



IWK Health

Management Discussion & Analysis

Izaak Walton Killam Health Centre

For the Fiscal Year Ended March 31, 2022 (unaudited)

This document is provided to describe the connection between IWK Health's strategy and its financial performance for the fiscal year ended March 31, 2022. The narrative has been prepared by Management and is not part of the annual audit procedures. This document is designed as a supplement to the audited financial statements, and therefore should be read in conjunction with the audited financial statements.

Financial information is presented in thousands of Canadian dollars.

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01 Strategic Performance

IWK Health leads the provision of health care services for women, children, youth and families focused on person and family-centered care using trauma-informed and restorative approaches to co-create services, build capacity within communities and provide leadership and advocacy for their unique health issues. This focus has allowed IWK Health to act as a key system partner leading the COVID-19 response.

In 2019 the IWK began the work to refresh our five year strategic plan by challenging ourselves to consider a different way to think about strategy; one focused not only on how to frame, but also how to implement our ambitious thinking. What emerged from numerous conversations and an understanding of best practices was the decision to be more agile and responsive to current priorities while at the same time ensuring long term aspirational goals are in place. Our intention is not just what we say we want to do, but to also achieve positive impact.

The new way of thinking about strategy has included thoughtful discussions about our purpose, values and future directions as one step in the process. To undertake the new rhythm of a continuous improvement approach we realized that ongoing engagement, input and reflection was necessary. This was accomplished by weaving together multiple conversations, interactions and touchpoints which all painted the complex picture of current and future priorities for consideration.

The past 24 months, shaped by the realities of a global pandemic, have been a particularly challenging time to embark upon shaping a new strategy. At the same time the pandemic backdrop has informed our strategy by crystalizing what is most important to us, our priorities and how we chart the road forward as a leading, responsive and agile organization.

As we launch the **IWK Strategy 2021-24: The Road Forward** we look to continuing our journey on the path toward our purpose *“To passionately pursue a healthy future with women, children, youth and families in all their diversity through excellence in care; research and innovation; and applied learning.”*



Our Values



Financial Performance

As responsible stewards in Nova Scotia's publicly funded health system, we aspire to create a system of accountability and achieve operational excellence by using our resources wisely and demonstrating value to our stakeholders. This includes achieving financial results that logically support IWK Health's Strategic Plan.

Financial Results

Faced with yet another year of financial uncertainty due to the pandemic, IWK Health managed to close the 2021-22 fiscal year with a balanced financial result. This is in keeping with its strategic commitment to achieve financial results as set out in its annual business plan.

The innovative and collaborative forecasting process continued to lead the organization to more responsible stewardship of public funds and allows IWK Health to be more responsive as it relates to financial pressures and opportunities.

An overview of the organization's financial performance as presented in the audited financial statements is provided at the end of the Management Discussion & Analysis.

Transformation of our Facilities

One key to the successful achievement of our strategic goals and aspirations is continuing the transformation of our physical space and facilities improvements through the generosity of IWK Health's donors, government investment and other funding, with collective funding of \$9,111 this fiscal.

The pandemic provided a unique opportunity to receive additional funding via the federal Invest in Canada Infrastructure Program. IWK Health was able to spend \$4,324 in fiscal 2021-22 on four projects (and collectively 17 sub projects), focused on retrofits, repairs, upgrades, air handling, safety and infection controls. This investment in our 'bricks and mortars' facilities renewal is important as it provides the foundation for the clinical areas which serve our patients and families.

Planning work continued on the \$104,000 provincially funded emergency department redevelopment, with \$2,869 spent this fiscal on further design work and early implementation planning.

Link between Strategy & Performance

To support our efforts in driving a culture of creativity, discovery and innovation, IWK Health completed its Research Strategic Action plan in consultation with several stakeholder groups, with implementation of the plan scheduled for fiscal 2022-23.

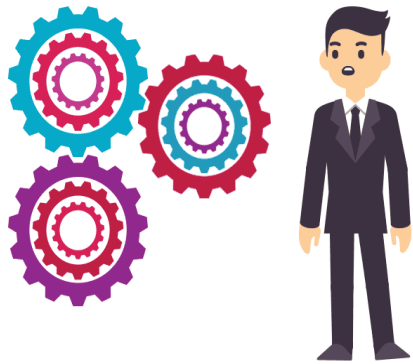
A focused approach to enhancing the organization's control environment was established during the 2018-19 fiscal year via a formalized control environment project team. Significant progress has been achieved over the last four fiscal years, ensuring that the organization has a control environment that represents leading practices. Fiscal 2021-22 saw the introduction of both formalized and dedicated internal controls and internal audit teams. The organization's balanced financial results the past four fiscal years can, in part, be attributed to more focus and attention on the organization's controls environment.

IWK Health's commitment to various improvement initiatives has further helped improve access to patient care and create efficiencies in workflow processes, allowing the organization to provide additional care to patients without increasing costs in those areas where improvement initiatives were undertaken.

Fiscal 2021-22 highlights included a return to pre-pandemic service delivery levels, increased virtual care service delivery and implementation of a pilot program at Scotia Surgery to improve surgical access to care.

03 Major Financial Services and Other Operational Initiatives

IWK Health achieved many financial services and operational successes in fiscal 2021-22. Some of the more substantial successes are addressed in the following section.



A. Capital Investment

B. Prioritized Risk-Based Preventative Maintenance Program

C. Environmental Sustainability

D. Financial Services

- Innovations & Digitization
- Capital Accounting Controls
- Control Environment Enhancements

