



Consolidated Financial Statements

**Nova Scotia Health**

March 31, 2021

## MANAGEMENT'S REPORT

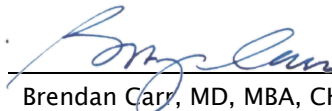
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for the notes to the consolidated financial statements 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 Finance and Audit Committee. The Finance and Audit Committee reviews internal consolidated financial statements on a monthly basis and external audited consolidated financial statements annually and recommends approval to the Board.

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:



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Brendan Carr, MD, MBA, CHE, CCPL  
Nova Scotia Health  
President and CEO



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

June 22, 2021



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors 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, 2021, and the consolidated statement of operations, consolidated statement of change in net debt and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of NS Health as at March 31, 2021, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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



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

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

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

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

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

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



Kim Adair-MacPherson, FCPA, CA, ICD.D  
Auditor General of Nova Scotia

Halifax, Nova Scotia

June 22, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
AS AT MARCH 31			
	Note	2021	2020 (Restated)
<b>Financial assets</b>			
Cash and cash equivalents	3	\$ 61,454	\$ 36,606
Portfolio investments	3	59,180	47,312
Accounts receivable	4	29,083	40,275
Due from governments	5	450,819	395,130
Due from foundations	6	14,865	17,174
		<u>615,401</u>	<u>536,497</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	7	300,298	255,185
Employee future benefits	8	283,457	280,832
Deferred revenue	9	87,777	66,410
Long-term debt	10	1,902	2,754
		<u>673,434</u>	<u>605,181</u>
<b>Net debt</b>		<b>(58,033)</b>	<b>(68,684)</b>
<b>Non-financial assets</b>			
Tangible capital assets	11	1,099,445	1,022,666
Inventories of supplies	12	54,070	47,274
Prepaid expenses		7,584	25,137
		<u>1,161,099</u>	<u>1,095,077</u>
<b>Accumulated surplus</b>		<b>\$ 1,103,066</b>	<b>\$ 1,026,393</b>

Contractual obligations & contingent liabilities (Notes 16 and 21)

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

Approved by the NS Health Board:



Janet Davidson, OC  
Board Chair



Paul Comeau, CPA, CA  
Audit Committee Chair

<b>CONSOLIDATED STATEMENT OF OPERATIONS</b>			
<b>YEAR ENDED MARCH 31</b>			
	<b>Budget</b>		
	<i>Unaudited</i>		
<b>Note</b>	<b>[Note 23]</b>	<b>2021</b>	<b>2020</b>
			<b>(Restated)</b>
<b>Revenues</b>			
Operating grants – Provincial	\$ 2,151,284	\$ 2,248,048	\$ 2,110,957
Operating grants – Federal	49,318	44,435	48,287
Capital grants – Provincial	23,630	23,630	23,630
Capital grants – Other	22,034	13,174	27,434
Capital transfers	120,653	105,275	75,772
Research & designated contributions	32,223	26,255	28,747
Other revenue	97,070	81,994	106,870
Recoveries	47,675	47,623	49,309
Investment revenue	1,053	495	1,468
<b>Total revenues</b>	<b>2,544,940</b>	<b>2,590,929</b>	<b>2,472,474</b>
<b>Expenses (Schedule A)</b>			
Chief Public Engagement and Communications	6,384	5,830	5,808
VP Health Services	238,988	260,196	238,286
VP Corporate Services and CFO	450,914	470,787	480,365
VP Research, Innovation, Discovery and Chief Nurse Executive	55,365	52,077	49,433
VP Quality and System Performance	1,257,100	1,267,682	1,210,618
VP Medicine and Integrated Health Services	162,670	172,491	164,938
Chief Executive Officer	1,098	757	970
VP Operations and Clinical Infrastructure	271,104	284,436	259,601
<b>Total expenses</b>	<b>2,443,623</b>	<b>2,514,256</b>	<b>2,410,019</b>
<b>Annual surplus</b>	<b>101,317</b>	<b>76,673</b>	<b>62,455</b>
<b>Accumulated surplus, beginning of year</b>	<b>1,066,550</b>	<b>1,026,393</b>	<b>972,329</b>
Prior period adjustment	-	-	(8,391)
As restated	-	-	963,938
<b>Accumulated surplus, end of year</b>	<b>\$ 1,167,867</b>	<b>\$ 1,103,066</b>	<b>\$ 1,026,393</b>

