



Healthy Communities for a Healthy Future

Cumberland Health Authority
Financial Statements
March 31, 2013

Contents

	<u>Page</u>
Managements' Report	1
Auditors' Report	2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Debt	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 16
Schedule 1 – Expenses by Object	17
Schedule 2 – Statement of Operations by Fund	18

MANAGEMENTS' REPORT

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the 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 are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and external audited financial statements yearly.

The external auditors, McIsaac Darragh Chartered Accountants, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of the Cumberland Health Authority and meet when required.

On behalf of the Cumberland Health Authority



Bruce Quigley
Chief Executive Officer



Bruce Belyea
Director of Finance

INDEPENDENT AUDITOR'S REPORT

To the Members of Cumberland Health Authority

We have audited the accompanying financial statements of Cumberland Health Authority, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of operations and accumulated surplus, changes in net debt and cash flows for the years ended March 31, 2013 and March 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cumberland Health Authority as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.



Amherst, Nova Scotia
June 25, 2013

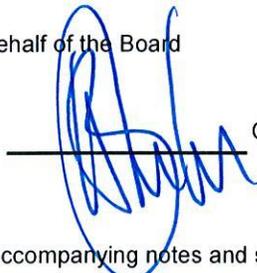
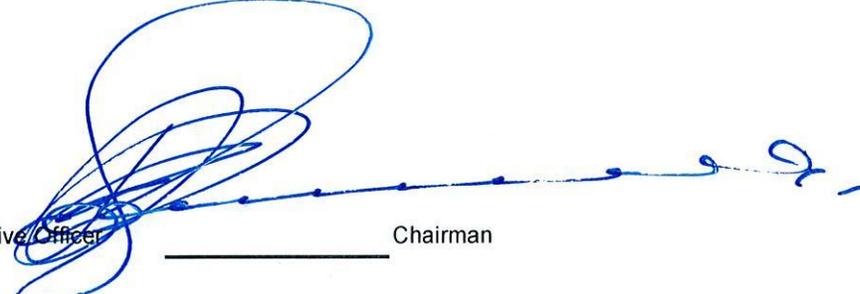
CHARTERED ACCOUNTANTS

**Cumberland Health Authority
Statement of Financial Position
as at**

	March 31, 2013	March 31, 2012	(Note 3) April 1, 2011
Financial assets			
Cash (Note 10)	\$ 1,368,078	\$ 1,010,592	\$ 1,478,260
Receivables (Note 4)	6,760,558	5,764,676	6,091,057
Employee future benefits receivable (Note 7)	8,004,266	7,365,016	6,909,933
	<u>16,132,902</u>	<u>14,140,284</u>	<u>14,479,250</u>
Liabilities			
Accounts payable and accrued liabilities (Note 5)	8,149,779	6,504,235	7,165,063
Deferred revenue (Note 6)	1,416,579	1,554,422	1,627,354
Long-term debt	-	-	374,247
Employee future benefits payable (Note 7)	8,004,266	7,365,016	6,909,933
	<u>17,570,624</u>	<u>15,423,673</u>	<u>16,076,597</u>
Net debt	<u>(1,437,722)</u>	<u>(1,283,389)</u>	<u>(1,597,347)</u>
Non-financial assets			
Inventories held for use	366,840	389,279	345,123
Prepaid expenses	156,246	319,540	179,776
Tangible capital assets (Note 8)	52,504,480	53,113,889	55,319,945
	<u>53,027,566</u>	<u>53,822,708</u>	<u>55,844,844</u>
Accumulated surplus (Note 11)	<u>\$ 51,589,844</u>	<u>\$ 52,539,319</u>	<u>\$ 54,247,497</u>

Commitments (Note 12)
Contingent liability (Note 14)

On Behalf of the Board

_____ Chief Executive Officer _____ Chairman

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

Cumberland Health Authority
Statement of Operations and Accumulated Surplus
Year ended March 31, 2013