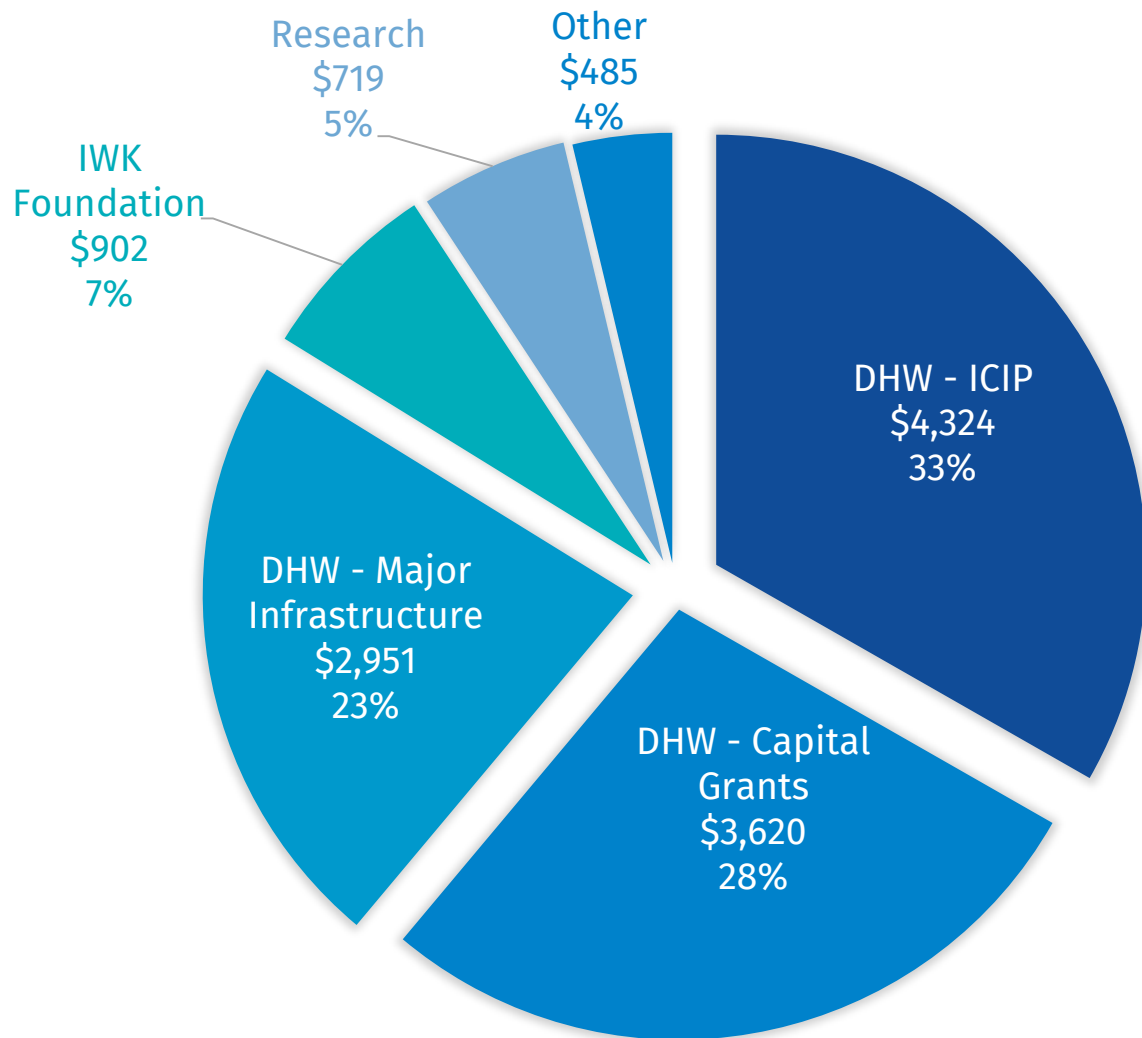
E. Supply Chain Improvements



Major Financial Services and Other Operational Initiatives

Capital Investment

Investing in our buildings and equipment is essential in ensuring that we can provide appropriate care for our patients and families. IWK Health received generous support in fiscal 2021-22 from the IWK Foundation, the Nova Scotia Department of Health & Wellness, research grants and other funding for medical equipment, facilities renewals and renovations, with total funding of \$13,001.



IWK Foundation

The IWK Foundation provides funding support to IWK Health in numerous ways, including operating, research and capital initiatives.

Fiscal 2020-21 saw the conclusion of the highly successful 'Breakthrough in Care' campaign, raising in excess of \$50,000 over several years to support a 100% fully funded initiative, which saw the redevelopment of the pediatric rehabilitation services, mental health inpatient unit, the early labour and assessment unit, women's operating room and post-anesthesia care unit, the neonatal intensive care unit and the pediatric intensive care unit.

In fiscal 2021-22, the IWK Foundation was able to fund the following equipment and capital projects totaling \$902:

- Various urgent capital medical equipment needs totaling \$653 with funds raised through donors via the IWK Telethon, IWK Radiothon, various specified endowments, and through general fundraising.
- Two urgent infrastructure projects totaling \$249. The IWK Foundation contributed to the construction of new waiting areas designed specifically to address social distancing. It also helped contribute to the costs of design and repairs of IWK Health's Helideck. The Helideck was originally funded by the IWK Foundation, and its contribution in fiscal 2021-22 to address urgent repairs was much appreciated.

The IWK Foundation is currently collaborating with IWK Health to determine how it can provide financial support for the Emergency Department redevelopment.

A Major Financial Services and Other Operational Initiatives

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NS Department of Health & Wellness Funding Capital Funding Envelope

Through the various Department of Health & Wellness capital funding envelopes - capital medical equipment, capital clinical projects and infrastructure repairs and renewal – IWK Health was able to acquire \$3,620 worth of its priority capital requirements in fiscal 2021-22 as follows:

- Twenty-nine urgent medical equipment needs, including critical care equipment such as ultrasounds, pharmacy equipment, laboratory equipment and operating room equipment.
- Four infrastructure repair projects, including a waiting room expansion to address social distancing. It also included roof repairs to address significant leaks in critical patient care areas and repairs to the children's switchgear / distribution system to increase the reliability of critical electrical systems.
- Design work on the morgue refrigeration room, an area which has aging equipment and infrastructure. The required renovation will occur in fiscal 2022-23.
- Renovations to the renal dialysis unit to address patient and staff safety requirements.

The capital funding envelope for fiscal 2022-23 has more than doubled in size, increasing to \$8,800, and includes new funding for capital and operational leases. IWK Health is appreciative of this increase as it will further assist with replacement of aged equipment and assist with addressing deferred maintenance.

NS Department of Health & Wellness Funding Major Infrastructure Projects

Emergency Department Design & Redevelopment

Design development for a new emergency department commenced in fiscal 2019-20. In fiscal 2020-21, the NS Department of Health & Wellness announced its commitment to fund the redevelopment of the emergency department, with the formal redevelopment commencing in fiscal 21-22 and continuing for the next four years, with government investment totaling \$104,000. In fiscal 2021-22, the investment in the redevelopment totaled \$2,869.

A redesigned emergency department will help address the increasing number of annual emergency visits, better accommodate patients with complex cases needs and mental health concerns. The space will be designed to encourage more innovation among care providers. The number of annual visits increased by 11.4% since fiscal 2016-17, peaking at 34,044 annual visits at the end of fiscal 2019-20. While visits temporarily declined at the outset of the pandemic, the emergency department is currently experiencing a significant increase in volume, having recently set new daily visit records over the same time in previous years.

This redevelopment will allow physicians and staff to deliver care in a world-class environment designed to best meet the needs of the patients and families we serve.

MRI Equipment & Renovations

A new MRI became operational in October 2020 and is a state-of-art piece of equipment that replaces an existing, aging MRI scanner, allowing IWK Health to provide advanced care. Costs totaling \$82 was incurred in fiscal 2021-22 to address minor deficiencies and finalize related displacements.

NS Department of Health & Wellness Funding Invest in Canada Infrastructure Program

In March 2021, the Province of Nova Scotia and the Government of Canada announced an investment in several projects as part of the Invest in Canada Infrastructure Program to improve infrastructure at IWK Health, Halifax Infirmary and the QEII Health Science Centre.

