



Financial Statements

## **The Izaak Walton Killam Health Centre**

As at March 31, 2019

# Contents

	<b>Page</b>
Management's Report	1
Independent Auditor's Report	2
Statement of Financial Position	4
Statement of Operations and Accumulated Surplus	5
Statement of Change in Net Debt	6
Statement of Cash Flows	7
Notes to the Financial Statements	8-27
Schedule A: Expenses by Object	28
Schedule B: Approved Budget	29

# 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 approval of the financial statements to the Board.

The Auditor General of Nova Scotia provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian auditing standards and includes tests and procedures which allow him 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 20, 2019



5161 George Street  
Royal Centre, Suite 400  
Halifax, Nova Scotia  
B3J 1M7

# Auditor General of Nova Scotia

## INDEPENDENT AUDITOR'S REPORT

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, 2019, and the statement of operations and accumulated surplus, 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, 2019, 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.

### *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 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.

902 424 4046 tel  
902 424 4350 fax  
[www.oag-ns.ca](http://www.oag-ns.ca)

Michael.Pickup@novascotia.ca



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.



Michael Pickup, FCPA, FCA  
Auditor General of Nova Scotia

Halifax, Canada

June 20, 2019

# The Izaak Walton Killam Health Centre

## Statement of Financial Position

As at March 31, 2019

*[in thousands of Canadian dollars]*

	<b>Note</b>	<b>2019</b>	2018
		<b>\$</b>	<b>\$</b>
			<i>(Restated)</i>
<b>Financial assets</b>			
Cash and cash equivalents	4	<b>33,669</b>	26,151
Accounts receivable	5	<b>4,850</b>	4,784
Due from governments	6	<b>53,811</b>	80,739
Due from IWK Health Centre Charitable Foundation	7	<b>4,276</b>	7,783
		<b>96,606</b>	119,457
<b>Liabilities</b>			
Accounts payable and accrued liabilities	8	<b>34,829</b>	43,600
Employee future benefits	9	<b>37,296</b>	57,804
Deferred revenue	10	<b>27,358</b>	21,368
Long-term debt	11	<b>5,585</b>	6,580
		<b>105,068</b>	129,352
<b>Net debt</b>		<b>(8,462)</b>	(9,895)
<b>Non-financial assets</b>			
Tangible capital assets	12	<b>201,484</b>	203,731
Inventories held for use	13	<b>1,588</b>	1,624
Prepaid expenses		<b>1,767</b>	2,169
		<b>204,839</b>	207,524
<b>Accumulated surplus</b>		<b>196,377</b>	197,629

*Contingent liabilities and contractual obligations (Notes 17 & 18)*

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

**On behalf of the Board of Directors:**



Karen Hutt  
Chair, Board of Directors



Jennifer Mills, CPA, CA  
Chair, Finance, Audit & Risk Management Committee

# The Izaak Walton Killam Health Centre

## Statement of Operations and Accumulated Surplus

Year ended March 31, 2019

[in thousands of Canadian dollars]

	<b>Budget</b>	<b>2019</b>	<b>2018</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	<i>(Unaudited)</i>		<i>(Restated)</i>
	(Schedule B)		
<b>Revenues</b>			
Operating grants - Provincial	<b>243,665</b>	<b>243,117</b>	248,462
Operating grants - Federal	-	<b>265</b>	337
Capital grants - Provincial	<b>3,222</b>	<b>4,581</b>	6,423
Capital grants - other	<b>8,775</b>	<b>5,379</b>	10,978
Research & innovation	<b>12,857</b>	<b>12,229</b>	13,656
Other revenue	<b>20,956</b>	<b>20,329</b>	19,418
Investment income	<b>150</b>	-	232
<b>Total revenues</b>	<b>289,625</b>	<b>285,900</b>	299,506
<b>Expenses (Schedule A)</b>			
Clinical programs & networks	<b>170,506</b>	<b>167,374</b>	170,223
Corporate support	<b>54,260</b>	<b>56,193</b>	57,491
Clinical support	<b>50,763</b>	<b>50,534</b>	49,997
Research & innovation	<b>12,979</b>	<b>13,051</b>	13,824
<b>Total expenses</b>	<b>288,508</b>	<b>287,152</b>	291,535
<b>Annual (deficit) surplus</b>	21	<b>1,117</b>	<b>(1,252)</b>
<b>Accumulated surplus, beginning of year</b>		<b>197,629</b>	189,658
<b>Accumulated surplus, end of year</b>		<b>196,377</b>	197,629