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

**CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**  
**YEAR ENDED MARCH 31**

	Note	Budget <i>Unaudited</i> [Note 23]	2021	2020 (Restated)
<b>Annual surplus</b>		\$ 101,317	\$ 76,673	\$ 62,455
<b>Change in tangible capital assets</b>				
Acquisition of tangible capital assets, net of transfers		(166,317)	(142,185)	(117,274)
Amortization of tangible capital assets		65,000	64,502	64,381
Writedown of tangible assets		-	904	-
(Increase) in tangible capital assets		<u>(101,317)</u>	<u>(76,779)</u>	<u>(52,893)</u>
<b>Change in other non-financial assets</b>				
Net change in inventories of supplies		-	(6,796)	(5,891)
Net change in prepaid expenses		-	17,553	(17,253)
Decrease (increase) in other non-financial assets		<u>-</u>	<u>10,757</u>	<u>(23,144)</u>
<b>Decrease (increase) in net debt</b>		<u>-</u>	<u>10,651</u>	<u>(13,582)</u>
Net debt, beginning of year		(68,684)	(68,684)	(46,711)
Net debt, transferred due to prior period adjustment	25	<u>-</u>	<u>-</u>	<u>(8,391)</u>
<b>Net debt, end of year</b>		<u>\$ (68,684)</u>	<u>\$ (58,033)</u>	<u>\$ (68,684)</u>

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



**CONSOLIDATED STATEMENT OF CASH FLOW**  
**YEAR ENDED MARCH 31**

	Note	2021	2020 (Restated)
<b>Operating Activities</b>			
<b>Annual surplus</b>		<b>\$ 76,673</b>	<b>\$ 62,455</b>
Items not affecting cash			
Amortization of tangible capital assets		64,502	64,381
Writedown of tangible capital assets		904	-
Unrealized (gain) loss		(11,181)	3,464
Realized loss (gain)		-	216
Change in inventories of supplies		(6,796)	(5,891)
Change in prepaid expenses		17,553	(17,253)
Change in deferred revenue		21,367	1,083
Net change in other items	18	2,925	30,928
Change in employee future benefits		2,625	(171)
Cash provided by operating activities		<u>168,572</u>	<u>139,212</u>
<b>Capital Activities</b>			
Acquisition of tangible capital assets, net of transfers	11, 25	<u>(142,185)</u>	<u>(117,274)</u>
Cash applied to capital activities		<u>(142,185)</u>	<u>(117,274)</u>
<b>Financing Activities</b>			
Debt retirement		<u>(852)</u>	<u>(805)</u>
Cash applied to financing activities		<u>(852)</u>	<u>(805)</u>
<b>Investing Activities</b>			
Redemption of portfolio investments		344	6,222
Purchases of portfolio investments		<u>(1,031)</u>	<u>(6,933)</u>
Cash applied to investing activities		<u>(687)</u>	<u>(711)</u>
<b>Increase in cash and cash equivalents</b>		<b>24,848</b>	<b>20,422</b>
Cash and cash equivalents, beginning of the year		36,606	24,575
Cash and cash equivalents, transferred due to prior period adjustment	25	-	(8,391)
<b>Cash, end of year</b>	<b>3</b>	<b><u>\$ 61,454</u></b>	<b><u>\$ 36,606</u></b>

*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. These services are grouped into key areas with Vice President oversight as shown in the consolidated statement of operations. The key areas of Vice President oversight are as follows:

**a. Chief Public Engagement and Communications**

Chief Public Engagement and Communications is comprised of communications and public relations.

**b. VP Health Services**

VP Health Services is comprised of Eastern zonal operations for services such as medial and surgical care, social work, physiotherapy and occupational therapy.

**c. VP Corporate Services and Chief Financial Officer**

VP Corporate Services and Chief Financial Officer is comprised of Finance, Facilities Management, Information Technology, Food & Nutrition Services, Procurement and asset amortization.

**d. VP Research, Innovation, Discovery and Chief Nurse Executive**

VP Research, Innovation, Discovery and Chief Nurse Executive is comprised of research activities and inter-professional practice

**e. VP Quality and System Performance**

VP Quality and System Performance is comprised of perioperative services, emergency departments, mental health and addictions, laboratory services, cancer care, pharmacy and other provincially led programs

**f. VP Medicine and Integrated Health Services**

VP Medicine and Integrated Health Services is comprised of physician leadership, recruitment and education.