This funding is most welcome and has assisted with addressing various deferred maintenance, and includes: improvements to the birth unit medication room, expansion of the blood collection waiting area to respect safety guidelines, repairs and updates to the cooling systems, electrical systems, water pumps, exterior caulking, air handling units, hand-washing sinks and audio-visual infrastructure. Privacy curtains will also be replaced with standardized curtains that will improve COVID-19 and patient safety measures.

IWK Health also received additional funding late fiscal 2021-22 to provide much needed improvements to the Helideck fuel containment system. Work on this project will be completed in fiscal 2022-23.

The funding for these projects, totaling \$7,231, run through to December 31, 2023. \$4,324 of costs were incurred in fiscal 2021-22, with the majority of the projects to be completed in fiscal 2022-23.

IWK Health has also received additional funding in fiscal 2022-23 for roof replacements and the purchase and installation of three air handlers in the Children's site.



Major Financial Services and Other Operational Initiatives

Prioritized Risk-Based Preventative Maintenance Program

*Progressing from years of deferred maintenance (corrective maintenance – focusing on fixing what breaks) to... developing and refocusing on a coordinated and **prioritized risk-based preventative maintenance program.***

Computerized Maintenance Management System Initiative

Fiscal 2021 – 22

Inventory

Inventoried ~6,000 equipment and space assets (85% complete)

Asset Identification

Tagged ~1,000 equipment assets

Work Requests

Activated centralized / enterprise-wide online work request system

Work Orders

Initiated work-order and service history record tracking

Fiscal 2022 – 23 & Future Years

Inventory & Assets

Finalize and verify inventory, asset tagging and asset condition status

Prioritized Risk-Based Preventative Maintenance Program

Develop and operationalize automated program → focusing on highest risk assets for fiscal 2022-23

Informatics

Develop and analyze key performance indicators and reports

Contracts & Projects

Develop and implement lease, warranty management and project management modules



Major Financial Services and Other Operational Initiatives

Prioritized Risk-Based Preventative Maintenance Program

*Progressing from years of deferred maintenance (corrective maintenance – focusing on fixing what breaks) to... developing and refocusing on a coordinated and **prioritized risk-based preventative maintenance** program.*

Capital Renovations and Infrastructure Projects

	Recent Achievements (Fiscal 2021-22)	Next Steps → Fiscal 2022-23 and beyond
Infrastructure Improvements (To Assist With Prioritized Risk-based Preventative Maintenance Program)	<ul style="list-style-type: none"> Installed LED lighting to reduce energy costs (60% complete) Installed two chillers (Women’s & Children’s sites) Upgraded electrical switchgear in parts of the Women’s building Replaced exterior wall caulking (sections of Women’s building) Installed two air handlers (Pediatric Medical Unit & Emergency Department) Completed women’s side paving and sidewalk improvements 	<ul style="list-style-type: none"> Complete LED lighting installation Complete addition of two chillers (~30% increase in capacity) Upgrade 30-50+ year old electrical switchgears and two Children’s transformers Replace Children’s operating room roof Replace four 50+ year old Children’s building air handlers Upgrade helideck fuel containment and heating/de-icing systems
Redevelopment	<ul style="list-style-type: none"> Renovated CFI (4 Link) and birth room med room Upgraded audio-visual equipment in meeting rooms throughout building Completed new MRI Install and waiting area air flow improvements 	<ul style="list-style-type: none"> Renovate Fetal Assessment Treatment Centre, Pharmacy, Blood Lab Waiting Area and Morgue Refrigeration Area Complete audio-visual equipment installations
Emergency Repairs	<ul style="list-style-type: none"> Renovated parts of Women’s building 5-7th floors due to flood damage Repaired major water main break to Children’s building 	<ul style="list-style-type: none"> Renovate parts of Children’s building 1-3rd floors due to flood damage



Major Financial Services and Other Operational Initiatives

Environmental Sustainability

IWK Health is committed to playing a part to help the environment and reduce our carbon footprint. IWK Health is filled with people who care about the environment and how it is experienced by those who frequent our facilities. It takes a community to protect the environment and we are actively engaged in initiatives to reduce energy consumption and greenhouse gas emissions.

Fiscal 21 – 22 Initiatives



Reduce, Reuse, Recycle

Actively involved in initiatives to recycle and donate products when feasible, reduce and compost waste, reduce consumption and reuse products



Virtual Care / Work

Continued to support and improve virtual care delivery and work from home for staff → reducing transportation



Active Transportation

Supported active transportation through the Halifax Regional Municipality SmartTrip program and other initiatives to support and promote cycling, walking, etc.

HVAC Improvements

Installed two new high efficiency air handlers (Pediatric Medical Unit & Emergency Department)

- Commenced installation of two new chillers (Women's and Children's buildings)
 - LEED "Minimum Energy Performance" certified
 - Low global warming potential / very low ozone depletion potential refrigerants
 - Low noise (neighborhood friendly) operations
 - Will increase cooling / air conditioning capacity by ~30%



Energy Audit and Master Planning

Partnered with government to reduce energy consumption, explore funding opportunities, and to develop an energy audit and long-term energy master plan



LED Lighting Upgrades

- Installation of ~10,000 LED light fixtures
 - 8% reduction of energy consumption
 - 1.5–2.0 million kWh/yr.
 - Reducing carbon emissions ~514 tons CO₂/yr.
 - Savings of \$150-\$200/yr.



Steam Trap Improvements

- Reduced steam consumption by ~10%
 - ~13 million lbs./yr.
 - Savings of ~\$150 yr.





Major Financial Services and Other Operational Initiatives

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Fiscal 2022 – 23 & Future Years

Energy Master Plan

Work to develop an Energy Master Plan through discussions with the Province

Funding Opportunities

Complete research of sustainable and environmental initiatives, funding opportunities and develop implementation plans

Community Partnerships

Develop and maintain community partnerships including Halifax Regional Municipality SmartTrip, Dalhousie University and Ecology Action Centre

Active Transportation

Continue to advance active transportation through internal strategies

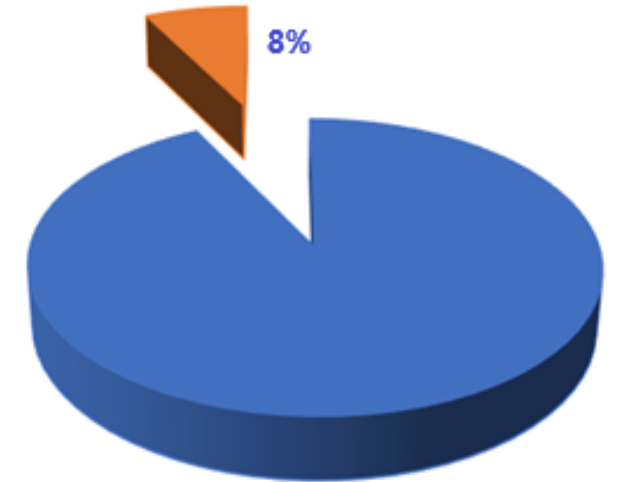
Bike Friendly Certification

Strive to become a bike friendly certified institution with Bicycle Nova Scotia

Environmental Sustainability Initiative

Engage an IWK Health community of leaders to advance and champion an environmental sustainability initiative

Expected Energy Savings FY22-23



■ Total Consumption ■ Expected Savings



Major Financial Services and Other Operational Initiatives

Financial Services Innovations & Digitization

One of IWK Health's strategic goals is to drive a culture of creativity, discovery and innovation. This proactive innovation strategy proved invaluable as the pandemic resulted in an increase in remote work, thus increasing the requirement to develop digital strategies.