	(Note 16) Budget 2013	(Schedule 2) Actual 2013	(Note 3) Actual 2012
REVENUES			
Province of Nova Scotia - operational funding	\$ 54,715,473	\$ 59,256,101	\$ 57,601,830
Province of Nova Scotia - capital funding	-	1,179,094	204,922
Patient billings	3,327,000	3,595,069	4,066,690
Foundations/Auxiliaries	30,000	345,188	242,534
Federal government	-	119,784	332,544
Cafeteria	260,000	273,118	252,126
Parking (Note 11)	-	179,669	193,383
Other income	418,000	608,610	529,972
Workers Compensation Board	150,000	95,971	90,289
	\$ 58,900,473	\$ 65,652,604	\$ 63,514,290
EXPENSES (Schedule 1)			
In-patient services	19,298,074	20,284,124	20,081,257
Ambulatory services	7,956,950	8,789,665	8,590,413
Amortization of tangible capital assets (Note 8)	2,338,627	2,358,027	2,689,003
Diagnostic and therapeutic services	9,939,829	9,509,433	9,410,392
Support services	13,565,252	16,017,319	15,763,678
Community services	8,140,368	8,302,618	7,657,988
Employee future benefits (Note 7)	-	1,340,893	1,029,738
	61,239,100	66,602,079	65,222,468
Annual deficit	\$ (2,338,627)	\$ (949,475)	\$ (1,708,178)
Accumulated surplus at beginning of year	52,539,319	52,539,319	54,247,497
Accumulated surplus at end of year	\$ 50,200,692	\$ 51,589,844	\$ 52,539,319

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

Cumberland Health Authority
Statement of Changes in Net Debt
Year ended March 31, 2013

	(Note 16) Budget	Actual
Net debt at April 1, 2011	\$ (1,597,347)	\$ (1,597,347)
Annual deficit	(2,400,859)	(1,708,178)
Acquisition of tangible capital assets	(1,265,934)	(482,947)
Amortization of tangible capital assets	2,400,859	2,689,004
Acquisition of supplies inventory (net of usage)	-	(44,156)
Acquisition of prepaid expense (net of usage)	-	(139,765)
(Increase) decrease in net debt	<u>(1,265,934)</u>	<u>313,958</u>
Net debt at March 31, 2012	<u>\$ (2,863,281)</u>	<u>\$ (1,283,389)</u>
Net debt at April 1, 2012	\$ (1,283,389)	\$ (1,283,389)
Annual deficit	(2,338,627)	(949,475)
Acquisition of tangible capital assets	(866,445)	(1,798,827)
Amortization of tangible capital assets	2,338,627	2,358,027
Write-down of tangible capital assets	-	50,209
Acquisition of supplies inventory (net of usage)	-	22,439
Acquisition of prepaid expense (net of usage)	-	163,294
(Increase) decrease in net debt	<u>(866,445)</u>	<u>(154,333)</u>
Net debt at March 31, 2013	<u>\$ (2,149,834)</u>	<u>\$ (1,437,722)</u>

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

Cumberland Health Authority
Statement of Cash Flows
Year ended March 31, 2013

	2013	2012
Operating transactions		
Annual deficit	\$ (949,475)	\$ (1,708,178)
Non-cash items:		
Amortization	2,358,027	2,689,004
Write-down of tangible capital assets	50,209	-
Inventories held for use	22,439	(44,156)
Prepaid expenses	163,294	(139,765)
Deferred revenue	(137,843)	(72,932)
Accounts receivable	(1,635,132)	(128,702)
Accounts payable	2,284,794	(579,992)
Net cash generated through operating activities	<u>2,156,313</u>	<u>15,279</u>
Cash flow from capital activities		
Acquisition of tangible capital assets	(1,798,827)	(482,947)
Net cash used in capital activities	<u>(1,798,827)</u>	<u>(482,947)</u>
Net (decrease) increase in cash	357,486	(467,668)
Cash, beginning of year	1,010,592	1,478,260
Cash, end of year	<u>\$ 1,368,078</u>	<u>\$ 1,010,592</u>

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

**Cumberland Health Authority
Notes to the Financial Statements
Year Ended March 31, 2013**

1. NATURE OF OPERATIONS

Cumberland Health Authority (CHA) operates several health care facilities including South Cumberland Community Care Centre, North Cumberland Memorial Hospital, Cumberland Regional Health Care Centre, All Saints Springhill Hospital, Bayview Memorial Hospital and related community services including Mental Health, Public Health, Addiction Services and Continuing Care. The Cumberland Health Authority is a registered charity under the Income Tax Act of Canada and therefore is exempt from income tax.