**g. VP Operations and Clinical Infrastructure**

VP Operations and Clinical Infrastructure is comprised of redevelopment projects, QEII New Generation & Cape Breton Redevelopment, and Central zonal operations for services such as medial and surgical care, social work, physiotherapy and occupational therapy.

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, medical & surgical and departmental supplies and are recorded using weighted average cost. Transfers of inventory from related parties are recorded at carrying value.

**e. Prepaid expense**

Prepaid expense includes maintenance, support costs, memberships & subscriptions as well as certain personal protective equipment that was paid for in advance of receipt and are charged to expense over the periods the good or service is consumed.

**f. Tangible capital assets including capital leases**

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Certain tangible capital assets paid for by the Province through major redevelopment projects are excluded as the strategic realignments of health care in the province is determined and controlled by the Department of Health and Wellness.

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

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

**Note 2 Summary of Significant Accounting Policies (continued)**

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

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

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.

**g. Deferred revenue**

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

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

**h. Employee future benefits**

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

The cost and obligations of these employee future benefits are actuarially determined using management's best estimate of the assumptions disclosed in Note 8. The methods used in this valuation of costs and obligations

**Note 2 Summary of Significant Accounting Policies (continued)**

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.

**i. Revenue Recognition**

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

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

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

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

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

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

**Note 2 Summary of Significant Accounting Policies (continued)****j. Expenses**

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

**k. Financial instruments**

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

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

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

**l. Measurement uncertainty**

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

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

**m. Contributed Services**

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

**n. Future changes in accounting standards**

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

- *PS 1201 Financial Statement Presentation* replaces PS 1200 with general reporting principles for disclosure of information and is effective in the period PS 2601 and PS 3450 are adopted

**Note 2 Summary of Significant Accounting Policies (continued)**

- *PS 2601 Foreign Currency Translation* replaces PS 2600 with revised accounting and reporting principles for transactions that are denominated in a foreign currency
- *PS 3041 Portfolio Investments* replaces PS 3040 with revised accounting and reporting principles for portfolio investments and is effective in the period PS 2601 and PS 3450 are adopted
- *PS 3280 Asset Retirement Obligations* defines and provides guidance for accounting and reporting retirement obligations associated with tangible capital assets and includes the withdrawal of *PS 3270 Solid Waste Landfill Closure and Post-Closure Liability*
- *PS 3450 Financial Instruments* defines and provides guidance for accounting and reporting all types of financial instruments including derivatives

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

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

**Note 3 Cash and Cash Equivalents and Portfolio Investments**

	2021	2020
Cash and cash equivalents	\$ 61,454	\$ 36,606
Portfolio investments	59,180	47,312
	120,634	83,918
Amounts restricted for research and designated purposes	(77,946)	(59,912)
Amounts restricted for capital purposes	(5,311)	(6,177)
Amounts restricted for designated operating purposes	(4,520)	(322)
Unrestricted cash and cash equivalents	<b>\$ 32,857</b>	<b>\$ 17,507</b>

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

Restricted cash and portfolio investments are designated to be used only in support of initiatives specifically approved by external funding organizations and individuals. Related investments are stated at fair market value. The corresponding restricted liabilities represent unexpended funds as of the end of the fiscal year, and will be recognized as revenue when the funds are used for their intended purpose.

**Note 4 Accounts Receivable**

	2021	2020
Patient care	\$ 25,028	\$ 34,822
Accruals	15,623	12,390
Other external health organizations	4,032	3,065
Dalhousie University	1,790	1,167
Private long-term care facilities	729	1,158
Other	779	6,027
Less provision for doubtful accounts	(18,898)	(18,354)
	<b>\$ 29,083</b>	<b>\$ 40,275</b>

**Note 5 Due from Governments**

	2021	2020
Province of Nova Scotia		
Department of Finance & Treasury Board (Employee Future Benefits – see Note 8)	\$ 283,457	\$ 280,832
Department of Health & Wellness	149,145	96,608
Federal Government	6,739	5,551
Other Provincial Governments	6,006	4,906
Other government organizations	5,359	6,574
IWK Health Centre	2,005	2,100
Less provision for doubtful accounts	(1,892)	(1,441)
	<b>\$ 450,819</b>	<b>\$ 395,130</b>

**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 \$13,996 (2020 – \$23,063) from these organizations. The total amount receivable from foundations and auxiliaries at March 31, 2021 is \$ 14,865 (2020 – \$17,174).