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

# The Izaak Walton Killam Health Centre

## Statement of Change in Net Debt

Year ended March 31, 2019

[in thousands of Canadian dollars]

	Budget	2019	2018
	\$	\$	\$
	(Unaudited)		
	(Schedule B)		
<b>Annual (deficit) surplus</b>	<b>1,117</b>	<b>(1,252)</b>	7,971
<b>Change in tangible capital assets</b>			
Acquisition of tangible capital assets	<b>(12,992)</b>	<b>(9,634)</b>	(19,637)
Amortization of tangible capital assets	<b>11,875</b>	<b>11,881</b>	12,606
<b>Decrease (increase) in tangible capital assets</b>	<b>(1,117)</b>	<b>2,247</b>	(7,031)
<b>Change in other non-financial assets</b>			
Net change in inventories	-	<b>36</b>	272
Net change in prepaid expenses	-	<b>402</b>	(189)
<b>Decrease in other non-financial assets</b>	-	<b>438</b>	83
<b>Decrease in net debt</b>	-	<b>1,433</b>	1,023
<b>Net debt, beginning of year</b>	<b>(9,895)</b>	<b>(9,895)</b>	(10,918)
<b>Net debt, end of year</b>	<b>(9,895)</b>	<b>(8,462)</b>	(9,895)

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

# The Izaak Walton Killam Health Centre

## Statement of Cash Flows

Year ended March 31, 2019

[in thousands of Canadian dollars]

	<b>Note</b>	<b>2019</b>	2018
		<b>\$</b>	<b>\$</b>
<b>Operating activities</b>			
Annual (deficit) surplus		(1,252)	7,971
Item not affecting cash:			
Amortization of tangible capital assets		11,881	12,606
		<u>10,629</u>	<u>20,577</u>
Changes in other items:			
Decrease (increase) in accounts receivable / due from governments		26,862	(6,398)
Decrease in receivable from IWK Health Centre Charitable Foundation		3,507	16,126
(Decrease) increase in accounts payable and accrued liabilities		(8,766)	14,478
Increase (decrease) in employee future benefits		(20,508)	1,124
Decrease in deferred revenue		-	(16,404)
Decrease in inventories held for use		36	272
Decrease (increase) in prepaid expenses		402	(189)
Change in accrued interest / interest expense		(5)	(4)
		<u>12,157</u>	<u>29,582</u>
<b>Capital activities</b>			
Cash used to acquire tangible capital assets		(9,634)	(19,637)
<b>Financing activities</b>			
Debt retirement (principal payments)		(995)	(940)
<b>Increase in cash and cash equivalents</b>		<b>1,528</b>	<b>9,005</b>
<b>Cash and cash equivalents, beginning of year</b>		<b>4,783</b>	<b>(4,222)</b>
<b>Cash and cash equivalents, end of year</b>	4	<b>6,311</b>	<b>4,783</b>

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

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
[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. It 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 global leaders 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 in accordance with Canadian public sector accounting standards (“PSAS”) as established by the Canadian Public Sector Accounting Board (“PSAB”).

These financial statements include 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 7).

#### b. Cash and cash equivalents

Cash includes cash on hand and balances with banks with original maturities of three months or less.

#### 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, accounts receivable, due from governments, due from IWK Health Centre Charitable Foundation, accounts payables and accrued liabilities, and long-term debt. 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 assess each financial instrument for impairment on an annual basis. All financial instruments are tested annually for impairment. 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.

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
[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 the financial statements in the current year.

The costs and obligations of these employee future benefits are actuarially determined using management's best estimate of the assumptions disclosed in Note 9. 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 and 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 the financial statements.

#### e. Deferred revenue

Deferred revenue includes contributions 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 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.