Cumberland Health Authority was formed by the *Health Authorities Act* of the Province of Nova Scotia, as assented to on June 8, 2000. On January 1, 2001, Cumberland Health Authority acquired the assets and assumed the liabilities of the former Northern Regional Health Board related to the facilities and other health care services referred to above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared by management in accordance with Public Sector Accounting Standards (PSAS) as issued by the Public Sector Accounting Board (PSAB) under the mandate of Nova Scotia. This is the first time that the Cumberland Health Authority has prepared its financial statements in accordance with PSAS, having prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles (Canadian GAAP). Details of how the transition from Canadian GAAP to PSAS has affected the financial position, financial performance and cash flows are disclosed in Note 3.

Measurement uncertainty

The preparation of these financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

The estimates previously made by the organization under Canadian GAAP were not revised for the application of PSAS except where necessary to reflect any differences in accounting policy or when there is objective evidence that those estimates were in error. As a result, the Authority has not used hindsight to revise estimates.

Estimates include amortization of capital assets, allowance for doubtful accounts, accruals, as well as the actuarial and economic assumptions used in calculating the cost of defined benefit pension plans, the accrued benefit obligation and pension plan assets.

**Cumberland Health Authority
Notes to the Financial Statements
Year Ended March 31, 2013**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Revenue recognition

Provincial transfers for operating and capital purposes are recognized in the period in which all eligibility criteria or stipulations have been met. Any funding received prior to satisfying these conditions is deferred until conditions have been met. When revenue is received without eligibility credits or stipulations, it is recognized when the transfer from the Province of Nova Scotia is authorized.

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, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimate is impractical.

Externally restricted contributions are recognized as revenue when the resources are used for their intended purpose. Externally restricted contributions received before this time are reported as deferred revenue.

Inventories held for use

Inventories are recorded at the lower of cost or replacement value. Cost is determined by using a weighted average for supplies and specific identification for pharmaceuticals.

Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Amortization is provided on a straight line basis at the following rates:

Land improvements	5%
Buildings	2%
Equipment	5-20%
Equipment under capital lease	5-20%

Amortization on construction in progress is not recorded until the projects are completed.

Tangible capital assets are written down when conditions indicate that they no longer contribute to CHA's ability to provide service.

**Cumberland Health Authority
Notes to the Financial Statements
Year Ended March 31, 2013**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Employee future benefits

- (i) The cost of non-vesting sick leave benefits are actuarially determined using the actuary's best estimate of salary escalation, accumulated sick days at retirement, long-term inflation rates and discount rates.
- (ii) The Authority pays allowances to employees upon retirement and certain employees are entitled to cost-sharing on health benefits following retirement. Annually, the values to record the liability and expenses are provided by the Department of Finance based on third party actuarial valuations. The Department of Finance fully funds these liabilities therefore an offsetting receivable balance is recorded.

The actuarial determination of the accrued benefit obligations for retirement benefits uses the projected benefit method prorated on service (which incorporates estimates of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors). The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered in that period. Past service costs arising from plan amendments, experience gains and losses, and assumption changes are deferred and amortized on a straight-line basis over the average remaining service period of employees.

Financial instruments

The CHA's financial instruments are comprised of cash, receivables, accounts payables and accrued liabilities. These financial instruments are carried at cost or amortized cost. Carrying value approximates fair value.

It is management's opinion that the CHA is not exposed to significant liquidity, interest, currency or credit risks from these instruments.

As the CHA has no assets subject to remeasurement, no statement of remeasurement gains and losses has been presented.