**Note 7 Accounts Payable & Accrued Liabilities**

	2021	2020
Salaries and benefits payable	\$ 132,579	\$ 133,113
Trade payables	120,719	88,252
Vacation pay	24,591	19,237
Accrued liabilities	19,874	14,583
Obligations under capital leases	2,535	–
	<b>\$ 300,298</b>	<b>\$ 255,185</b>



Note 8 Employee Future Benefits

	2021	2020
Health and life insurance (a)	\$ 213,470	\$ 206,418
Non-vested sick-leave benefits (b)	56,318	56,795
Retiring allowances (c)	13,669	17,619
	<b>\$ 283,457</b>	<b>\$ 280,832</b>

**a. Health and Life Insurance**

NS Health provides Health and optional life insurance benefits for certain non-union and unionized employees at the choice of the employee at retirement (life insurance is applicable to former Capital District Health Authority employees only). NS Health contributes to the cost of these premiums. The Province of Nova Scotia contracts a third party to perform actuarial valuations on employee future benefits on behalf of NS Health. The most recent actuarial valuation for the former Capital District Health Authority plan was conducted as at June 30, 2020, with actuarial liabilities extrapolated to March 31, 2021. The most recent actuarial valuation for all other former district health authorities was conducted as at June 30, 2020, with actuarial liabilities extrapolated to March 31, 2021.

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 12 years for active employees. Annually, results along with values to record the liability and expenses are provided by the Nova Scotia Department of Finance and Treasury Board.

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

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

Accrued benefit liability	2021	2020
Beginning balance, accrued benefit obligation	\$ 198,253	\$ 188,458
Current service cost	8,590	7,892
Interest on accrued benefit obligation	6,244	6,190
Experience loss	13,607	1,603
Benefits paid	(6,035)	(5,890)
Ending balance, accrued benefit obligation	220,659	198,253
Unamortized net actuarial (loss) gain	(7,189)	8,165
Accrued benefit liability	<b>\$ 213,470</b>	<b>\$ 206,418</b>

Employee future benefits health and life insurance expense	2021	2020
Current service costs	\$ 8,590	\$ 7,892
Interest on accrued benefit obligations	6,244	6,190
Amortization of net actuarial gain	(1,746)	(1,874)
Employee future benefits and health and life insurance expense	<b>\$ 13,088</b>	<b>\$ 12,208</b>

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

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

	2021	2020
Discount rate	3.01%	3.24%
Participation rate – health	80%–95%	80%–95%
Future mortality rate based on CPM 2014 Public sector table with mortality scale CPM-B	120%	120%
Rate of compensation increase	0.5% – 2%	0.5% – 2%
Promotion increase	0.4% – 2.9%	0.4% – 2.9%
Rate of healthcare inflation (reduced to a rate of 4% over 20 years)	7%	7%

**b. Non-Vested Sick-Leave Benefits**

NS Health provides non-vested sick-leave benefits to certain unionized and non-management employees. These employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in their respective employment agreement. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick-leave compensation ceases on termination of employment. The Province of Nova Scotia contracts a third party to perform actuarial valuations on employee future benefits on behalf of NS Health. The benefit costs and liabilities related to the plan are included in the consolidated financial statements. Actuarial gains and losses are amortized over the expected average remaining service life of 10 years. The most recent actuarial valuation was conducted as at June 30, 2020, with actuarial liabilities extrapolated to March 31, 2021.

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

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

Accrued benefit liability	2021	2020
Beginning balance, accrued benefit obligation	\$ 40,197	\$ 38,819
Current service cost	5,564	5,335
Interest cost on accrued benefit obligation	1,232	1,261
Experience (gain) loss	(8,681)	118
Benefits paid	(5,211)	(5,336)
Ending balance, accrued benefit obligation	33,101	40,197
Unamortized net actuarial gain	23,217	16,598
Accrued benefit liability	\$ 56,318	\$ 56,795

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

Employee future benefits, non-vested sick-leave benefits expense	2021	2020
Current service costs	\$ 5,564	\$ 5,335
Interest on accrued benefit obligation	1,232	1,261
Amortization of net actuarial gain	(2,062)	(2,377)
<b>Employee future benefits, non-vested sick-leave benefits expense</b>	<b>\$ 4,734</b>	<b>\$ 4,219</b>

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

	2021	2020
Discount rate	3.01%	3.24%
Future mortality rate based on CPM 2014 Public Sector table with mortality scale CPM-B	120%	120%
Rate of compensation increase	0.5% – 2%	0.5% – 2%
Promotional increase	0.4% – 2.9%	0.4% – 2.9%

**c. Retiring Allowances**

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, 2019, with actuarial liabilities extrapolated to March 31, 2020.