Innovations & Digitization

Continued transition to electronic purchase requisition submission → improved turnaround time, improved controls on workflow approval

Implement contract management system → improved visibility on contract terms and compliance

Developed budget adjustment process, including standard budget adjustment form → improved budgetary complement control

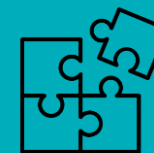
Creativity



Discovery



Innovation





Major Financial Services and Other Operational Initiatives

Financial Services Capital Accounting Controls

Tangible capital assets are IWK Health's largest asset with a net book value of \$215.2 million as at March 31 2022, and represent 66% of total assets. A concerted effort to further enhance controls around these important assets was a focus during the year.

Capital Accounting Controls

Validation and enhancement of departmental asset register via forecasting process

Capital project forecast process through participatory forecasting process

Improved detailed financial reporting for infrastructure projects

Capital project budget uploaded into accounting system

Annual building and equipment impairment reviews with facilities and engineering teams

Improved matching of building costs with usage in financial statement reporting

Disposition of asset process → policy, checklists

Revisions to Tangible Capital Asset Policy



Improved asset tracking and ongoing monitoring of asset information

Improved budgetary control

Reduced financial risk

Increased engagement



Major Financial Services and Other Operational Initiatives

Financial Services Control Environment

Internal controls are important as they are policies and practices an organization puts in place to: [1] protect the integrity of its assets and financial and accounting information, [2] promote accountability, and [3] prevent fraud. Over the past four years, IWK Health has completed significant work to improve its control environment. The creation of a dedicated internal controls team in fiscal 2021-22 allows us to ensure that controls will continue to be a focus.

Enhancements in Overall Control Environment

Formalization of a dedicated internal controls department

Increased adoption of electronic control documentation and monitoring, including automated control monitoring workflows

Developed compliance reporting of key financial and operating metrics

Commenced development of an internal control over financial reporting risk assessment and annual plan



Improved financial risk reporting through control monitoring plan, increased Board of Directors' oversight over the development and implementation of internal controls

Specific Controls Enhancements

Formalization of time approval process and policy → improved time review, accuracy, and budgetary control

Entitlement banks exception reporting → reduction in negative vacation, consistent review of entitlement banks, improved liability measurement and organizational understanding

Enhanced financial signing authority forms & tracking → improved efficiency and compliance with organizational signing authority

Introduced risk-based approach for patient receivables → consistent collection approach and reduced bad debt expense



Major Financial Services and Other Operational Initiatives Supply Chain Improvements

IWK Health has a complex supply chain operation that can impact ability for its supplies and distribution centre to consistently deliver stock on time and in full – which in turn can impact the quality of patient care.

System-wide stock visibility is limited and process efficiency is unknown; as a result, the operation is extremely reactive. Commodities are procured via multiple channels and inventory is stored in several locations.

*The target is to have **zero annual out-of-stock events for items critical to the operation** by December 2022.*



Anticipated Improvements

Increased analytics and data-driven decision-making

Up-to-date and accessible catalogue(s)

Centralized location for information and resources

Clear accountabilities and ownership

System-wide alignment and coordination

Documented processes

Standardized decision-making criteria

Introduction of industry best practices



Major Financial Services and Other Operational Initiatives

Supply Chain Improvement Project (SCIP)

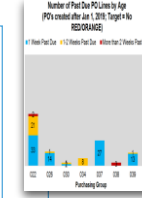
Important Milestones/ Accomplishments (Fiscal 2021-22)



Organization-wide launch of the Supply Chain Resource Center SharePoint site



Weekly tracking of key performance indicators



Backorder management processes



Use of statistical modelling to adjust ordering parameters



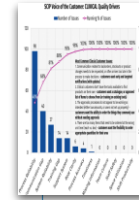
Introduction of weekly supply chain operations meeting



Root cause analysis on key recurring issues



Detailed current state process mapping



Collection and analysis of the voice of the customer



Assessment of current operation using the Control Objectives for Information & Related Technologies (COBIT) framework

Next Steps (Fiscal 2022-23)

Design and implement process for targeted notifications related to potential shortages

Plan and facilitate rapid improvement event for receiving process

Design and pilot process for reviewing and updating local supply closets

Commence implementation of results from statistical model (safety stock and re-order points)

Recruit and onboard supply chain analyst

Impact of the Pandemic

Fiscal 2021-22 marks the second full year of navigating health care through the pandemic. There has been significant operational and financial impacts. The duration and impact of the COVID-19 pandemic on IWK Health remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on both operations and financial position.

Operational Impact

Virtual Care / Remote Work

Continued utilization of a virtual care platform for various areas of service and continuation of staff working remotely, with the roll-out of hybrid work guidelines

Enhanced Protocols

Continuation of screening protocols for visitors entering the IWK Health

Continued visitor restrictions
Continued usage of a pandemic response unit, designed to care for pediatric COVID-19 positive or presumed positive patients

During some periods through the year, enacted temporary suspension of non-urgent services