The cost of the tangible capital assets are amortized on a straight-line basis over their estimated useful life as follows:

Buildings	50 years
Leasehold improvements	Lesser of term or 10 years
Equipment	5 - 10 years
Information technology	5 years
Parking garage	50 years

Assets under construction are not amortized until the asset is available for productive use. Amortization on equipment purchased commences in the year after acquisition.

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
[in thousands of Canadian dollars]

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

The useful life of an asset may require revision during its life due to significant changes such as physical damage, upgrade, re-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.

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, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties for nominal or no consideration are recorded at their carrying value.

#### **g. Inventories held for use**

Inventories held for use include drugs, departmental, medical and surgical 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 expenses**

Prepaid expenses include premises rent, insurance, service contracts, support costs, memberships and subscriptions and are charged as an expense over the periods the goods and services is expected to be consumed.

#### **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 for operating and capital purposes are recognized as revenue in the period in which all eligibility criteria and/or stipulations have been met and the amounts are authorized. Any funding received prior to satisfying these conditions is deferred until conditions have been met. When revenue is received without eligibility credits or stipulations, it is recognized when the transfer is authorized.

All non-government contribution or grant revenues that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted inflow received before the criterion has been met is reported as a liability within deferred revenue until the resources are used for the purpose or purposes specified.

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
[in thousands of Canadian dollars]

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

Recovery revenues include reimbursement or coverage by a third party entity for expenses covered by the IWK, and typically include compensation and supplies.

In-patient, out-patient, food services, laboratory and parking revenues are recognized as revenue when the related service is rendered or goods are provided. Investment income includes interest income and is reported in the period earned.

#### **j. Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are 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, 2019, the IWK held 2 (2018 - 6) dental trust funds totalling \$689 (2018 - \$3,501). 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.

#### **l. Measurement uncertainty**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amount of revenues and expenses during the period. Items requiring the use of significant estimates include employee future benefits, amortization rates on tangible capital assets, the useful life of tangible capital assets, inventory, payroll accruals and the allowance for doubtful accounts.

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 each year to assist 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.

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
[in thousands of Canadian dollars]

### 3. Accounting changes

#### a. Change in accounting policy

Prior to April 1, 2018, the IWK recognized various restricted accounts as trusts based on its determination of its discretion of use of these funds.

The IWK, however, has changed the basis of recognition for various funds held in trust. During the year, the IWK reassessed its discretion in the use of funds held in trust and determined that it does have discretion over the use of certain funds held in trust and as a result they should be included in the IWK's statement of financial position as at March 31, 2019. This change in accounting policy was applied prospectively with no effect on the statement of financial position of the IWK as at March 31, 2018, and the statement of operations of the IWK for the financial year then ended.

#### b. Prior period adjustment

Prior to April 1, 2018, the IWK was not grossing up various recovery and expense transactions, resulting in an understatement of revenue and expenses.

As a result, the IWK has restated the prior year's financial information to reflect the gross up of recoveries and expenses. There is no net impact on the prior period's statement of operations and accumulated surplus. The impact of this change on the March 31, 2018 amounts presented for comparative purposes is as follows:

	2018 Previously Stated	Adjustment	<b>2018 Restated</b>
<b>STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS</b>			
<b>Revenues</b>	297,836	1,670	<b>299,506</b>
<b>Expenses</b>	289,865	1,670	<b>291,535</b>
<b>Annual surplus</b>	7,971	-	<b>7,971</b>
<b>Accumulated surplus</b>	197,629	-	<b>197,629</b>

#### c. Prior period adjustment

The IWK has determined that donations received by the Foundation for various campaigns where the cash has not been received by the IWK at the end of the reporting period should not be recorded in the IWK's statements until such time the cash has actually been received by the IWK or the related expenditures incurred. While the commitment of these donations to the IWK exist, the recognition of the receivable and deferred revenue are not recorded in the IWK's financial statements until the expenditures are incurred.