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

In 2018, eligible management and non-unionized staff as well as unionized staff were offered a one-time service payout in lieu of the retirement allowance available at the time of retirement. This resulted in a total service payout in the prior year of \$23 million to 83% of those eligible management and non-unionized staff as well as \$119 million to 89% of those eligible unionized employees. This immediate payout triggered a partial plan settlement under PS 3250, and as such a net cost of \$6.6 million had been reflected in expenses for the year ended March 31, 2019. These payouts had no affect on the current fiscal year.

**Note 8 Employee Future Benefits: Retiring Allowances (continued)**

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

NS Health has provided for retiring allowances as follows:

Accrued benefit liability	2021	2020
Beginning balance, accrued benefit obligation	\$ 13,069	\$ 23,461
Interest on accrued benefit obligation	342	665
Experience loss (gain)	28	(4,997)
Benefits paid	(3,601)	(6,060)
Ending balance, accrued benefit obligation	9,838	13,069
Unamortized net actuarial gain	3,831	4,550
<b>Accrued benefit liability</b>	<b>\$ 13,669</b>	<b>\$ 17,619</b>

Employee future benefits retiring allowance expense (recovery)	2021	2020
Interest on accrued benefit obligation	\$ 342	\$ 665
Amortization of net actuarial (gain) loss	(691)	23
<b>Employee future benefits retiring allowance expense</b>	<b>\$ (349)</b>	<b>\$ 688</b>

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

	2021	2020
Discount rate	3.01%	3.24%
Average age of employees	52.2	52.2
Average years of services	11.2	11.2
Future mortality rate	[none assumed]	
Rate of compensation increase	0.5% – 2%	0.5% – 2%
Promotional increase	0.4% – 2.9%	0.4% – 2.9%

**Note 9 Deferred Revenue**

Deferred operating revenue of \$ 4,520 [2020 – \$321] represents advance operating grant funding. Deferred capital revenue of \$ 5,311 [2020 – \$6,177] 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 \$ 65,322 [2020 – \$47,661] 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 \$ 12,624 [2020 – \$12,251] 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.

	2021	2020
<b>Deferred operating revenue</b>		
Balance, beginning of year	\$ 321	\$ 297
Receipts during the year	4,482	804
Recognized during the year	(283)	(780)
<b>Balance, end of year</b>	<b>4,520</b>	<b>321</b>
<b>Deferred capital revenue</b>		
Balance, beginning of year	6,177	5,713
Receipts during the year	2,181	6,522
Recognized during the year	(3,047)	(6,058)
<b>Balance, end of year</b>	<b>5,311</b>	<b>6,177</b>
<b>Deferred Research, Innovation and Discovery Fund</b>		
Balance, beginning of year	47,661	47,233
Receipts during the year	39,453	26,129
Recognized during the year	(21,792)	(25,701)
<b>Balance, end of year</b>	<b>65,322</b>	<b>47,661</b>
<b>Deferred designated revenue</b>		
Balance, beginning of year	12,251	12,084
Receipts during the year	2,119	3,335
Recognized during the year	(1,746)	(3,168)
<b>Balance, end of year</b>	<b>12,624</b>	<b>12,251</b>
	<b>\$ 87,777</b>	<b>\$ 66,410</b>

Note 10 Long-Term Debt

	2021	2020
Term loan – parking garage	\$ 1,782	\$ 2,599
Term loan – building improvements	120	155
	<b>\$ 1,902</b>	<b>\$ 2,754</b>

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

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

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

Total principal repayments required in respect of long-term debt as at March 31, 2021 for each of the next five years are as follows:

Year ended March 31	
2022	\$ 900
2023	952
2024	35
2025	15
2026	–
	<b>\$ 1,902</b>

The total gross interest paid on long term debt for the year ended March 31, 2021 was \$130 [2020 – \$222].

