



IWK Health

Financial Statements

Izaak Walton Killam Health Centre

As at March 31, 2022

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Management's Report

Management's Responsibility for the Financial Statements

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. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Finance, Audit and Risk Management Committee. The Finance, Audit and Risk Management Committee reviews internal financial statements at each meeting and external audited financial statements yearly and recommends approval to the Board. The Finance, Audit and Risk Management Committee also discuss any significant financial reporting or internal control matters prior to their recommendation for approval of the financial statements to the Board.

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

On behalf of the Izaak Walton Killam Health Centre:



Dr. Krista Jangaard, MD, FRCPC, MHA
President & Chief Executive Officer



Amanda Whitewood, FCPA, FCMA, C. Dir, CHE
Chief Operating Officer

June 23, 2022

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Izaak Walton Killam Health Centre:

Opinion

I have audited the financial statements of the Izaak Walton Killam Health Centre (the "IWK"), which comprise the statement of financial position as at March 31, 2022, and the statement of operations, statement of change in net debt and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the management discussion and analysis (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the IWK'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 the IWK or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the IWK's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 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 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 the IWK'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 the IWK'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 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 the IWK to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

June 23, 2022

Izaak Walton Killam Health Centre

Statement of Financial Position

As at March 31, 2022
[in thousands of Canadian dollars]

| | Note | 2022 | 2021 |
|--|------|-------------------|------------|
| Financial assets | | | |
| Cash and cash equivalents | 3 | \$ 46,644 | \$ 47,887 |
| Accounts receivable | 4 | 4,642 | 4,454 |
| Due from governments | 5 | 53,883 | 52,561 |
| Due from IWK Health Centre Charitable Foundation | 6 | 1,704 | 4,718 |
| | | 106,873 | 109,620 |
| Liabilities | | | |
| Accounts payable and accrued liabilities | 7 | 41,583 | 45,183 |
| Employee future benefits | 8 | 35,748 | 36,992 |
| Deferred revenue | 9 | 34,102 | 31,425 |
| Long-term debt | 10 | 2,236 | 3,417 |
| | | 113,669 | 117,017 |
| Net debt | | (6,796) | (7,397) |
| Non-financial assets | | | |
| Tangible capital assets | 11 | 215,223 | 215,483 |
| Inventories held for use | 12 | 2,344 | 2,561 |
| Prepaid expenses | | 2,694 | 1,897 |
| | | 220,261 | 219,941 |
| Accumulated surplus | | \$ 213,465 | \$ 212,544 |

Contingent liabilities and contractual obligations (Notes 15 & 16)

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

Approved by the IWK Board of Directors:



Catherine Woodman, BPR, ICD.D
Board Chair



Sonya Fraser, FCPA, FCA
Finance, Audit & Risk Management Committee Chair

Izaak Walton Killam Health Centre

Statement of Operations

Year ended March 31, 2022
[in thousands of Canadian dollars]

| | Note | Budget [Note 21] | 2022 | 2021 |
|---|------|---------------------|-------------------|-------------------|
| Revenues | | | | |
| Operating grants - Provincial | | \$ 260,330 | \$ 268,001 | \$ 254,484 |
| Operating grants – Federal | | - | 201 | 85 |
| Capital grants - Provincial | | 35,980 | 10,948 | 18,626 |
| Capital grants - Other | | 922 | 2,053 | 6,956 |
| Research and innovation – Provincial | | - | 879 | 1,347 |
| Research and innovation – Federal | | 463 | 3,679 | 2,559 |
| Research and innovation – Other | | 11,553 | 7,456 | 5,355 |
| Other revenue - Provincial | | 8,259 | 7,865 | 7,566 |
| Other revenue – Other | | 18,754 | 19,449 | 18,571 |
| Investment income | | 350 | 533 | - |
| Total revenues | | 336,611 | 321,064 | 315,549 |
| Expenses (Schedule A) | | | | |
| Clinical programs and networks | | 184,273 | 194,165 | 181,824 |
| Corporate support | | 56,636 | 58,765 | 55,168 |
| Clinical support | | 54,147 | 54,626 | 51,402 |
| Research and innovation | | 12,999 | 12,587 | 12,220 |
| Total expenses | | 308,055 | 320,143 | 300,614 |
| Annual surplus | 19 | 28,556 | 921 | 14,935 |
| Accumulated surplus, beginning of year | | | 212,544 | 197,609 |
| Accumulated surplus, end of year | | \$ | \$ 213,465 | \$ 212,544 |