Non-financial assets

Non-financial assets do not normally provide resources to discharge liabilities of the CHA unless they are sold. They are accounted for as an asset because they can be used to provide services in future periods.

The change in non-financial assets during the year, together with the annual surplus or deficit, accounts for the change in net financial assets for the year.

Reserves

Certain amounts, as approved by the Board of Directors, are set aside in accumulated surplus for future capital purposes. Transfers to/from reserves are an adjustment to the respective fund when approved.

Cumberland Health Authority
Notes to the Financial Statements
Year Ended March 31, 2013

3. CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS

These financial statements are the first financial statements for which the Authority has applied Canadian public sector accounting standards (PSAS). Comparative period information presented for the year ended March 31, 2012, was prepared in accordance with PSAS and the provisions set out in Section PS 2125 *First-time adoption by government organizations*.

The date of transition to PSAS is April 1, 2011. The adoption of the standards has resulted in a restatement of the Statement of Operations for the year ended March 31, 2012, and accumulated surplus as of April 1, 2011 and March 31, 2012. The significant impacts on the statement of operations and statement of financial position included:

- Adjustments to sick leave accrual
- Removal of flow-through funding
- Deferral of externally restricted inflows

(a) Adjustment to the statement of financial position as at April 1, 2011:

	As previously <u>reported</u>	Adjustment <u>required</u>	<u>As restated</u>
Financial assets			
Cash	\$ 1,478,260	\$ -	\$ 1,478,260
Receivables	5,950,996	140,061	6,091,057
Employee future benefits receivable	<u>5,193,533</u>	<u>1,716,400</u>	<u>6,909,933</u>
	<u>\$12,622,789</u>	<u>\$ 1,856,461</u>	<u>\$ 14,479,250</u>
	As previously <u>reported</u>	Adjustment <u>required</u>	<u>As restated</u>
Financial liabilities			
Accounts payable and accrued liabilities	\$ 7,222,602	\$ (57,539)	\$ 7,165,063
Deferred revenue	1,270,286	357,068	1,627,354
Advance from province	374,247	-	374,247
Employee future benefits payable	<u>4,995,933</u>	<u>1,914,000</u>	<u>6,909,933</u>
	<u>\$ 13,863,068</u>	<u>\$ 2,213,529</u>	<u>\$ 16,076,597</u>
	As previously <u>reported</u>	Adjustment <u>required</u>	<u>As restated</u>
Non-financial assets			
Inventories held for use	\$ 345,123	\$ -	\$ 345,123
Prepaid expenses	179,776	-	179,776
Tangible capital assets	<u>55,319,945</u>	<u>-</u>	<u>55,319,945</u>
	<u>\$ 55,844,844</u>	<u>\$ -</u>	<u>\$ 55,844,844</u>

Cumberland Health Authority
Notes to the Financial Statements
Year Ended March 31, 2013

3. CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS (continued)

(b) Reconciliation of previously reported annual surplus (deficit) for March 31, 2012, with the annual surplus (deficit) for March 31, 2012, shown in the financial statements:

Annual deficit, as previously reported at March 31, 2012	\$ (1,729,696)
Deferral of externally restricted inflows	21,518
Elimination of flow-through revenue	1,674,223
Elimination of flow-through expense	(1,674,223)
Adjustment related to sick leave recovery	188,000
Adjustment related to sick leave expense	<u>(188,000)</u>
Annual deficit, as restated March 31, 2012	<u>\$ (1,708,178)</u>

4. RECEIVABLES

	<u>2013</u>	<u>2012</u>	<u>April 1, 2011</u>
Charges to M.S.I.	\$ 135,013	\$ 51,942	\$ 43,695
Foundations and auxiliaries	77,356	293,435	235,859
Harmonized sales tax	432,760	239,344	602,798
Patients	1,669,448	2,379,649	1,167,017
Other	<u>568,874</u>	<u>439,740</u>	<u>459,656</u>
	2,883,451	3,404,110	2,509,025
Nova Scotia Department of Health and Wellness			
Construction and equipment	1,149,827	\$ 276,178	\$ 1,461,763
Contracts and other	1,662,743	1,019,851	1,055,732
Vacation pay	<u>1,064,537</u>	<u>1,064,537</u>	<u>1,064,537</u>
	<u>3,877,107</u>	<u>2,360,566</u>	<u>3,582,032</u>
	<u>\$ 6,760,558</u>	<u>\$ 5,764,676</u>	<u>\$ 6,091,057</u>