NS Health has access to a \$65,000 line of credit with a Canadian chartered bank which may be used for general operating purposes. Draws on the facility bear interest at the bank's prime rate less 0.80% per annum. As at March 31, 2021, NS Health has \$nil [2020 – \$nil] draws against this facility.

NS Health also has access to a \$7,500 revolving lease line of credit with a Canadian chartered bank which may be used for the acquisition of capital assets. Draws on the facility bear interest at a rate to be negotiated at the time of the draw. As at March 31, 2021, NS Health has \$nil [2020 – \$nil] draws against this facility.

Note 11 Tangible Capital Assets

Historical Costs	Land	Buildings	Equipment <sup>(b)</sup>	Information technology	Construction in progress (CIP)	2021 Total	2020 Total (Restated)
Opening costs	\$ 4,284	\$ 1,642,558	\$ 451,701	\$ 6,921	\$ 213,460	\$ 2,318,924	\$ 2,303,161
Transfers from CIP	-	41,058	14,327	127	(55,512)	-	-
Additions	-	14,668	20,379	166	106,972	142,185	157,430
Transfer of redevelopment assets (Note 25)	-	-	-	-	-	-	(40,156)
Write-downs <sup>(a)</sup>	-	-	(18,713)	-	-	(18,713)	(101,511)
Closing costs	\$ 4,284	\$ 1,698,284	\$ 467,694	\$ 7,214	\$ 264,920	\$ 2,442,396	\$ 2,318,924

Accumulated Amortization	Land	Buildings	Equipment	Information technology	Construction in progress (CIP)	2021 Total	2020 Total (Restated)
Opening	-	980,825	310,118	5,315	-	1,296,258	1,333,388
Write-downs	-	-	(17,809)	-	-	(17,809)	(101,511)
Amortization Expense	-	35,828	27,895	779	-	64,502	64,381
Closing Amortization	\$ -	\$ 1,016,653	\$ 320,204	\$ 6,094	\$ -	\$ 1,342,951	\$ 1,296,258
<b>Net Book Value</b>	<b>\$ 4,284</b>	<b>\$ 681,631</b>	<b>\$ 147,490</b>	<b>\$ 1,120</b>	<b>\$ 264,920</b>	<b>\$ 1,099,445</b>	<b>\$ 1,022,666</b>

a. Write-downs

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

b. Leased equipment

Equipment includes tangible capital assets acquired through capital leases.

**Note 12 Inventories of Supplies**

	2021	2020
Drugs	\$ 23,105	\$ 23,955
Departmental	19,662	13,538
Medical and surgical	8,764	7,185
Linen	2,539	2,596
	<b>\$ 54,070</b>	<b>\$ 47,274</b>

**Note 13 Other Revenue**

	2021	2020
Out of Province – Patient	\$ 20,292	\$ 24,831
Uninsured Services – Patient	17,286	18,170
Out of Country – Patient	11,148	16,429
PDDP External Drug Sales	9,967	10,611
Workers Compensation	9,102	11,511
Cafeteria	4,508	7,399
Other	3,737	6,162
Preferred Accommodation	3,331	7,030
Parking	2,623	4,727
	<b>\$ 81,994</b>	<b>\$ 106,870</b>

**Note 14 Contributions to Employee Pension Plans**

**Nova Scotia Health Employees' Pension Plan**

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

**Nova Scotia Public Service Superannuation Plan**

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

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

	2021	2020
Employer contributions	\$ 111,055	\$ 103,862



**Note 15 Contributions to Employee Long-Term Disability Plans**

**Health Association Nova Scotia**

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

**Nova Scotia Public Service Long-Term Disability Plan Trust Fund**

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

**Long-Term Disability Plan for Clinical Research**

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

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

	2021	2020
Employer contributions	\$ 16,342	\$ 15,873

**Note 16 Contractual Obligations**

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

Year ended March 31		
2022	\$	20,210
2023		15,976
2024		12,126
2025		10,484
2026		9,501
Thereafter in aggregate		23,118

**Note 17 Financial Instruments**

Financial instruments are any contracts that give rise to financial assets of one entity and financial liabilities of another entity. Financial assets represent a contractual right to receive cash in the future and financial liabilities represent a contractual obligation to deliver cash in the future. NS Health’s financial assets include cash and cash equivalents, portfolio investments and receivables. NS Health’s financial liabilities include accounts payable, long-term debt and accrued liabilities.