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
[in thousands of Canadian dollars]

### 3. Accounting changes (cont'd)

As a result, the IWK has restated the prior year's financial information to reflect the correction in the timing of recognition of the receivable and deferred revenue. There is no impact on the prior period's net debt or accumulated surplus for the IWK. The impact of this change on the March 31, 2018 amounts presented for comparative purposes is as follows:

	2018 Previously Stated	Adjustment	2018 Restated
<b>STATEMENT OF FINANCIAL POSITION</b>			
<b>Financial assets</b>			
Due from IWK Health Centre Charitable Foundation	14,681	(6,898)	<b>7,783</b>
<b>Liabilities</b>			
Deferred revenue	28,266	(6,898)	<b>21,368</b>
<b>Net debt</b>	(9,985)	-	<b>(9,985)</b>
<b>Accumulated surplus</b>	197,629	-	<b>197,629</b>

### 4. Cash and cash equivalents

	2019 \$	2018 \$
Cash and cash equivalents	<b>33,669</b>	26,151
Less: Amount restricted for research	<b>(14,497)</b>	(13,124)
Less: Amount restricted for other	<b>(12,585)</b>	(7,439)
Less: Amount restricted for capital grants	<b>(276)</b>	(805)
<b>Unrestricted cash and cash equivalents</b>	<b>6,311</b>	4,783

Restricted cash consists of cash and cash equivalents that are subject to an insignificant risk of change in value. Refer to Note 10 for details on restrictions.

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
[in thousands of Canadian dollars]

### 5. Accounts receivable

	2019	2018
	\$	\$
Patient care	1,105	1,898
Other	4,288	3,140
Employee receivables	661	992
Less: provision for doubtful accounts	(1,204)	(1,246)
	<b>4,850</b>	<b>4,784</b>

### 6. Due from governments and other government organizations

	2019	2018
	\$	\$
Province of Nova Scotia		
Department of Finance & Treasury Board (Employee future benefits – see Note 9)	37,296	57,804
Department of Health & Wellness	14,357	19,796
Nova Scotia Health Authority	1,492	2,219
Federal Government – HST	1,176	1,929
Less: provision for doubtful accounts	(510)	(1,009)
	<b>53,811</b>	<b>80,739</b>

### 7. 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 \$9,387 (2018 - \$8,492) in donations from the Foundation. The total amount receivable from the Foundation as at March 31, 2019 is \$4,276 (2018 - \$7,783).

### 8. Accounts payable & accrued liabilities

	2019	2018
	\$	\$
Trade payables	6,598	13,266
Accrued liabilities	7,590	9,226
Salaries and benefits	18,693	20,919
NS Department of Health & Wellness	1,948	189
	<b>34,829</b>	<b>43,600</b>

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
*[in thousands of Canadian dollars]*

### 9. Employee future benefits – summary

	<b>2019</b>	2018
	<b>\$</b>	\$
Employee future benefits – summary		
Ending balance, retiring allowances (Note 9a)	<b>2,867</b>	23,206
Ending balance, health insurance (Note 9b)	<b>14,677</b>	14,365
Ending balance, non-vested sick-leave benefits (Note 9c)	<b>19,752</b>	20,233
	<b>37,296</b>	57,804

#### 9a. Employee future benefits – retiring allowances

Retirement allowances paid to employees upon retirement are actuarially determined. The retiring allowance valuation is calculated by the Nova Scotia Department of Finance and Treasury Board for the IWK. The Province of Nova Scotia contracts a third party to perform actuarial valuations for government departments, government agencies and boards.

Prior to April 1, 2015, liabilities were determined using the projected unit credit method, prorated on service. Under this method, an equal proportion of the estimated total benefit is allocated to each year of service. The present value of benefits attributed to service prior to the valuation date is determined and referred to as the benefit obligation, or actuarial liability. The current period benefit cost is the actuarial present value of benefits attributable to the next year of service. The attribution period was the period from date of hire to expected retirement date.

Since benefits have been curtailed effective April 1, 2015, the valuation method was changed such that the total liability is no longer pro-rated on service. The liability is based on service accrued to April 1, 2015, using projected earnings at retirement. The last actuarial valuation for retiring allowances was conducted as at June 30, 2017, with actuarial liabilities extrapolated to March 31, 2019.

Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life of 12 years. The costs are actuarially determined using management's best estimate of employee retention, retirement ages of employees, salary escalation, other cost escalation, long term inflation and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized over estimated average remaining service life of the employee groups on a straight-line basis. Plan amendments, including past service costs, are recognized as an expense in the period of the plan amendment.