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

Izaak Walton Killam Health Centre

Statement of Change in Net Debt

Year ended March 31, 2022
[in thousands of Canadian dollars]

| | Budget [Note 21] | 2022 | 2021 |
|---|---------------------|-------------------|-------------------|
| Annual surplus | 28,556 | 921 | 14,935 |
| Change in tangible capital assets | | | |
| Acquisition of tangible capital assets | (38,083) | (11,938) | (23,735) |
| Amortization of tangible capital assets | 9,527 | 10,859 | 9,202 |
| Write-down / disposal of tangible capital assets | - | 1,339 | 713 |
| Decrease (increase) in tangible capital assets | (28,556) | 260 | (13,820) |
| Change in other non-financial assets | | | |
| Net change in inventories | - | 217 | (792) |
| Net change in prepaid expenses | - | (797) | 133 |
| Increase in other non-financial assets | - | (580) | (659) |
| Decrease in net debt | - | 601 | 456 |
| Net debt, beginning of year | (7,397) | (7,397) | (7,853) |
| Net debt, end of year | \$ (7,397) | \$ (6,796) | \$ (7,397) |

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

Izaak Walton Killam Health Centre

Statement of Cash Flows

Year ended March 31, 2022
[in thousands of Canadian dollars]

| | Note | 2022 | 2021 |
|---|------|------------------|------------------|
| Operating Activities | | | |
| Annual surplus | | \$ 921 | \$ 14,935 |
| Items not affecting cash | | | |
| Amortization of tangible capital assets | | 10,859 | 9,202 |
| Write-down / disposal of tangible capital assets | | 1,339 | 713 |
| Change in accounts receivable / due from government | | (1,510) | (11,291) |
| Change in receivable from IWK Health Centre Charitable Foundation | | 3,014 | 536 |
| Change in accounts payable and accrued liabilities | | (3,600) | 10,641 |
| Change in employee future benefits | | (1,244) | 5 |
| Change in inventories held for use | | 217 | (792) |
| Change in prepaid expenses | | (797) | 133 |
| Cash provided by operating activities | | 9,199 | 24,082 |
| Capital Activities | | | |
| Acquisition of tangible capital assets | | (11,938) | (23,735) |
| Cash applied to capital activities | | (11,938) | (23,735) |
| Financing Activities | | | |
| Debt retirement (principal payments) | | (1,181) | (1,115) |
| Cash applied to financing activities | | (1,181) | (1,115) |
| Decrease in cash and cash equivalents | | (3,920) | (768) |
| Cash and cash equivalents, beginning of year | | 16,462 | 17,230 |
| Cash and cash equivalents, end of year | 3 | \$ 12,542 | \$ 16,462 |

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

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2022
[in thousands of Canadian dollars]

1. Nature of the organization

The Izaak Walton Killam Health Centre (the “IWK”) provides quality care for children, women and families in the three Maritime Provinces and beyond. The IWK is a tertiary care health centre dedicated to family-centred care, education, research, health promotion and advocacy for best results. The IWK is also committed to being a global leader in research and knowledge transfer.

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

2. Summary of significant accounting policies

a. Basis of accounting

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

These financial statements reflect the assets, liabilities, revenues and expenses of the IWK. They do not include the activities of the IWK Health Centre Charitable Foundation (the “Foundation”), a non-controlled, not-for-profit entity (Note 6).

b. Cash and cash equivalents

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

c. Financial instruments

Financial instruments are classified into either cost / amortized cost or fair value categories. The IWK has no financial instruments that are required to be accounted for at fair value.

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.

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

There are no unrealized gains or losses therefore the statement of remeasurement gains and losses has not been presented.

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2022
[in thousands of Canadian dollars]

2. Summary of significant accounting policies (cont'd)

d. Employee future benefits

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

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

The Province of Nova Scotia funds the employee's retiring allowances / public service awards, health and 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 financial statements.

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

The IWK contributes to the Nova Scotia Health Employees' Pension Plan and the Nova Scotia Public Service Superannuation Plan which are multiemployer, defined benefit pension plans. The IWK applies defined contribution plan accounting to these pension plans and, accordingly, contributions to the plans are expensed when they become payable.

e. 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.

f. 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.

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2022
[in thousands of Canadian dollars]

2. Summary of significant accounting policies (cont'd)

Tangible capital assets are recorded at cost and amortized on a straight-line basis over their useful lives as follows:

| | |
|--|----------------------------|
| Buildings and building service equipment | 5 - 50 years |
| Leasehold improvements | Lesser of term or 10 years |
| Equipment | 5 - 25 years |
| Information technology | 5 years |
| Parking equipment and paving | 10 years |
| Parking garage | 50 years |

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 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 the IWK'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. Write-downs are accounted for as expenses in the 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 the IWK 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 statement of operations.