Provincial Pandemic Support

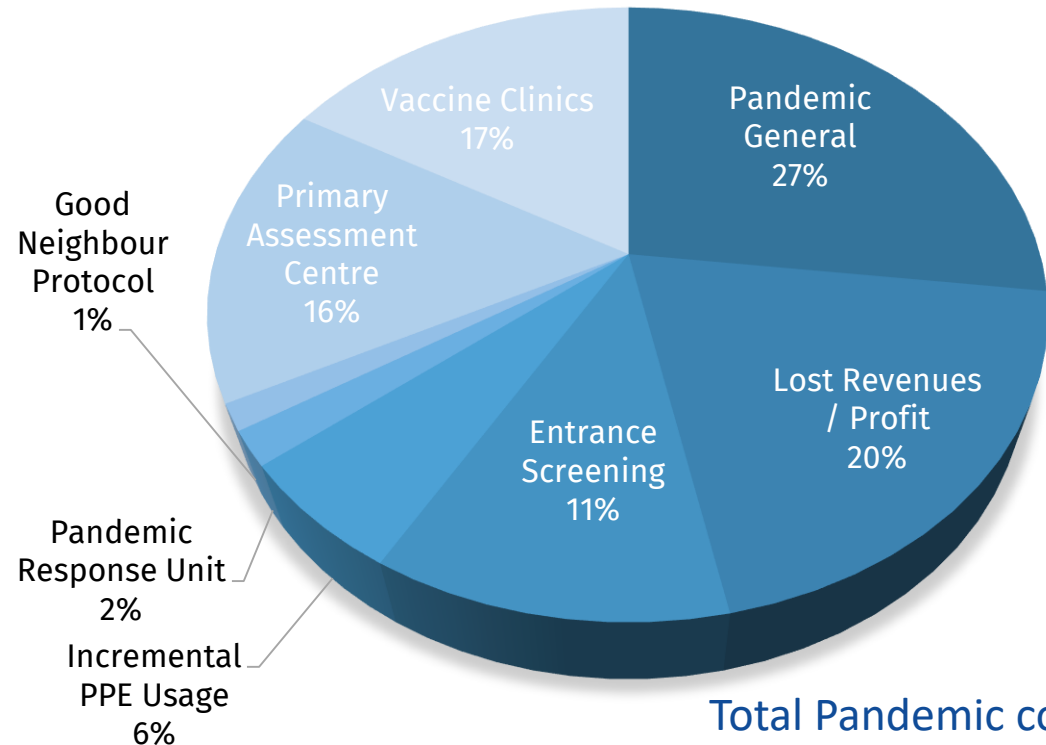
Continued operations of one of the Province's COVID-19 primary assessment testing centres and community vaccination clinic (closed operations March 2022)

Revenue / Profit Impacts

Continued reduction of volumes of some retail services and cafeteria

Continued reduction in non-resident, out-of-country and other non-MSI covered procedures and preferred accommodations

Financial Impact



Pandemic costs do not include:

- Price fluctuation of supplies as the result of supply chain disruptions
- Costs relating to virtual care and remote work technology

05 Concluding Remarks & Fiscal 2022-23 Outlook

IWK Health continues to remain resilient during these uncertain times. Even through the pandemic, the organization was able to continue advancing its strategic initiatives, implement much needed enhancements to its core infrastructure, implement numerous operational initiatives and advance its control environment through several key initiatives. This was all accomplished even as the organization faced the effects of the omicron virus, which led to significant staff absences and increasing demands in patient care.

In a year with considerable uncertainty, IWK Health was able to deliver a balanced financial result in fiscal 2021-22, all while continuing to overcome obstacles faced by the pandemic.

Fiscal 2021-22 was a year of tremendous focus on supporting IWK Health through subsequent waves of the pandemic, when COVID related case numbers and hospital admissions were highest. This challenging year provided ample opportunity to showcase how the IWK community lives its values each day, by *Acting from the Heart* – demonstrating how generosity, empathy and kindness are at the core of who we are. There has not been a time where our patients and colleagues have needed this connection, warmth, compassion, positivity and friendliness more. As waves of the pandemic rolled, the IWK responded with nimbleness and agility, demonstrating how we are *Driven by Learning*, do not shy away from *Tackling Our Challenges* so that we *Make Things Better* for the patients and families we serve as well as the environment we work in.

In addition, throughout this year the organization was able to advance many infrastructure improvements as the result of much appreciated one-time Invest in Canada Infrastructure Program funding. Most notable are improvements in our ‘bricks and mortar’ infrastructure, including repairs and updates to the health centre’s cooling systems, air handling units, electrical systems, exterior caulking, hand-washing sinks and audio-visual infrastructure. IWK Health also completed its master space program, an important strategic priority.

“When you are led by values, it doesn’t cost your business, it helps your business.”

Jerry Greenfield

Fiscal 2022-23 will continue with a significant number of facilities projects. We will complete projects that commenced in fiscal 2021-22. In addition, we received further one-time funding via the Invest in Canada Infrastructure Program which will help fund helideck upgrades, ventilation and roof repairs. In addition, the NS Department of Health & Wellness has more than doubled the capital funding envelope for fiscal 2022-23. IWK Health is appreciative of this increase as it will further assist with the replacement of aged equipment and assist with significant deferred maintenance. The milestone Emergency Department redevelopment project is well underway with visible construction progress starting in fiscal 2022-23.

We will continue to use the pandemic as a unique opportunity to optimize care models, the location of services, and what supports are required to be in place to position IWK Health as a resilient organization that consistently maintains high levels of safety and quality. Opportunities to continue, and expand, virtual care exists, as well as continuing with a framework for remote work arrangements, which will have the benefit of repatriating operational space into clinical space.

For fiscal 2022-23, we are partnering with our colleagues through the Nova Scotia health system to provide leadership on achieving the goals and objectives set out in the Action for Health Provincial Strategic Plan. We look forward to the value and impact this important work will achieve for IWK Health and the patients, families, and communities we serve.

These priorities and initiatives will be achieved through the effective use of our financial resources, dedicated oversight and governance, participative budgeting and continued implementation of best practices in the IWK Health’s management control environment.

Financial Statement Overview

IWK Health's audited financial statements as at March 31, 2022 have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada Board. These financial statements provide information on the cost of all of IWK Health's activities, how they were financed, investing activities and the assets and liabilities of IWK Health.

Financial information is presented in thousands of Canadian dollars.



A. Statement of Financial Position

B. Statement of Operations

C. Statement of Net Debt

C. Statement of Cash Flows



Statement of Financial Position

The **Statement of Financial Position** highlights four key figures that together describe the financial position of the entity:

- a) cash resources of the entity (“financial assets”);
- b) net debt, which is calculated as the difference between financial assets and financial liabilities;
- c) non-financial assets that are normally held for service provision which include tangible capital assets, inventory and prepaids; and
- d) accumulated surplus/deficit, which summarizes IWK Health’s consolidated equity, identifying the financial position, including tangible capital assets, and financial resources of IWK Health

Statement of Financial Position		
	2022	2021
Financial Assets	106,873	109,620
Liabilities	113,669	117,017
Net Debt	(6,796)	(7,397)
Non-Financial Assets	220,261	219,941
Accumulated Surplus	213,465	212,544

Notable Changes to Financial Assets

Due from IWK Foundation ↓ \$3,014 primarily due to receipt of payments in the current year related to prior year billings for larger capital projects and equipment

Refer to Note 6 in the Financial Statements for further information

Notable Changes to Liabilities

Accounts payable ↓ \$3,600 as the result of timing of payments. Refer to Note 7 in FS for further information

Deferred revenue ↑ \$2,677 as the result of increases in deferred research revenue and deferred restricted funds due to timing differences of revenue recognition versus receipt of funding

Refer to Note 9 in the Financial Statements for further information

Notable Changes to Non-Financial Assets

Net book value of tangible capital assets ↓ \$260. Amortization of \$10,859 was offset by acquisition of tangible capital assets of \$11,938, net of write-down/disposals of \$1,339

The acquisition of tangible capital assets reflects the investment of financial resources required to support facilities and advancing technology in medical equipment to ensure IWK Health remains a leader in providing the best care to the patients and families we care for at our facilities

Refer to Note 11 in the Financial Statements for further information



Statement of Operations

The **Statement of Operations** reports the annual surplus/deficit from operations during the accounting period. The statement shows the cost of providing IWK Health's services, the revenues recognized in the period and the difference between the two.