In January 2018, eligible management and non-unionized staff were offered a one-time service payout option 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 employees, which was paid in May 2018. In October 2018, eligible unionized staff were offered a one-time service payout option in lieu of the retirement allowance available at the time of retirement. This resulted in a total service payout of \$17.1 million to those eligible employees, which was paid during the year. Some management and non-union and union staff chose not to accept this

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
[in thousands of Canadian dollars]

### 9a. Employee future benefits – retiring allowances (cont'd)

one-time offer, as such the IWK will process these retirement allowance payouts at time of retirement.

The Nova Scotia Department of Finance and Treasury Board fully funds this liability; therefore, a corresponding accounts receivable amount is recorded. As at the end of March 31, 2019, an amount of \$2,867 for the retirement allowance liability has been authorized by the Province of Nova Scotia.

The IWK has provided for retiring allowances as follows:

	2019	2018
	\$	\$
<b>Accrued benefit liability</b>		
Beginning Balance, accrued benefit obligation	22,213	23,727
Interest cost during the year	468	784
Impact of plan amendment / settlement	2,273	-
Other (past service, transfers, etc.)	-	750
Settlement payouts	(20,900)	-
Benefits paid	(1,448)	(2,248)
Actuarial loss (gains)	174	(800)
Accrued benefit obligation	2,780	22,213
Unamortized actuarial gain	87	993
Ending balance, accrued benefit liability	2,867	23,206

	2019	2018
	\$	\$
<b>Employee future benefits retiring allowance expense</b>		
Interest on accrued benefits	468	784
Impact of plan settlements	1,612	-
Other adjustments	-	750
Amortization of actuarial gains	(71)	(307)
Net benefit plan expense	2,009	1,227

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
[in thousands of Canadian dollars]

### 9a. Employee future benefits – retiring allowances (cont'd)

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

	<b>2019</b>	2018
Discount rate	<b>3.29%</b>	3.42%
Average age of employees	<b>44.8</b>	44.1
Average years of service	<b>10.3</b>	10.9
Future mortality rate	<b>No pre-retirement mortality rate assumed</b>	
Rate of compensation increase	<b>0.50% - 2.00%</b>	1.00%-2.00%
Promotional Increase	<b>0.40%-2.90%</b>	0.40%-2.90%

### 9b. Employee future benefits – health insurance

The IWK provides health insurance benefits to employees upon retirement. Under union collective agreements, employees are entitled to receive this benefit upon retirement. The benefit is an optional choice for employees at retirement. The IWK contributes to the cost of these premiums. The Province of Nova Scotia contracts a third party to perform actuarial valuations for government departments, government agencies and boards. The most recent actuarial valuation was conducted as at June 30, 2017, with actuarial liabilities extrapolated to March 31, 2019.

The health insurance obligation 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 of 14 years for active employees. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized over the estimated average remaining service life of the employee groups on a straight-line basis. Plan amendments, including past service costs, are recognized as an expense in the period of the plan amendment.

The Nova Scotia Department of Finance fully funds this liability, thus an offsetting accounts receivable amount is recorded. As at the end of March 31, 2019, an amount of \$14,677 payable to the IWK for health insurance has been authorized by the Province of Nova Scotia.

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
[in thousands of Canadian dollars]

### 9b. Employee future benefits – health insurance (cont'd)

The IWK has provided for health insurance as follows:

	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
<b>Accrued benefit liability</b>		
Beginning balance, accrued benefit obligation	<b>10,223</b>	11,254
Current service cost for the year	<b>656</b>	705
Interest cost during the year	<b>346</b>	398
Benefits paid	<b>(386)</b>	(336)
Actuarial (gains) losses	<b>626</b>	(1,798)
Accrued benefit obligation	<b>11,465</b>	10,223
Unamortized actuarial gain	<b>3,212</b>	4,142
Ending balance, accrued benefit liability	<b>14,677</b>	14,365

	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
<b>Employee future benefits health insurance expense</b>		
Current service costs	<b>656</b>	705
Interest on accrued benefits	<b>346</b>	398
Amortization of actuarial gain	<b>(303)</b>	(175)
Net benefit plan expense	<b>699</b>	928