Contributed tangible 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 tangible capital assets from related parties are recorded at their carrying value.

g. Inventories held for use

Inventories held for use include drugs, linen, medical & surgical and departmental supplies and are recorded at the lower of cost or replacement cost. The IWK uses the weighted average cost method to determine cost of stores inventory and the first-in, first-out method to determine cost of pharmacy inventory.

h. Prepaid expense

Prepaid expense includes premises rent, maintenance, insurance, service contracts, support costs, memberships & subscriptions as well as prepaid inventory and are charged to expense over the periods the good or service is consumed.

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2022
[in thousands of Canadian dollars]

2. Summary of significant accounting policies (cont'd)

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 revenue 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 statement of operations as the stipulation liabilities are settled.

Contributions from other sources, including donation and fundraising revenue, 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 the IWK. Expenses for which the IWK 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 the service is performed.

Investment income includes interest income and is reported in the period earned.

Patient billings, food services, laboratory and parking revenues are recognized as revenue when the related service is rendered or when goods are provided.

j. Expenses

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

k. Trusts under administration

Trusts administered by the IWK are maintained separately from the IWK's assets and are excluded from the statement of financial position as the assets are not held for the benefit of the IWK. These trusts are held on behalf of the IWK paediatric dentists and relate to their dental practice.

At March 31, 2022, the IWK held 3 (2021 - 3) dental trust funds totalling \$338 (2021 - \$380). Each trust maintains its own terms of reference which includes the purpose, guideline of eligible expenditures and designated signing authorities. Trust fund reporting, which includes details on transactions incurred throughout the year, is provided to the various stakeholders.

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2022
[in thousands of Canadian dollars]

2. Summary of significant accounting policies (cont'd)

l. Measurement uncertainty

Measurement uncertainty exists in determining certain amounts at which items are recorded in these financial statements. Many items are measured using management's best estimates of 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 employee future benefits. 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, inventory, accrued payroll liabilities, commitments and contingencies.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

m. Contributed services

Volunteers contribute a significant amount of their time assisting the IWK in carrying out its programs and services. Due to the difficulty in determining fair value, contributed services are not recognized in these financial statements.

During the year the IWK received a nominal amount personal protective equipment through a provincial stockpile managed by Nova Scotia Health but controlled by the Nova Scotia Department of Health and Wellness. These contributed materials are recognized in the financial statements at their carrying value.

n. Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability of this nature is recognized net of any expected recoveries. A liability for remediation of contaminated sites normally results from operations that are no longer in productive use and is recognized when all of the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the IWK is directly responsible or accepts responsibility;
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

For the fiscal year ended March 31, 2022, the IWK has not identified a liability for contaminated sites.

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2022
[in thousands of Canadian dollars]

2. Summary of significant accounting policies (cont'd)

o. Future changes in accounting standards

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

- PS 1201 *Financial Statement Presentation* replaced PS 1200 with general reporting principles for disclosure of information and is effective in the period PS 2601 and PS 3450 are adopted. PSAB issued further narrow-scope amendments in April 2021 that clarify the presentation of derivatives and provide other minor presentation clarifications.
- PS 2601 *Foreign Currency Translation* replaced PS 2600 with revised accounting and reporting principles for transactions that are denominated in a foreign currency. PSAB issued further narrow-scope amendments in April 2021 that allow all public sector entities to make an irrevocable accounting policy election for financial assets and financial liabilities arising from a foreign currency transaction to recognize exchange gains and losses directly in the statement of operations on initial recognition.
- PS 3041 *Portfolio Investments* replaced 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 issued further narrow-scope amendments in April 2021.

PSAB has also issued the following new accounting standards and guidelines effective April 1, 2023:

- PS 3400 *Revenue* provides guidance on how to account for and report on revenue from exchange and non-exchange transactions.
- PSG-8 *Intangibles* provides the scope of the intangibles allowed to be recognized in financial statements given the removal of the recognition prohibition related to purchased intangibles in PS 1000.