5. ACCOUNT PAYABLES AND ACCRUED LIABILITIES

	<u>2013</u>	<u>2012</u>	<u>April 1, 2011</u>
Trade	\$ 6,669,059	\$ 5,185,670	\$ 4,975,800
Vacation pay	860,088	740,238	1,264,205
Harmonized sales tax	20,613	15,342	22,099
Payroll benefits	<u>600,019</u>	<u>562,985</u>	<u>902,959</u>
	<u>\$ 8,149,779</u>	<u>\$ 6,504,235</u>	<u>\$ 7,165,063</u>

**Cumberland Health Authority
Notes to the Financial Statements
Year Ended March 31, 2013**

6. DEFERRED REVENUE

Deferred revenues are set aside for specific purposes as required by legislation or agreement.

2013	Balance, beginning of year	Receipts in year	Transfers to revenue	Balance, end of year
Deferred operating projects	\$ 1,218,872	\$ 68,923	\$ (102,817)	\$ 1,184,978
Deferred donations	45,015	50,888	(43,000)	52,903
Deferred capital projects	290,535	36,767	(148,604)	178,698
Totals	<u>\$ 1,554,422</u>	<u>\$ 156,578</u>	<u>\$ (294,421)</u>	<u>\$ 1,416,579</u>

2012	Balance, beginning of year	Receipts in year	Transfers to revenue	Balance, end of year
Deferred operating projects	\$ 1,270,286	\$ 128,646	\$ (180,060)	\$ 1,218,872
Deferred donations	61,015	68,578	(84,578)	45,015
Deferred capital projects	296,053	36,769	(42,287)	290,535
Totals	<u>\$ 1,627,354</u>	<u>\$ 233,993</u>	<u>\$ (306,925)</u>	<u>\$ 1,554,422</u>

**Cumberland Health Authority
Notes to the Financial Statements
Year Ended March 31, 2013**

7. EMPLOYEE FUTURE BENEFITS

The Cumberland Health Authority has provided for retirement obligations and sick leave benefits as follows:

	Retirement Benefits	Sick Benefits	2013	2012
<u>Accrued benefit obligation</u>				
Balance, beginning of year	\$ 5,263,016	\$2,102,000	\$ 7,365,016	\$ 6,909,933
Current service cost for the year	433,500	394,000	827,500	770,600
Amortization of experience gain	357,035	-	357,035	146,078
Interest cost during the year	282,800	96,000	378,800	386,060
Estimated fiscal payments for employees	(673,085)	(251,000)	(924,085)	(847,655)
Balance, end of year	<u>\$ 5,663,266</u>	<u>\$ 2,341,000</u>	\$ 8,004,266	<u>\$ 7,365,016</u>
Future benefits expense	<u>\$ 1,101,893</u>	<u>\$ 239,000</u>	\$ 1,340,893	<u>\$ 1,029,738</u>

During the period, retiring allowances actually paid totalled \$653,980 (2012 - \$537,486).

The significant actuarial assumptions adopted in measuring the company's employee future benefits are as follows (weighted-average assumptions):

	<u>2013</u>	<u>2012</u>
Discount rate	4.30%	4.75%
Average age of employees	46.4	45.9
Expected average remaining service life	10.0	10.2
Average years of service	12.3	12.9
Rate of compensation increase	1.00%	1.00%

Cumberland Health Authority
Notes to the Financial Statements
Year Ended March 31, 2013