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

	<b>2019</b>	2018
Discount rate	<b>3.29%</b>	3.42%
Participation rate - Health	<b>95%</b>	95%
Future mortality rate based on CPM 2014		
Public Sector table with mortality scale CPM-B	<b>120%</b>	120%
Rate of health care inflation, (reduced to a rate of 4.5% over 15 years)	<b>7%</b>	7%

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
*[in thousands of Canadian dollars]*

### 9c. Employee future benefits – non-vesting sick leave benefits

The IWK provides non-vesting sick-leave benefits to certain employees. These employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in their respective employment agreement. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick-leave compensation ceases on termination of employment.

The Province of Nova Scotia contracts a third party to perform actuarial valuations for government departments, government agencies and boards. It is calculated by allocating the costs to an employer on non-vesting sick leave bank usage to each year of service. The last actuarial valuation for retiring allowances was conducted as at March 31, 2017, with actuarial liabilities extrapolated to March 31, 2019.

Actuarial gains and losses and assumption changes are amortized on a linear basis over the expected average remaining service life of 12 years for active employees. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized over the estimated average remaining service life of the employee groups on a straight-line basis. Plan amendments, including past service costs, are recognized as an expense in the period of the plan amendment.

The Nova Scotia Department of Finance fully funds this liability, thus an offsetting accounts receivable amount is recorded. As at the end of March 31, 2019, an amount of \$19,752 payable to the IWK for accumulated sick leave benefits has been authorized by the Province of Nova Scotia.

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

	<b>2019</b>	2018
	<b>\$</b>	\$
<b>Accrued benefit liability</b>		
Beginning balance, accrued benefit obligation	<b>11,729</b>	15,899
Current service cost for the year	<b>1,631</b>	2,683
Interest cost during the year	<b>388</b>	571
Benefits paid	<b>(1,731)</b>	(1,431)
Actuarial losses (gains)	<b>86</b>	(5,993)
Accrued benefit obligation	<b>12,103</b>	11,729
Unamortized actuarial gain	<b>7,649</b>	8,504
Ending balance, accrued benefit liability	<b>19,752</b>	20,233

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
[in thousands of Canadian dollars]

### 9c. Employee future benefits – non-vesting sick leave benefits (cont'd)

	<b>2019</b>	2018
<b>Employee future benefits non-vested sick leave benefits</b>	<b>\$</b>	<b>\$</b>
Current service costs	<b>1,631</b>	2,683
Interest on accrued benefits	<b>388</b>	571
Amortization of actuarial (gain)	<b>(769)</b>	(270)
<b>Net benefit plan expense</b>	<b>1,250</b>	2,984

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

	<b>2019</b>	2018
Discount rate	<b>3.29%</b>	3.42%
Future mortality rate based on CPM 2014		
Public Sector table with mortality scale CPM-B	<b>120%</b>	120%
Rate of compensation increase	<b>0.5% – 2.0%</b>	1.0% - 2.0%
Promotional increase	<b>0.40%-2.90%</b>	0.40%-2.90%

### 10. Deferred revenue – summary

	<b>2019</b>	2018
<b>Deferred revenue - summary</b>	<b>\$</b>	<b>\$</b>
Research (Note 10a)	<b>14,497</b>	13,124
Capital grants (Note 10b)	<b>276</b>	805
Other restricted (Note 10c)	<b>12,585</b>	7,439
	<b>27,358</b>	21,368

#### 10a. 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

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
*[in thousands of Canadian dollars]*

### 10a. Deferred revenue – research (cont'd)

	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
Balance, beginning of year	<b>13,124</b>	11,061
Receipts during the year	<b>12,926</b>	11,926
Transfers to revenue during the year	<b>(11,553)</b>	(9,863)
Balance, end of year	<b>14,497</b>	13,124

### 10b. Deferred revenue – capital grants

Deferred revenue – capital grants relates to advanced money 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 expended.

	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
Balance, beginning of year	<b>805</b>	16,403
Receipts during the year	<b>5,098</b>	9,562
Transfers to revenue during the year	<b>(5,627)</b>	(18,262)
Prior period adjustment	-	(6,898)
Balance, end of year	<b>276</b>	805

### 10c. Deferred revenue – other restricted

Deferred revenue – other restricted relates to advanced money received from the IWK Foundation or donors, 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 or services are expended.