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

3. Cash and cash equivalents

| | 2022 | 2021 |
|---|------------------|------------------|
| Cash and cash equivalents | \$ 46,644 | \$ 47,887 |
| Less: Amount restricted for research | (18,636) | (16,780) |
| Less: Amount restricted for other restricted | (15,123) | (14,384) |
| Less: Amount restricted for capital purposes | (343) | (261) |
| Unrestricted cash and cash equivalents | \$ 12,542 | \$ 16,462 |

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2022
[in thousands of Canadian dollars]

3. Cash and cash equivalents (cont'd)

Restricted cash consists of cash and cash equivalents that are subject to an insignificant risk of change in value. Restricted cash is designated to be used only in support of initiatives specifically approved by external funding organizations and individuals. 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. Refer to Note 9 for details on restrictions. The total amount of restricted cash as at March 31, 2022 is \$34,102 (2021 - \$31,425)

4. Accounts receivable

| | 2022 | 2021 |
|---------------------------------------|-----------------|-----------------|
| Other | \$ 2,208 | \$ 2,174 |
| External health organizations | 1,149 | 1,324 |
| Employee receivables | 1,111 | 1,080 |
| Patient care | 565 | 1,055 |
| Dalhousie University | 363 | 580 |
| Less: provision for doubtful accounts | (754) | (1,759) |
| | \$ 4,642 | \$ 4,454 |

5. Due from governments

| | 2022 | 2021 |
|---|------------------|------------------|
| Province of Nova Scotia | | |
| Department of Finance and Treasury Board (Employee future benefits – see Note 8) | \$ 35,748 | \$ 36,992 |
| Department of Health & Wellness | 14,818 | 11,037 |
| Other government reporting entities | 500 | 145 |
| Federal Government | 2,394 | 3,595 |
| Nova Scotia Health | 492 | 950 |
| Less: provision for doubtful accounts | (69) | (158) |
| | \$ 53,883 | \$ 52,561 |

6. Due from IWK Health Centre Charitable Foundation

The Foundation provides donations to the IWK for capital, clinical programs and research activities. During the current year, the IWK received \$5,427 (2021 - \$9,043) in cash donations from the Foundation. The total amount receivable from the Foundation as at March 31, 2022 is \$1,704 (2021 - \$4,718).

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2022
[in thousands of Canadian dollars]

7. Accounts payable & accrued liabilities

| | 2022 | 2021 |
|---------------------|------------------|------------------|
| Salary and benefits | \$ 24,211 | \$ 22,532 |
| Trade payables | 12,088 | 16,602 |
| Accrued liabilities | 5,284 | 6,049 |
| | \$ 41,583 | \$ 45,183 |

8. Employee future benefits

| Employee future benefits – summary | | 2022 | 2021 |
|--|----|---------------|------------------|
| Non-vested sick-leave benefits (Note a) | \$ | 18,457 | \$ 19,414 |
| Health insurance (Note b) | | 15,696 | 15,603 |
| Retiring allowances (Note c) | | 1,595 | 1,975 |
| Ending balance, employee future benefits | \$ | 35,748 | \$ 36,992 |

a. Non-vesting sick leave benefits

The IWK provides non-vesting sick-leave benefits to certain union and non-union 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 the actuarial valuation on employee future benefits on behalf of the IWK. The benefit costs and liabilities related to the plan are included in the financial statements. Actuarial gains and losses are amortized over the expected average remaining service life. The most recent actuarial valuation was conducted as at June 30, 2020, with actuarial liabilities extrapolated to March 31, 2022. The Nova Scotia Department of Finance and Treasury Board fully funds this liability; therefore, a corresponding accounts receivable amount is recorded.

The IWK has provided for non-vesting sick-leave benefits as follows:

| Accrued benefit liability | | 2022 | 2021 |
|---|----|---------------|------------------|
| Beginning balance, accrued benefit obligation | \$ | 8,559 | \$ 12,678 |
| Current service cost | | 1,212 | 1,762 |
| Interest on accrued benefit obligation | | 238 | 391 |
| Benefits paid | | (1,250) | (1,505) |
| Experience (gain) loss | | 151 | (4,767) |
| Accrued benefit obligation | \$ | 8,910 | \$ 8,559 |
| Unamortized net actuarial gain | | 9,547 | 10,855 |
| Ending balance, accrued benefit liability | \$ | 18,457 | \$ 19,414 |

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2022
[in thousands of Canadian dollars]

8. Employee future benefits: non-vesting sick leave benefits (cont'd)

| Non-vesting sick leave benefits expense | 2022 | 2021 |
|---|---------------|-----------------|
| Current service costs | \$ 1,212 | \$ 1,762 |
| Interest on accrued benefit obligation | 238 | 391 |
| Amortization of net actuarial gain | (1,156) | (759) |
| | \$ 294 | \$ 1,394 |

The significant weighted average actuarial assumptions adopted in measuring the IWK's non-vesting sick leave benefits are as follows as at March 31:

| | 2022 | 2021 |
|--|---------------|---------------|
| Discount rate | 2.74% | 3.01% |
| Future mortality rate based on CPM 2014 | | |
| Public Sector table with mortality scale CPM-B | 120% | 120% |
| Rate of compensation increase | 0.50% - 2.00% | 0.50% - 2.00% |
| Promotional increase | 0.40% - 2.90% | 0.40% - 2.90% |
| Expected average remaining service life | 12 years | 12 years |

b. Health insurance

The IWK provides health insurance benefits for certain union and non-union employees at the choice of the employee at retirement. The IWK 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 the IWK. The most recent actuarial valuation was conducted as at June 30, 2020, with actuarial liabilities extrapolated to March 31, 2022.