Statement of Operations

	2022	2021
Revenues	321,064	315,549
Expenses	320,143	300,614
Net (Deficit) Surplus	921	14,935
Accumulated Surplus, Beginning	212,544	197,609
Accumulated Surplus, Ending	213,465	212,544

Reconciliation of Public Sector Accounting Standards to Operating Results

	Net Surplus (per PSAS)	Reconciling items	Operating Performance
Revenues	321,064	(11,938)	309,126
Expenses	320,143	(10,859)	309,284
Write-down/Disposal of Tangible Capital Assets	-	(1,339)	1,339
Principal Repayment	-	1,181	(1,181)
Net Surplus	921	921	-

The **Statement of Operations** is not designed to identify the true operating surplus/deficit that is typically reported on an income statement. It identifies the increase in the capital equity of IWK Health

For fiscal 2021-22, the current year operating performance results in a balance result when reconciling the result to Public Sector Accounting Standard financial reporting (see *Reconciliation of Public Sector Accounting Standards to Operating Results* above)

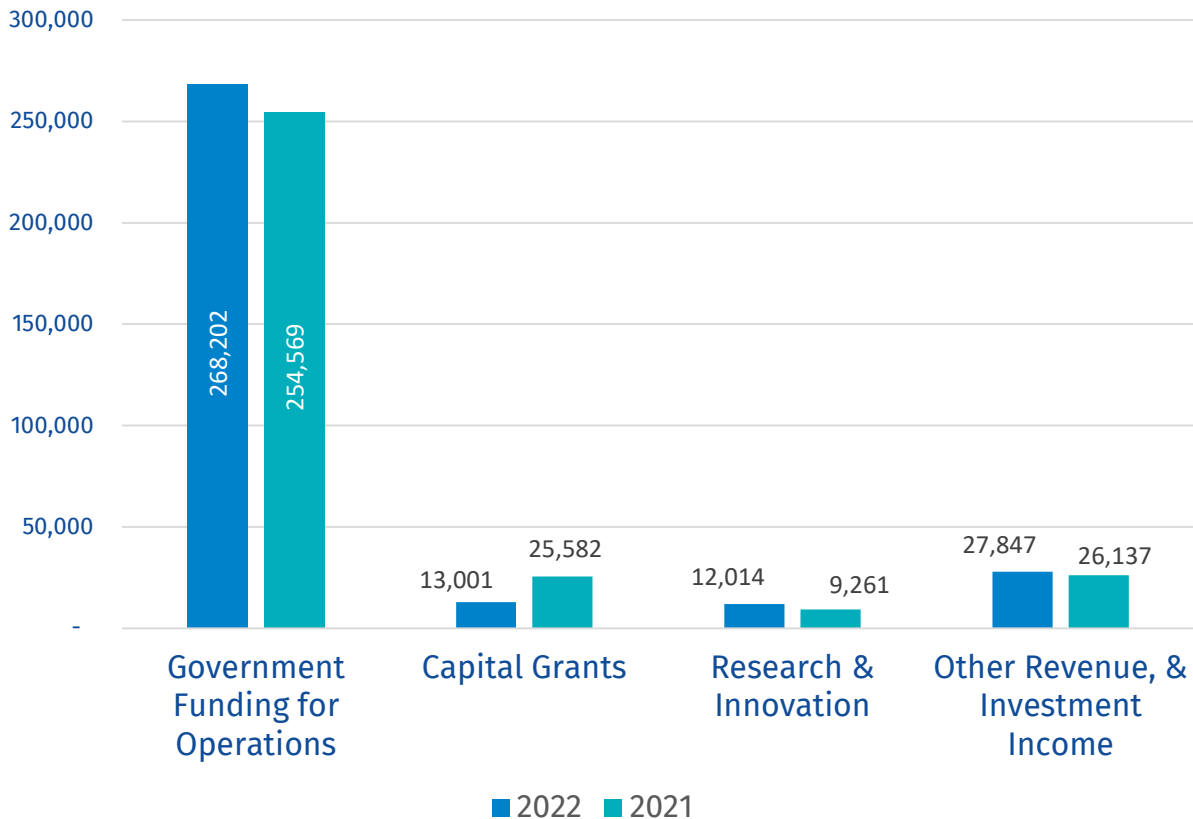
The net surplus reported on the **Statement of Operations** totalling \$921 is the result of various capital transactions → Amortization expense of \$10,859 was lower than the increase in net capital assets of \$10,599 (capital additions of \$11,938, net of write-downs/disposals of \$1,339), thus resulting in a surplus based on public sector accounting standards



Statement of Operations

Revenue

Revenue Year over Year Comparison



Notable Year over Year Changes

Government Funding for Operations ↑ \$13,633

\$10,890 net ↑ in government claims based funding to support pandemic costs and other key priorities and initiatives

\$2,664 ↑ in funding related to negotiated wage increases

Capital Grants ↓ \$12,581

\$3,592 ↓ in NS Department of Health & Wellness major infrastructure revenue

\$5,617 ↓ IWK Foundation funding due to PICU redevelopment and smart beds funding in fiscal 2020-21

\$7,844 ↓ due to one-time NS Department of Health & Wellness Stimulus funding

\$4,324 ↑ in new Invest in Canada Infrastructure Program funding

Research & Innovation ↑ 2,753

Revenue is based on the various research projects that take place from year-to-year which can vary.

Prior year (fiscal 2020-21) saw a decline due to halting certain projects as the result of the pandemic

Other Revenue & Investment Income ↑ 1,710

Slight bounce back of laboratory revenue, parking and retail services revenue over the prior year (fiscal 2020-21), when early in the pandemic there was free parking and retail services closures

Increase in year-over-year investment income



Statement of Operations: Expenses by Program Area

Program Area Definition

Clinical Programs & Networks

Includes direct patient care support comprising of mental health and addictions, ambulatory care, critical care, inpatient services, perioperative services, rehabilitation services, oncology and cancer care, pediatric emergency care, provincial programs, primary care and continuing care.