8. TANGIBLE CAPITAL ASSETS

March 31, 2013	Land	Land improvements	Buildings	Equipment	Equipment under capital lease	2013 Total
Cost						
Opening Balance	\$ 353,785	\$ 1,430,873	\$ 62,450,532	\$ 11,127,350	\$ 12,718	\$ 75,375,258
Additions	-	-	673,355	1,125,472	-	1,798,827
Disposals	-	-	-	(4,732,263)	-	(4,732,263)
Write-downs	-	-	-	(50,209)	-	(50,209)
Closing Balance	353,785	1,430,873	63,123,887	7,470,350	12,718	72,391,613
Accumulated Amortization						
Opening Balance	-	696,161	14,828,616	6,727,052	9,540	22,261,369
Amortization	-	76,985	1,323,108	957,298	636	2,358,027
Disposals	-	-	-	(4,732,263)	-	(4,732,263)
Closing Balance	-	773,146	16,151,724	2,952,087	10,176	19,887,133
Net book value	\$ 353,785	\$ 657,727	\$ 46,972,163	\$ 4,518,263	\$ 2,542	\$ 52,504,480

March 31, 2012	Land	Land improvements	Buildings	Equipment	Equipment under capital lease	2012 Total
Cost						
Opening Balance	\$ 353,785	\$ 1,350,435	\$ 62,436,894	\$ 11,219,018	\$ 12,718	\$ 75,372,850
Additions	-	80,438	15,949	386,560	-	482,947
Disposals	-	-	(2,311)	(478,228)	-	(480,539)
Write-downs	-	-	-	-	-	-
Closing Balance	353,785	1,430,873	62,450,532	11,127,350	12,718	75,375,258
Accumulated Amortization						
Opening Balance	-	623,908	13,246,995	7,462,461	8,904	21,342,268
Amortization	-	72,253	1,295,195	1,320,920	636	2,689,004
Disposals	-	-	286,426	(2,056,329)	-	(1,769,903)
Write-downs	-	-	-	-	-	-
Closing Balance	-	696,161	14,828,616	6,727,052	9,540	22,261,369
Net book value	\$ 353,785	\$ 734,712	\$ 47,621,916	\$ 4,400,298	\$ 3,178	\$ 53,113,889

**Cumberland Health Authority
Notes to the Financial Statements
Year Ended March 31, 2013**

9. PENSION PLANS

The Cumberland Health Authority contributes to the following pension plans on behalf of its employees.

- i) A multi-employer defined benefit plan, administered by the Health Association of Nova Scotia, providing pension benefits to most of its employees. The most recent actuarial valuation was conducted as at April 1, 2012 which indicated an unfunded liability.
- ii) A defined benefit plan, administered by the Province of Nova Scotia. The most recent actuarial valuations were conducted as at December 31, 2011 which indicated an unfunded liability. The Authority bears no direct financial responsibility for the unfunded liability of the plan.

The Authority's pension expense for the year amounted to \$3,452,914 (2012 - \$3,091,249) and is included in compensation expense.

10. CREDIT FACILITIES

The Authority has an arrangement with a financial institution, which provides an available unsecured operating line of credit totalling \$1,000,000, bearing interest at the prime rate, all of which is unused at March 31, 2013.

11. ACCUMULATED SURPLUS

The accumulated surplus includes the following reserve:

The Cumberland Health Authority's board of directors has internally restricted parking revenues to be used for equipment purchases for the Cumberland Regional Health Care Centre. The internally restricted fund balance represents the unspent portion of parking fee revenue and is not available for other purposes without approval of the board of directors.

	<u>2013</u>	<u>2012</u>
Reserve for capital purchases – beginning of year	\$ 454,693	\$ 261,310
Parking receipts set aside during the year	179,669	193,383
Equipment purchases	(379,066)	-
Reserve for capital purchases – end of year	<u>\$ 255,296</u>	<u>\$ 454,693</u>

**Cumberland Health Authority
Notes to the Financial Statements
Year Ended March 31, 2013**

12. COMMITMENTS

- a) Cumberland Health Authority is committed to the following estimated operating and occupancy lease payments in each of the next five fiscal years ended March 31:

2014	\$	1,200,800
2015		798,600
2016		745,800
2017		749,800
2018		270,400

- b) Cumberland Health Authority entered into a construction contract subsequent to year end with an estimated cost of \$600,000. Construction began in June 2013.