The health 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 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.

Izaak Walton Killam Health Centre

Notes to the Financial Statements

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[in thousands of Canadian dollars]

8. Employee future benefits: health insurance (cont'd)

The IWK has provided for health insurance as follows:

| Accrued benefit liability | 2022 | 2021 |
|---|-----------|-----------|
| Beginning balance, accrued benefit obligation | \$ 10,210 | \$ 12,215 |
| Current service cost | 658 | 773 |
| Interest on accrued benefit obligation | 293 | 383 |
| Benefits paid | (407) | (402) |
| Experience (gain) loss | 341 | (2,759) |
| Ending balance, accrued benefit obligation | \$ 11,095 | \$ 10,210 |
| Unamortized net actuarial gain | 4,601 | 5,393 |
| Accrued benefit liability | \$ 15,696 | \$ 15,603 |

| Health insurance expense | 2022 | 2021 |
|---|--------|--------|
| Current service costs | \$ 658 | \$ 773 |
| Interest on accrued benefit obligation | 293 | 383 |
| Amortization of net actuarial gain | (451) | (254) |
| Employee future benefits health insurance expense | \$ 500 | \$ 902 |

The significant weighted average actuarial assumptions adopted in measuring the IWK's health insurance are as follows as at March 31:

| | 2022 | 2021 |
|---|----------|----------|
| Discount rate | 2.74% | 3.01% |
| Participation rate - Health | 80% | 80% |
| Future mortality rate based on CPM 2014 Public Sector table with mortality scale CPM-B | 120% | 120% |
| Rate of health care inflation, (reduced to a rate of 4.0% over 20 years [2020 – reduced to a rate of 4.5% over 15 years]) | 7% | 7% |
| Expected average remaining service life | 14 years | 14 years |

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2022
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8. Employee future benefits: retiring allowances (cont'd)

c. Retiring allowances

Prior to April 1, 2015, the IWK provided retiring allowances to employees under certain Collective agreements. Employees were entitled to a payment of one week's salary for every year of 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 the IWK. The most recent actuarial valuation was conducted as at March 31, 2019, with actuarial liabilities extrapolated to March 31, 2022.

Retirement allowances paid to employees upon retirement are actuarially determined. The retiring allowance value is calculated using the projected unit credit method, prorated on service. Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life. Annually, results along with values to record the liability and expenses 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 of \$3.8 million of those eligible management and non-unionized staff, which was accrued for at March 31, 2018, as well as \$17.1 million to those eligible unionized employees, which was paid during fiscal 2018-19. These payouts resulted in a reduction in the liability in fiscal 2018-19, and has no direct impact on the financial statements for future years.

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

The IWK has provided for retiring allowances as follows:

| Accrued benefit liability | 2022 | 2021 |
|---|----------|----------|
| Beginning balance, accrued benefit obligation | \$ 1,255 | \$ 1,504 |
| Interest on accrued benefit obligation | 31 | 41 |
| Benefits paid | (280) | (294) |
| Experience loss (gain) | 11 | 4 |
| Accrued benefit obligation | \$ 1,017 | \$ 1,255 |
| Unamortized net actuarial gain | 578 | 720 |
| Ending balance, accrued benefit liability | \$ 1,595 | \$ 1,975 |

| Retiring allowance expense (recovery): | 2022 | 2021 |
|---|----------|---------|
| Interest on accrued benefit obligations | \$ 31 | \$ 41 |
| Amortization of actuarial gain | (131) | (132) |
| | \$ (100) | \$ (91) |

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2022
[in thousands of Canadian dollars]

8. Employee future benefits: retiring allowances (cont'd)

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

| | 2022 | 2021 |
|---|----------------|----------------|
| Discount rate | 2.74% | 3.01% |
| Average age of employees | 52.1 | 52.1 |
| Average years of service | 11.5 | 11.5 |
| Expected average remaining service life | | 7 years |
| Future mortality rate | [none assumed] | [none assumed] |
| Rate of compensation increase | 0.50% - 2.00% | 0.50% - 2.00% |
| Promotional Increase | 0.40% - 2.90% | 0.40% - 2.90% |