For fiscal years 2020-21 and 2021-22 it also includes direct pandemic response related costs

Corporate Support

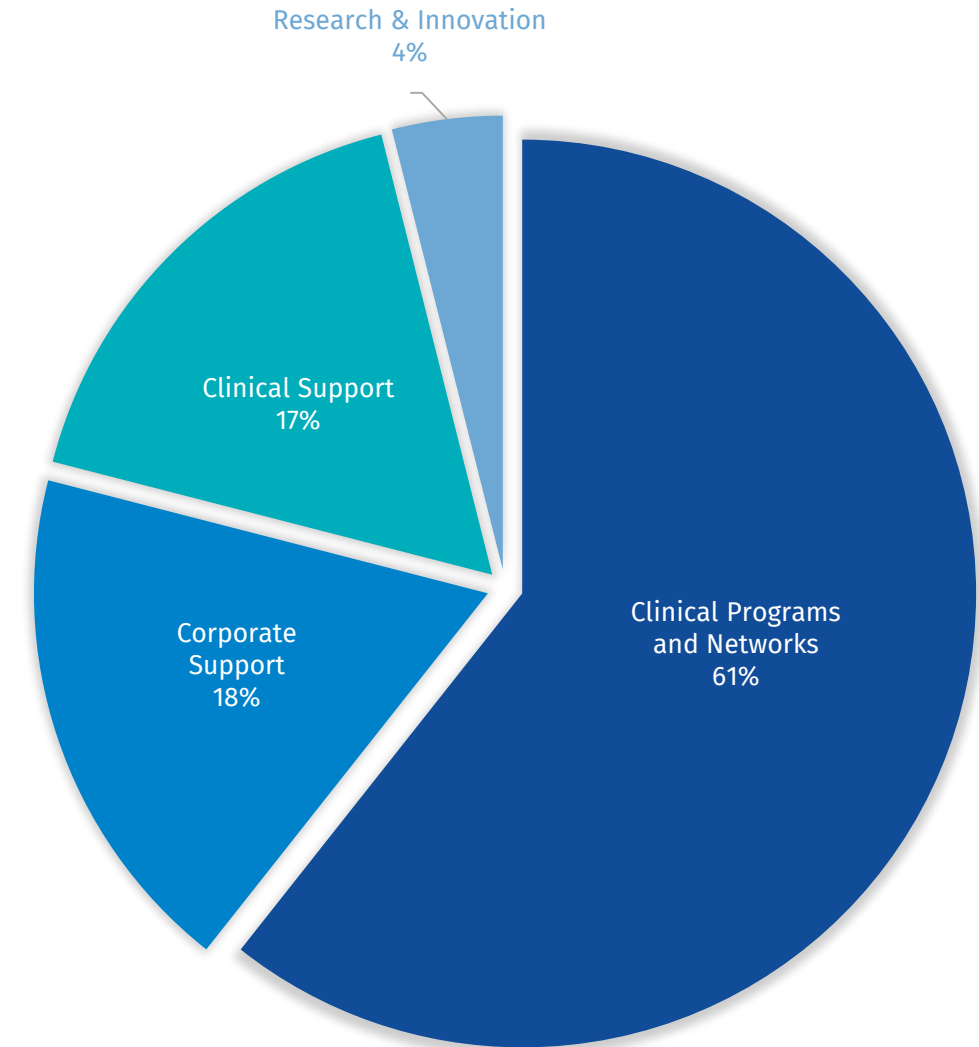
Includes key administrative supports including corporate services, facility services, housekeeping, strategy and planning and non-clinical leadership

Clinical Support

Includes non-administrative support services to the clinical areas including laboratory services, medical services, diagnostic imaging, pharmacy, patient food & nutrition and professional practice

Research & Innovation

Includes costs relating to research and innovation initiatives

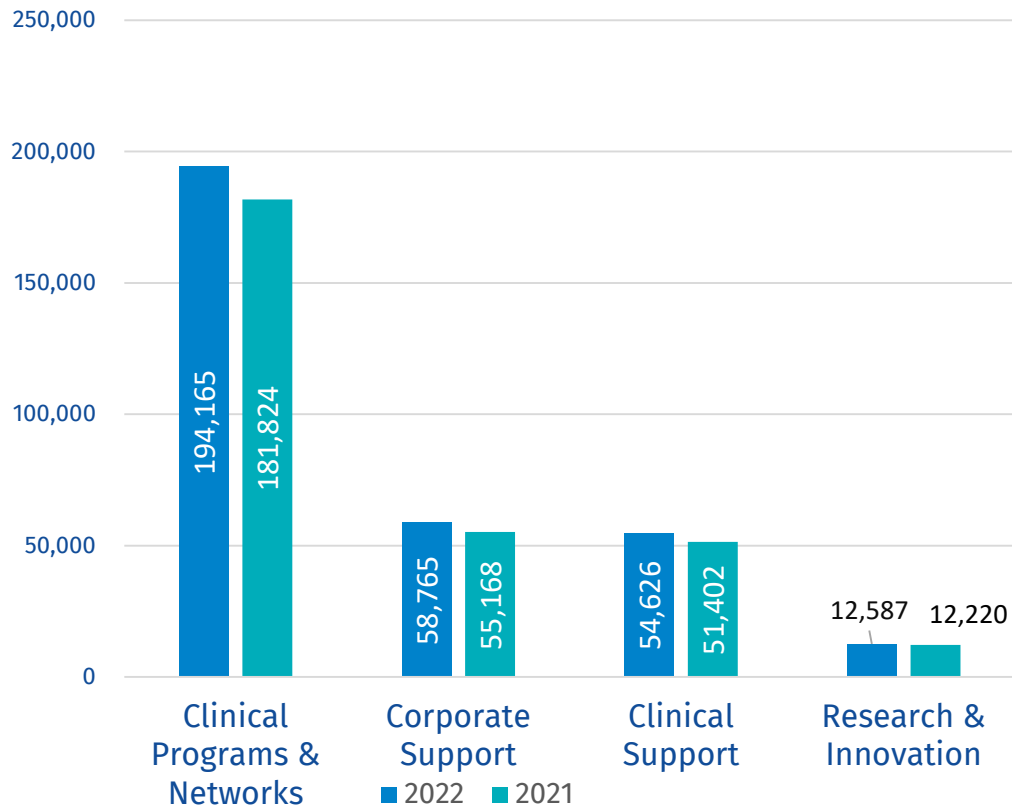




Statement of Operations

Expenses by Program Area

Expense Year over Year Comparison



Notable Year over Year Changes

Clinical Programs & Networks ↑ \$12,341

Compensation ↑ \$10,528 due to vacancies filled, contractual wage increases and staff required for pandemic initiatives (in prior year some staff were redeployed to support pandemic efforts)

Medical supplies ↑ \$1,186 due to service ramp up and patient census and acuity

Direct pandemic related expenditures ↑ \$1,287

Corporate Support ↑ \$3,597

Compensation ↑ \$1,060 due to vacancies filled and wage increases

Facilities service ↑ \$2,323 due to an increased focus on plant maintenance, funded projects which were operational in nature, utilities increase and increase in amortization expense