	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
Balance, beginning of year	<b>7,439</b>	8,209
Receipts during the year	<b>6,316</b>	2,781
Transfers to revenue during the year	<b>(1,170)</b>	(3,551)
Balance, end of year	<b>12,585</b>	7,439

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
[in thousands of Canadian dollars]

### 11. Long-term debt

The IWK received approval from its Board 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 total financing cost was \$16,000.

Nova Scotia Department of Finance loan repayable in equal quarterly instalments of \$338 which includes principal and interest rate of 5.76% per annum calculated semi-annually. First instalment paid on March 1, 2004, with the final instalment due December 1, 2023.

	<b>2019</b>	2018
	<b>\$</b>	\$
Balance	<b>5,585</b>	6,580

Principal amounts repayable within the next five years and thereafter are as follows:

	\$
2020	1,053
2021	1,115
2022	1,180
2023	1,250
2024	987

The total gross Interest paid on long term debt for the year ended March 31, 2019 was \$358 (2018 - \$409).

### 12. Tangible capital assets

	Land and land improvements	Buildings	Equipment	Information technology	Construction in progress	<b>2019 Total</b>	2018 total
<b>Historical costs</b>							
Opening costs	4,546	268,359	25,302	2,998		<b>301,205</b>	290,043
Additions	-	-	4,055	446	5,133	<b>9,634</b>	19,637
Write-downs	-	-	-	-	-		(8,475)
Closing costs	4,546	268,359	29,357	3,444	5,133	<b>310,839</b>	301,205
<b>Accumulated amortization</b>							
Opening	261	84,838	11,645	730		<b>97,474</b>	93,343
Write-downs	-	-	-	-	-	-	(8,475)
Amortization	-	6,412	5,060	409	-	<b>11,881</b>	12,606
Closing	261	91,250	16,705	1,139		<b>109,355</b>	97,474
<b>Net book value</b>	<b>4,285</b>	<b>177,109</b>	<b>12,652</b>	<b>2,305</b>	<b>5,133</b>	<b>201,484</b>	<b>203,731</b>

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
[in thousands of Canadian dollars]

### 13. Inventories held for use

	2019	2018
	\$	\$
Medical, surgical and other	622	615
Drugs	565	490
Departmental	401	519
	<b>1,588</b>	<b>1,624</b>

### 14. Credit facility

The IWK has been approved for a line of credit of \$2,000. At year end, no amount has been advanced on the line of credit from the Royal Bank (2018 - \$Nil). Any outstanding amount is repayable on demand and bears interest at prime less ¾%.

### 15. Pension funds

#### **Nova Scotia Health Employees' Pension Plan**

The majority of the IWK employees participate in the multi-employer Nova Scotia Health Employee's Pension Plan, a defined benefit plan administered by the Health Association of Nova Scotia. 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.

#### **Nova Scotia Public Service Superannuation Plan**

Certain employees of the Health belong to the Nova Scotia Public Service Superannuation Fund. 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 Agency administers the pension 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:

	2019	2018
	\$	\$
Employer contributions	<b>14,612</b>	<b>13,988</b>

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
[in thousands of Canadian dollars]

### 16. 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.

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

Certain employees of the IWK 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. The Plan is currently administered by the Province of Nova Scotia and the Nova Scotia Government Employees Union. 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:

	2019	2018
	\$	\$
Employer contributions	<u>2,156</u>	<u>2,172</u>

### 17. Contingent liabilities

The IWK has been named as a defendant in legal actions arising in the ordinary course of business. Counsel is unable to form an opinion regarding the merit of certain claims and those in which counsel has provided an opinion, it is expected that payments, if any, which may arise from these claims would be funded by the liability insurance carrier.

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
[in thousands of Canadian dollars]

### 18. Contractual obligations

The IWK has entered into a number of commitments for operating supplies, occupancy and equipment leases and capital renovations. These contractual obligations will become liabilities in the future when the terms of the contracts are met.