9. Deferred revenue – summary

| Deferred revenue - summary | 2022 | 2021 |
|----------------------------|------------------|------------------|
| Research (Note a) | \$ 18,636 | \$ 16,780 |
| Other restricted (Note b) | 15,123 | 14,384 |
| Capital grants (Note c) | 343 | 261 |
| | \$ 34,102 | \$ 31,425 |

a. Deferred revenue – research

Deferred revenue – research relates to advanced money received for spending to meet the needs of research services and individual research investigators, according to specific, pre-approved terms of reference. The balance represents the portion of funding unexpended as at the end of year. These grants will be recognized as revenue when the resources are used for the purpose specified.

| | 2022 | 2021 |
|--------------------------------------|------------------|------------------|
| Balance, beginning of year | \$ 16,780 | \$ 15,013 |
| Receipts during the year | 13,670 | 11,296 |
| Transfers to revenue during the year | (11,814) | (9,529) |
| Balance, end of year | \$ 18,636 | \$ 16,780 |

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Notes to the Financial Statements

For the year ended March 31, 2022
[in thousands of Canadian dollars]

9. Deferred revenue – summary (cont'd)

b. Deferred revenue – other restricted

Deferred revenue – other restricted relates to advanced money received from the IWK Foundation, other donors or organizations for specified operating expenditures. The balance represents the portion of funding unexpended as at the end of year. These funds will be recognized as revenue when the specified goods are received or services are incurred.

| | 2022 | | 2021 | |
|--------------------------------------|------|---------|------|---------|
| Balance, beginning of year | \$ | 14,384 | \$ | 12,888 |
| Receipts during the year | | 5,277 | | 4,451 |
| Transfers to revenue during the year | | (4,538) | | (2,955) |
| Balance, end of year | \$ | 15,123 | \$ | 14,384 |

c. Deferred revenue – capital grants

Deferred revenue – capital grants relates to advanced funding received from the IWK Foundation or the Department of Health and Wellness for capital equipment and renovations. The balance represents the portion of funding unexpended as at the end of year. These grants will be recognized as revenue when the capital equipment is purchased or when capital renovation costs are incurred.

| | 2022 | | 2021 | |
|--------------------------------------|------|---------|------|---------|
| Balance, beginning of year | \$ | 261 | \$ | 653 |
| Receipts during the year | | 4,265 | | 3,838 |
| Transfers to revenue during the year | | (4,183) | | (4,230) |
| Balance, end of year | \$ | 343 | \$ | 261 |

10. Long-term debt

| | 2022 | | 2021 | |
|---------------------|------|-------|------|-------|
| Balance outstanding | \$ | 2,236 | \$ | 3,417 |

In 2002/2003, the IWK received approval from its Board of Directors and the Department of Health & Wellness to construct a new multi-level parking garage and research facility. The parking garage became fully operational in the 2003/2004 fiscal year. The final project cost was \$16,000.

The Nova Scotia Department of Finance and Treasury Board loan bears interest at 5.76% per annum, calculated semi-annually, matures on December 1, 2023 and is repayable in quarterly instalments of principal and interest of \$338.

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Notes to the Financial Statements

For the year ended March 31, 2022
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10. Long-term debt (cont'd)

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

| Year ended March 31 | |
|---------------------|-----------------|
| 2023 | \$ 1,249 |
| 2024 | 987 |
| | \$ 2,236 |

The total gross interest paid on long term debt for the year ended March 31, 2022 was \$172 (2021 - \$237).

The IWK has access to a \$2,000 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 3/4% per annum. As at March 31, 2022, the IWK has \$nil [2021 - \$nil] draws against this facility.

11. Tangible capital assets

| Historical costs | Land and land improvements | Buildings | Equipment | Information Technology | Projects in progress | 2022 Total | 2021 Total |
|--------------------------|----------------------------|-----------|-----------|------------------------|----------------------|----------------|------------|
| Opening costs | 4,546 | 287,545 | 41,821 | 4,154 | 6,274 | 344,340 | 321,978 |
| Transfers | - | 3,738 | 614 | - | (4,352) | - | - |
| Additions | - | 247 | 2,065 | - | 9,626 | 11,938 | 23,735 |
| Write-downs / disposals* | - | (2,351) | (267) | - | (544) | (3,162) | (1,373) |
| Closing costs | 4,546 | 289,179 | 44,233 | 4,154 | 11,004 | 353,116 | 344,340 |

| Accumulated amortization | Land and land improvements | Buildings | Equipment | Information Technology | Projects in progress | 2022 Total | 2021 Total |
|--------------------------|----------------------------|-----------|-----------|------------------------|----------------------|----------------|------------|
| Opening | 261 | 103,541 | 23,383 | 1,672 | - | 128,857 | 120,315 |
| Amortization | - | 7,629 | 3,000 | 230 | - | 10,859 | 9,202 |
| Write-downs / disposals* | - | (1,607) | (216) | - | - | (1,823) | (660) |
| Closing | 261 | 109,563 | 26,167 | 1,902 | - | 137,893 | 128,857 |

| | | | | | | | |
|-----------------------|--------------|----------------|---------------|--------------|---------------|----------------|----------------|
| Net book value | 4,285 | 179,616 | 18,066 | 2,252 | 11,004 | 215,223 | 215,483 |
|-----------------------|--------------|----------------|---------------|--------------|---------------|----------------|----------------|