Clinical Support ↑ \$3,224

Mainly related to laboratory services ramp up and vacancies filled

Research & Innovation ↑ \$367

Increase in research project expenses due to more activity due to lessened pandemic restrictions, offset by reduction of larger innovation project



Statement of Operations

Expenses by Category

Expense Category Definition

Compensation includes all salaries and benefits (fulltime equivalents). Also includes funds allocated for temporary staff

Maintenance & Building includes utilities such as fuel, power, natural gases, etc., minor equipment purchases, rentals, various building and equipment maintenance, and maintenance supplies

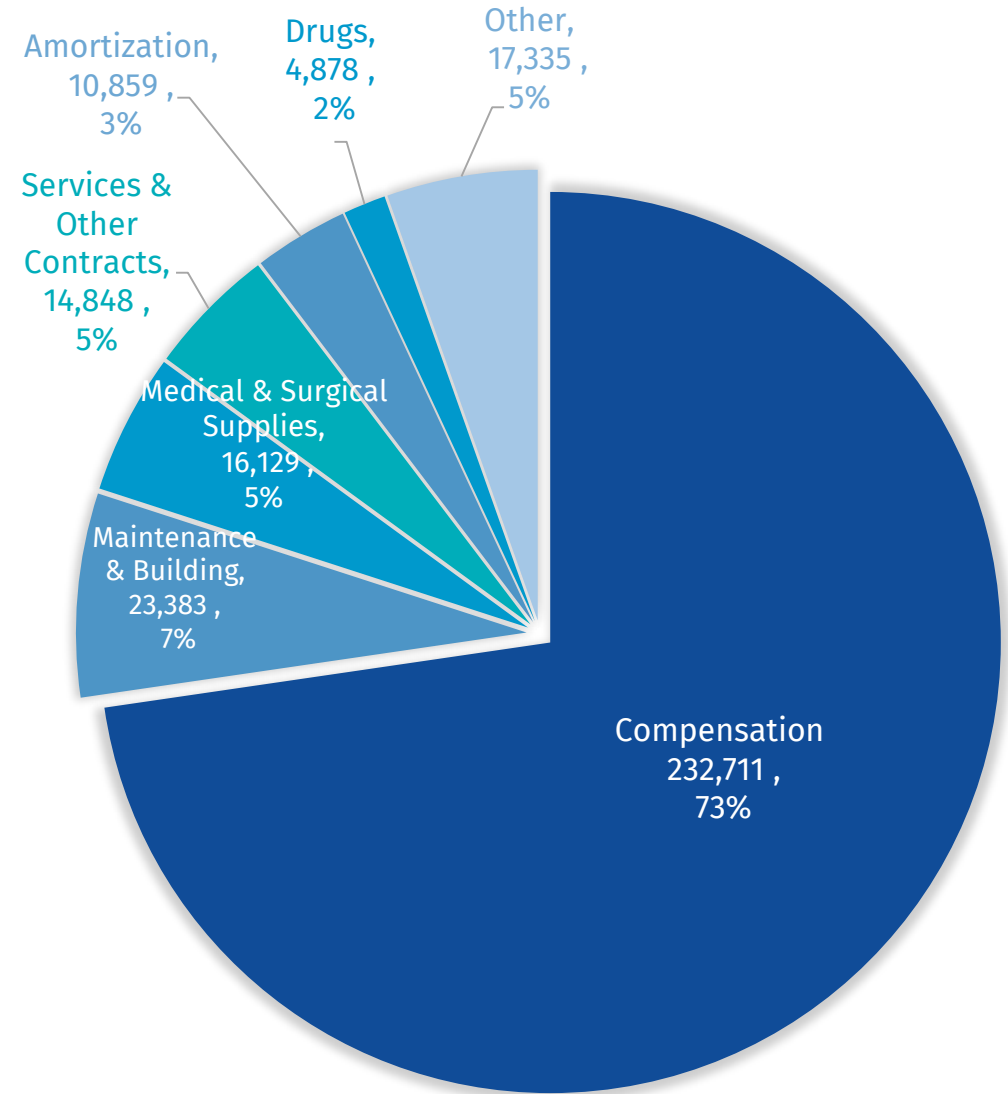
Drugs includes general drugs, anti-infectives, and anesthetic gases

Medical / Surgical includes a variety of medical and surgical supplies such as prosthetics, defibrillators, pacemakers, instruments, needles/gloves/dressings and miscellaneous supplies

Other includes miscellaneous patient care supporting costs such as nutrition, technology, lab supplies and bad debt

Services & Other Contracts include service, maintenance and other contracts relating to equipment and other goods and services

Amortization include the incremental charge of the cost of tangible capital assets over its expected useful life



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Statement of Changes in Net Debt & Statement of Cash Flows

The Statement of Change in Net Debt explains the difference between IWK Health's net debt for the reporting year and its change in accumulated surplus in the same reporting year. This statement provides for the reporting of the acquisition of tangible capital assets, amortization expensed during the year and the year-over-year change in other non-financial assets.

Statement of Changes in Net Debt

	2022	2021
Change in Tangible Capital Assets	260	(13,820)
Change in Other Non-Financial Assets	(580)	(659)
Decrease in Net Debt	601	456
Net Debt, Beginning	(7,397)	(7,853)
Net Debt, Ending	(6,796)	(7,397)

Net book value of tangible capital assets ↓ \$260 → amortization of \$10,859 was offset by acquisition of tangible capital assets of \$11,938, net of write-down/disposals of \$1,339

Detailed information in relation to tangible capital asset purchases was previously highlighted in the *Major Services and Other Operational Initiatives* section of this report

The Statement of Cash Flows reports changes in cash and cash equivalents resulting from operations and shows how IWK Health financed its activities during the year and met its cash requirements.

Operating Activities

Cash flow from operating activities is \$9,199 (2021 - \$24,082) and is the result of the following:

- Amortization costs of \$10,859
- Write-down/disposal of tangible capital assets of \$1,339
- Accounts receivable and due from governments ↑ \$1,510 primarily as the result of the timing of payments from the NS Department of Health & Wellness. However, our collection of aged accounts for patient billing and other non-NS Department of Health & Wellness accounts has improved significantly over the past two years, greatly reducing our aged balances
 - Receivable from the IWK Foundation ↓ \$3,014 primarily due to receipt of payments in the current year related to prior year billings for larger capital projects and equipment
 - Accounts payable ↓ \$3,600 as the result of timing of payments. On average, 82% of our invoices are processed and paid to vendors within 45 days
 - Employee future benefits ↓ \$1,244 as the result of valuation of the various benefits plans
 - Prepaid expenses ↑ \$797 substantially as the result of new long-term service contracts

Capital Activities

Acquisition of tangible capital assets ↓ \$11,797 due to completion of several larger projects in prior year that did not recur in current year (e.g., MRI, PICU, smart beds)

Financing Activities

Debt retirement relates to the principal payment on IWK Health's loan with the Province of Nova Scotia



IWK Health