13. RELATED ENTITIES

The Health Authority has responsibility for the operation of certain hospitals and health care centres as outlined in Note 1. There are several hospital foundations and auxiliaries that solicit funds in the name of these particular hospitals and health care centres. These funds are intended by the contributors to assist in the provision of health care services in the catchment area. The Health Authority is considered to have an economic interest in these foundations and auxiliaries whereby the assets of these organizations will accrue to the benefit of the Authority. The amount and nature of these assets at March 31, 2013 are available from the individual financial statements of the related entities.

14. CONTINGENT LIABILITY

The Health Authority may, from time to time, be involved in legal proceedings, claims and litigation arising in the normal course of operations. As of March 31, 2013, management believes it is not exposed to material, adverse impact on its financial position as a result of any such claims.

15. COMPARATIVE FIGURES

Certain of the 2012 comparative figures have been reclassified to conform to the financial statement presentation adopted in 2013.

16. BUDGET FIGURES

Budget figures have been compiled from information provided by management. These figures have not been audited or verified by any means and are provided for comparative purposes only.

Cumberland Health Authority
Schedule 1 - Expenses by object
Year ended March 31, 2013

	(Note 16)		
	Budget	Actual	Actual
	2013	2013	2012
EXPENSES			
Compensation (<i>Notes 7, 9</i>)	\$ 46,030,162	\$ 47,501,076	\$ 45,471,698
Plant maintenance/utilities	3,374,757	4,816,497	4,451,909
Purchased services	2,291,806	3,822,400	4,218,429
Amortization	2,338,627	2,358,027	2,689,004
Medical/surgical supplies	1,845,896	1,812,601	1,860,347
Diagnostic and therapeutic services	987,312	1,186,897	1,221,777
Pharmaceutical	1,003,954	1,209,112	1,198,782
Environmental services	626,891	740,900	754,127
Travel and education	644,656	692,911	687,829
Retirement allowance expense	-	653,980	537,486
Other	1,122,444	609,663	789,794
Dietary	347,374	574,917	684,956
Telecommunications	283,489	382,049	362,293
Office supplies	341,732	241,049	294,037
	\$ 61,239,100	\$ 66,602,079	\$ 65,222,468

Cumberland Health Authority
Schedule 2 - Statement of Operations by fund
Year ended March 31, 2013

	Operating	Capital	Total 2013
REVENUES			
Province of Nova Scotia	\$ 59,256,101	\$ 1,179,094	\$ 60,435,195
Patient billings	3,595,069	-	3,595,069
Foundations/Auxiliaries	200,748	144,440	345,188
Federal government	119,784	-	119,784
Cafeteria	273,118	-	273,118
Parking	-	179,669	179,669
Other income	524,220	84,391	608,610
Workers Compensation Board	95,971	-	95,971
	<u>\$ 64,065,011</u>	<u>\$ 1,587,593</u>	<u>\$ 65,652,604</u>
EXPENSES			
Compensation	\$ 47,501,077		\$ 47,501,077
Purchased services	3,822,400		3,822,400
Plant maintenance/utilities	4,816,497		4,816,497
Amortization		2,358,027	2,358,027
Medical/surgical supplies	1,812,601		1,812,601
Diagnostic and therapeutic services	1,186,897		1,186,897
Pharmaceutical	1,209,112		1,209,112
Environmental services	740,900		740,900
Travel and education	692,911		692,911
Dietary	574,917		574,917
Other	559,456	50,209	609,665
Retirement allowance expense	653,980		653,980
Telecommunications	382,046		382,046
Office supplies	241,049		241,049
	<u>\$ 64,193,843</u>	<u>\$ 2,408,236</u>	<u>\$ 66,602,078</u>
Annual deficit	<u>\$ (128,832)</u>	<u>\$ (820,643)</u>	<u>\$ (949,475)</u>