*Write-downs are for the removal of equipment and information technology assets which are no longer in use due to their age. Disposals are equipment and information technology assets which are removed from service, destroyed, becomes obsolete, scrapped, etc.

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Notes to the Financial Statements

For the year ended March 31, 2022
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12. Inventories held for use

| | | 2022 | | 2021 |
|-----------------------------|----|--------------|----|--------------|
| Medical, surgical and other | \$ | 1,207 | \$ | 1,387 |
| Drugs | | 739 | | 791 |
| Departmental | | 398 | | 383 |
| | \$ | 2,344 | \$ | 2,561 |

13. Employer pension contributions

Nova Scotia Health Employees' Pension Plan

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

Nova Scotia Public Service Superannuation Plan

Certain employees of the IWK 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 the IWK's operating expenses. The Nova Scotia Pension Services Corporation administers the pension plan. The IWK's responsibility with regard to this plan is limited to its contributions.

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

| | | 2022 | | 2021 |
|------------------------|----|---------------|----|--------|
| Employer contributions | \$ | 16,009 | \$ | 15,330 |

14. Employer contributions to the long-term disability plan

Health Association Nova Scotia

The majority of the IWK employees are members of this plan, which is funded equally by employee and employer contributions. The employer's contributions are included in the IWK's operating expenses. Health Association Nova Scotia administers this long-term disability plan. The IWK'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 above mentioned plans are as follows:

| | | 2022 | | 2021 |
|------------------------|----|--------------|----|-------|
| Employer contributions | \$ | 2,680 | \$ | 2,245 |

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Notes to the Financial Statements

For the year ended March 31, 2022
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15. Contingent liabilities

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

16. Contractual obligations

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

| Year ended March 31 | \$ |
|-------------------------|-------|
| 2023 | 6,054 |
| 2024 | 3,191 |
| 2025 | 2,788 |
| 2026 | 1,632 |
| 2027 | 256 |
| Thereafter in aggregate | 8 |

17. Risk management

The IWK is exposed to a number of risks as a result of the financial instruments on its statement of financial position that can affect its operating performance. These risks include credit risk, liquidity risk and foreign exchange risk. Unless otherwise noted, it is management's opinion that the IWK is not exposed to market risks arising from financial instruments.

Credit risk

Credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligation. The IWK is exposed to credit risk with respect to accounts receivable.

Receivables are ultimately due from government, third party insurers, patients, foundations and auxiliaries. Credit risk is mitigated by management's review of aging and collection of receivables. The IWK recognizes a specific allowance for doubtful accounts when management considers the expected amounts to be recovered are lower than the actual receivable.

The IWK measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the age of accounts and the IWK's historical experience regarding collections. The allowance for doubtful accounts at March 31, 2022 amounts to \$754 (2021 - \$1,917).

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Notes to the Financial Statements

For the year ended March 31, 2022
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17. Risk management (cont'd)

The aging of trade accounts receivable was as follows:

| | | 2022 | | 2021 |
|-----------------------|----|-------|----|-------|
| 0 – 60 days | \$ | 3,560 | \$ | 3,611 |
| 61 – 120 days | | 381 | | 385 |
| 121 - 365 days | | 177 | | 230 |
| Greater than 365 days | | 524 | | 228 |
| Total | \$ | 4,642 | \$ | 4,454 |

Liquidity risk

Liquidity risk is the risk on the IWK's ability to convert financial assets to cash in order to meet financial liabilities. The IWK has contractual obligations and financial liabilities and, therefore, is exposed to liquidity risk. The IWK monitors its liquidity risk through extensive budgeting and forecasting, and by matching its long-term financing arrangements with its cash flow needs.

Foreign exchange risk

The IWK's operating results and financial positions are reported in Canadian dollars. Some of the IWK'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.

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

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

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

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2022

[in thousands of Canadian dollars]

18. Related party and inter-entity transactions

Related party transactions

The IWK 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 organization. This includes the executive leadership team, and members of the Board of Directors and their close family members. The IWK 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 financial statements.