Restricted portfolio investments consist of the following:

Investments at fair value	FV hierarchy level	2021	2020
Short term investments	Level 2	\$ 1,384	\$ 1,682
Canadian government & corporate bonds	Level 2	-	-
Common equities & related securities	Level 1	57,796	45,630
		<b>\$ 59,180</b>	<b>\$ 47,312</b>

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

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

**Risk management**

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

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

**Interest rate risk**

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

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

**Note 17 Financial Instruments (continued)**

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

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

**Market risk**

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

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

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

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

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

**Price risk**

Price risk relates to the possibility that equity portfolio investments will change in fair value due to future fluctuations in market prices caused by factors specific to an individual equity investment or other factors affecting all equities traded in the market. NS Health is exposed to price risk associated with the underlying equity portfolio investments held in pooled funds. A 10% change in the market prices of these investments, with all other variables held constant, would have a \$5,780 [2020 – \$4,563] impact on net assets.

**Note 17 Financial Instruments (continued)**

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in market interest rates. NS Health investments interest rate risk is exposure 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 \$578 (2020 – \$456).

**Foreign currency risk**

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

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

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

	2021	2020
US dollar per Canadian dollar	\$ 0.7952	\$ 0.7049

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, 2021 amounts to \$ 20,966 [2020 – \$19,928].

**Note 17 Financial Instruments: Credit risk (continued)**

The aging of trade accounts receivable was as follows:

	2021	2020
Current	\$ 15,992	\$ 23,239
61-90 days	1,701	2,229
90-120 days	1,634	1,594
Greater than 120 days	9,756	13,213
<b>Total</b>	<b>\$ 29,083</b>	<b>\$ 40,275</b>

**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, 2021, NS Health has met its objective of having sufficient liquid resources to meet its current obligations.

**Note 18 Net Change in Other Items**

	2021	2020
Decrease in account receivable	\$ 11,192	\$ 7,060
(Increase) decrease in due from governments	(55,689)	2,219
Decrease (increase) in due from foundations	2,309	(4,820)
Increase in accounts payable	45,113	26,469
<b>Net change in other items</b>	<b>\$ 2,925</b>	<b>\$ 30,928</b>

**Note 19 Operational & Capital Funding Reconciliation**

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

	2021	2020
Annual surplus, reported on the consolidated statement of operations	\$ 76,673	\$ 62,455
Amortization	64,502	64,381
Capital grants	(142,079)	(126,836)
Writedown of tangible capital assets	904	-
<b>Operating funding surplus (deficit), as defined by the Act</b>	<b>\$ -</b>	<b>\$ -</b>

**Note 20 Related Parties and Inter-Entity Transactions**

NS Health is related in terms of common ownership to all Province of Nova Scotia created departments, agencies, boards and commissions. Related parties also include key management personnel having the authority and responsibility for planning, directing and controlling the activities of the Authority. This includes the senior leadership team, and members of the Board of Directors 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 Transportation and Infrastructure Renewal project management and the Department of Service Nova Scotia and Internal Services information technology support provided by the Province of Nova Scotia to NS Health, are not recognized in the consolidated financial statements. Additionally, SAP Enterprise system support services are provided by NS Health to IWK at no charge.

**Note 21 Contingent Liabilities**

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

On June 15, 2020, it was announced that NS Health and Nova Scotia Government and General Employees Union (NSGEU) had come to an agreement as a result of an outstanding Licensed Practical Nurse (LPN) classification grievance in the former Capital District Health Authority (CDHA). The agreement, known as a consent award, was negotiated by NS Health and NSGEU, with a decision imposed by an arbitrator. The outcome of the agreement resulted in a reclassification for former CDHA NSGEU LPNs. Effective March 17, 2014, the consent award provided an increase of 12% to LPNs and eligible LPNs received a retroactive pay to that date in August 2020.

LPNs in the Nova Scotia Nurses Union (NSNU) have received a proactive 12% hourly wage increase consistent with the increase awarded to NSGEU LPNs. NS Health is involved in continued discussions with other bargaining units surrounding other LPN's eligibility. These discussions are ongoing and consequently results cannot be predicted with certainty.