Estimated annual minimum lease payment and commitments in each of the next five years are expected to be as follows:

<b>Lease Obligations &amp; Other Contracts</b>		<b>Capital Project Obligations</b>	
	\$		\$
2020	9,467	2020	5,015
2021	4,242	2021	3,263
2022	2,371	2022	-
2023	1,537	2023	-
2024	1,529	2024	-
Thereafter in aggregate	2,794	Thereafter in aggregate	-

### 19. 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. The risks that arise from financial instruments 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 to the IWK 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 the government, third party insurers, patients, foundations and auxiliaries. Credit risk is mitigated by management's review of aging and collection of receivables and billings. 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 IWK's historical experience regarding collections. The allowance for doubtful accounts at March 31, 2019 amounts to \$1,713 (2018 - \$2,255).

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
[in thousands of Canadian dollars]

### 19. Risk management (cont'd)

The aging of trade accounts receivable was as follows:

	<b>2019</b>	2018
	<b>\$</b>	\$
0 – 60 days	<b>3,514</b>	2,791
61 – 120 days	<b>325</b>	327
121-365 days	<b>402</b>	726
Greater than 365 days	<b>609</b>	940
<b>Total</b>	<b>4,850</b>	4,784

#### **Liquidity risk**

Liquidity risk is the risk that the IWK will not be able to meet all cash outflow obligations as they come due. The IWK has contractual obligations and financial liabilities and, therefore, is exposed to liquidity risk. The IWK mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining a bank overdraft credit facility if unexpected cash outflows arise.

#### **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:

	<b>2019</b>	2018
	<b>\$</b>	\$
US dollar per Canadian dollar	<b>0.74830</b>	0.77560

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
[in thousands of Canadian dollars]

### 20. Related party & inter-entity transactions

#### a. 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 Corporation. 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.

#### b. 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 Transportation and Infrastructure Renewal project management services and Internal Services information technology support provided by the Province of Nova Scotia to the IWK, are not recognized in the financial statements.

### 21. Operational & capital funding reconciliation

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

	<b>2019</b>	2018
	<b>\$</b>	\$
Annual (deficit) surplus	<b>(1,252)</b>	7,971
Amortization	<b>11,881</b>	12,606
Capital grants	<b>(9,634)</b>	(19,637)
Principal repayments	<b>(995)</b>	(940)
Current year operating surplus (deficit)	<b>-</b>	-

### 22. Comparative figures

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

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
[in thousands of Canadian dollars]

### SCHEDULE A

#### Expenses by object

	2019	2018
	\$	\$
Salaries and wages	<b>166,619</b>	169,336
Employee benefits	<b>31,306</b>	29,659
Maintenance and building	<b>15,419</b>	15,321
Medical / surgical supplies	<b>14,400</b>	14,235
Research & innovation	<b>12,926</b>	13,824
Amortization	<b>11,881</b>	12,606
Services and other contracts	<b>10,982</b>	10,858
Other supplies and expenses	<b>10,073</b>	11,973
Equipment expenses	<b>4,288</b>	3,972
Drugs	<b>4,248</b>	4,167
Professional fees	<b>2,675</b>	3,052
Patient food	<b>2,335</b>	2,532
<b>Total expenses</b>	<b>287,152</b>	291,535

# The Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2019  
[in thousands of Canadian dollars]

### SCHEDULE B

#### Approved budget

Budgeted figures have been provided for comparison purposes and have been approved by the Board of Directors. Budgeted figures included in the financial statements are unaudited.

The 2019 budget figures presented on the statement of operations and accumulated surplus reflect certain budget adjustments made during the fiscal year. A breakdown of the adjustments is presented as follows:

#### Revenues

Department approved operating revenue	264,554
Additional revenue not captured in IWK preliminary budget	<u>2,003</u>
Preliminary budget	<u>266,557</u>

Preliminary operating revenue budget	266,557
Recoveries	11,071
Capital grants-Provincial	3,222
Capital grants - other	<u>8,775</u>
Revenue budget	<u>289,625</u>

#### Expenses

Preliminary operating expense budget	266,557
Recoveries	11,071
Amortization	11,875
Mortgage principal	<u>(995)</u>
Expense budget	<u>288,508</u>