Inter-entity transactions

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, board and commissions without charge. The costs of these services, such as Public Works, Service Nova Scotia and Internal Services information technology support provided by the Province of Nova Scotia, and Nova Scotia Health Authority clinical information technology support services are not recognized in these financial statements. Additionally, SAP Enterprise system support services are provided to the IWK at no charge.

19. Operational and capital funding reconciliation

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

| | 2022 | 2021 |
|--|----------|-----------|
| Annual surplus reported on the statement of operations | \$ 921 | \$ 14,935 |
| Amortization | 10,859 | 9,202 |
| Capital grants | (11,938) | (23,735) |
| Write-down / disposal of tangible capital assets | 1,339 | 713 |
| Principal debt repayments | (1,181) | (1,115) |
| Operating funding surplus, as defined by the Act | \$ - | \$ - |

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Notes to the Financial Statements

For the year ended March 31, 2022
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20. Impact of the COVID-19 pandemic

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. On March 22, 2020, the Province of Nova Scotia declared a provincial state of emergency to help contain the spread of COVID-19 and new orders under the Health Protection Act came into effect. The state of emergency ended on March 21, 2022. Nationally, the infection had caused provincial border restrictions, mandatory quarantines and closures of businesses. Globally, the virus has caused significant volatility that will go into the foreseeable future.

Operational impacts

COVID-19 had considerable operational impacts on the IWK. The impact for fiscal 21-22 included delays/deferrals in some non-elective services and surgeries, clinic slowdowns for part of the year, and changes in employee absenteeism. The IWK continued to operate a provincial COVID-19 assessment center for the full year and a vaccination clinic for most of the year. The IWK also continued with enhancing virtual care and ensured that personal protective equipment (PPE) supply was sufficient to meet demand. Mandatory screening protocols and visitor restrictions also remained in place at all IWK locations. For part of fiscal 21-22, it reduced retail services. There was also a reduction in non-resident, out-of-country and other non-MSI covered procedures and preferred accommodations.

Financial impacts

The Province provided funding for incremental costs and lost revenues / profit as a result of COVID-19, and any current year impact of COVID-19 on costs and revenue have been recognized in these financial statements. The overall impact of COVID-19 for fiscal 21-22 included lost revenue/profit that would normally have been generated from uninsured medical services and visitor traffic had those services not been cancelled and costs relating to the assessment center, vaccination clinic, pandemic response unit, entrance screening, increased occupational health support, various one-time purchases and increases in PPE purchases. It is anticipated that the Province will continue to fund COVID-19 incremental costs and lost revenue / profits in fiscal 2022-23.

The duration and impact of the COVID-19 pandemic on the IWK 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 the IWK for future periods.

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Notes to the Financial Statements

For the year ended March 31, 2022
[in thousands of Canadian dollars]

21. Budgeted Figures

Budgeted figures, detailed within the IWK's 2021-22 Business Plan, have been provided for comparison purposes and have been approved by the Department of Health and Wellness (DHW).

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

| Revenues | |
|--|-------------------|
| Operating revenue budget | \$ 286,445 |
| Recoveries | 13,264 |
| Capital grants - Provincial | 35,860 |
| Capital grants - Other | 922 |
| Total budgeted revenues per statement of operations | \$ 336,611 |

| Expenses | |
|--|-------------------|
| Operating expense budget | \$ 286,445 |
| Recoveries | 13,264 |
| Amortization | 9,527 |
| Principal debt repayments | (1,181) |
| Total budgeted expenses per statement of operations | \$ 308,055 |

22. Comparative Figures

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

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2022
[in thousands of Canadian dollars]

SCHEDULE A

Expenses by object

| | 2022 | 2021 |
|--|-------------------|-------------------|
| Compensation | \$ 232,711 | \$ 219,365 |
| Equipment, maintenance and premises | 16,499 | 16,434 |
| Medical / surgical supplies | 16,129 | 14,518 |
| Services and other contracts | 14,848 | 12,814 |
| Amortization | 10,859 | 9,202 |
| Utilities | 6,884 | 6,041 |
| Drugs | 4,878 | 5,559 |
| Other | 4,473 | 4,643 |
| Professional fees | 3,785 | 3,433 |
| Supplies, subscriptions, printing & delivery | 2,881 | 2,485 |
| Food and dietary supplies | 2,377 | 1,962 |
| Insurance and liability claims | 1,579 | 1,478 |
| Travel and education | 1,252 | 1,276 |
| Interest and other losses | 988 | 1,404 |
| Total expenses | \$ 320,143 | \$ 300,614 |