**Note 22 COVID-19**

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

**Operational impact**

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

The Essential Health Care Workers Program was announced by Government (Federal and Provincial) on May 7th, 2020. The Essential Health Care Workers Program resulted in healthcare workers receiving a bonus of up to \$2,000 (actual) after a four-month period, beginning March 13th, 2020. It included eligible employees at NS Health, the IWK Health Centre and employees in long-term care, home care, in-home support and Emergency Health Services. NS Health administered this program on behalf of DHW and consequently, these payments are not included in the consolidated financial statements of NS Health.

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

Any current year impact of COVID-19 on costs and revenues have been recognized in these consolidated financial statements. The overall financial impact of COVID-19 for fiscal 2021 included lost revenue that would have normally been generated from uninsured medical services and visitor traffic had those services not been cancelled, lost parking revenue as a result of parking being free for a portion of the year, increases in wages and benefits, additional equipment purchases and increased PPE and vaccination supplies usage. The financial impact has been captured in NS Health's consolidated statement of operations. The duration and impact of the COVID-19 pandemic on NS Health remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of NS Health for future periods.

**Personal Protective Equipment (PPE) and Vaccination Supplies Inventory**

During fiscal 2021, NS Health procured PPE and vaccination inventory on behalf of DHW for numerous entities across the province. Title and control of this inventory lies with DHW and consequently pandemic stockpile inventory balances at March 31, 2021 have not been included in these consolidated financial statements. NS Health has recognized any expenses related to NS Health's consumption of both the PPE and vaccination inventory within these consolidated financial statements.

**Vaccine**

Title and control of the Nova Scotia Provincial supply of Health Canada approved vaccines (Pfizer, Moderna, Astrazeneca) lies with DHW and consequently vaccine balances at March 31, 2021 have not been included in these consolidated financial statements.



**Note 23 Budgeted Figures**

Budgeted figures, detailed within NS Health’s 2020–2021 Business Plan, have been provided for comparison purposes and have been approved by the Department of Health & Wellness (DHW). Budgeted figures included in the consolidated financial statements are not audited.

The following presents a reconciliation between NS Health’s approved Business Plan, NS Health’s budget for those items not included in the Business Plan and the budget as presented in the consolidated statement of operations and surplus to align with the presentation of the current year results.

Revenues	
DHW approved operating revenue per Business Plan	\$ 2,330,948
Recoveries	47,675
Capital grants – Provincial	23,630
Capital grants – Other	22,034
Capital transfers	120,653
<b>Total budgeted revenues per consolidated statement of operations</b>	<b>\$ 2,544,940</b>

Expenses	
DHW approved operating expenses per Business Plan	\$ 2,330,948
Recoveries	47,675
Amortization	65,000
<b>Total budgeted expenses per consolidated statement of operations</b>	<b>\$ 2,443,623</b>

**Note 24 Comparative Figures**

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

**Note 25 Prior Period Adjustment**

In November 2019, NS Treasury and Policy Board approved a decision to reclassify specific capital projects included in the QEII redevelopment and Cape Breton redevelopment projects as provincial tangible capital assets. Through discussions between NS Health, the Department of Health & Wellness, and the Department of Finance and Treasury Board, it was agreed which specific projects would be reclassified as tangible capital assets controlled by DHW and thus, not included in these consolidated financial statements.

The fiscal 2020 financial results have been restated to reflect this adjustment as follows:

Reduction in cost of tangible capital assets	\$ 40,156
Reduction in capital revenue	31,766
Reduction in accumulated surplus	8,391

CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT			
FOR THE YEAR ENDED MARCH 31			
		2021	2020
Compensation	\$	1,741,737	\$ 1,669,362
Drugs		146,785	137,635
Medical and surgical supplies		131,799	137,586
Amortization		64,502	64,381
Equipment and maintenance		57,747	52,208
Clinical supplies		49,862	44,884
Utilities		46,475	51,585
Contracted services		39,968	36,198
Professional fees		33,082	25,062
Building and grounds		31,851	26,581
Laundry and linen supplies		27,247	18,141
Clinical research and designated programs		26,255	28,747
Equipment purchase and lease		21,574	18,736
Other (general supplies, bad debt, communications)		20,351	25,476
Food and dietary supplies		14,787	16,186
Delivery and courier		15,244	11,148
Travel and education		11,411	15,653
Plant operations		9,633	7,430
Office expenses		8,907	9,463
Insurance and liability claims		8,121	7,672
Community grants		6,918	5,885
<b>Total expenses</b>	<b>\$</b>	<b>2,514,256</b>	<b>\$ 2,410,019</b>