	1,100	2,639
Capital transfers	4,469	
Operating funding (deficit) surplus, as defined by the Act	**$ -**	**$ (1,017)**

Note 22 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 senior 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; the Department of Service Nova Scotia procurement services and the Department of Cybersecurity and Digital Solutions information technology support 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 23 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.

NS Health currently has four collective agreements that have expired and are currently under negotiation as at March 31, 2026. The outcome of these negotiations is not determinable at this time and as such, no accrual has been to these financial statements.

On February 27, 2026, the Supreme Court of Nova Scotia declared Nova Scotia's Bill 148, the Public Services Sustainability Act (2015), unconstitutional. The Court found that the legislation, which imposed wage freezes, limited wage increases, and eliminated long-service retirement awards, infringed the constitutional rights of public sector workers to engage in meaningful collective bargaining. The Court suspended its declaration for one year from the date of the ruling to allow the parties to negotiate a remedy. At year-end, it is likely that a liability exists; however, the amount cannot be reasonably estimated. Any resulting obligations will be managed centrally through the Province's General Revenue Fund.

A comprehensive review of the compensation framework for management and non-union employees, including direct compensation through salaries and wages, and indirect compensation, such as benefits, pensions, vacation entitlements and other non-cash benefits is currently in progress with the expectation to be finalized in July 2026. The financial impact up to March 31, 2026 has been estimated, and the financial statements have been adjusted accordingly.

Note 24 Budgeted Figures

Budgeted figures have been provided for comparison purposes. The NS Health budget has been approved by the Department of Health and Wellness. The Provincial Drug Distribution Program (PDDP) budget is used to complete the consolidated budget.

The following presents a reconciliation between NS Health's approved budget, PDDP's 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		4,048,763
PDDP operating revenue		15,548
Recoveries		59,278
Capital grants – Provincial	184,786	
Capital grants – Other	25,698	
Capital transfers	141,998	
Capital grants and transfers total		352,482
Total budgeted revenues per consolidated statement of operations		**4,476,071**

Expenses	
DHW approved operating expenses	4,048,762
PDDP operating expenses	15,548
Recoveries	59,278
Amortization	82,600
Total budgeted expenses per consolidated statement of operations	**4,206,188**

Note 25 Comparative Figures

Some of the prior year's figures have been reclassified to conform to the presentation format adopted in the current year.

CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT FOR THE YEAR ENDED MARCH 31		
	2026	2025
Compensation	$ 2,916,982	$ 2,717,751
Drugs	247,257	241,875
Medical and Surgical Supplies	232,264	213,789
Professional Fees	167,372	174,779
Contracted Services	114,234	79,948
Amortization	93,809	83,706
Clinical Supplies	84,917	81,834
Information and Technology	84,845	72,901
Buildings and Grounds	82,506	78,595
Utilities	68,397	67,442
Equipment Maintenance	39,625	39,410
Research and Designated Contributions	38,059	40,170
Equipment Purchase and Lease	35,098	30,284
Travel and Education	32,344	31,426
Other Expenses	32,192	28,232
Food Services	26,549	25,535
Delivery and Courier	26,188	22,241
Housekeeping Laundry Linens	19,606	19,582
Office Expenses	14,672	13,258
Insurance and Liability Claims	12,844	12,350
Plant Operations	10,818	9,682
Community Grants	8,210	7,591
Total expenses	$ 4,388,788	$ 4,092,381