



**IWK Health**

Financial Statements

**Izaak Walton Killam Health Centre**

March 31, 2023

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# Management's Report

## *Management's Responsibility for the Financial Statements*

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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

On behalf of the Izaak Walton Killam Health Centre:



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



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Mary Lynn VanTassel, BBA, CPA  
Acting Chief Operating Officer

June 22, 2023

## INDEPENDENT AUDITOR'S REPORT

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

### *Opinion*

I have audited the financial statements of the Izaak Walton Killam Health Centre (the "IWK"), which comprise the statement of financial position as at March 31, 2023, and the statement of operations, statement of change in net debt and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the IWK as at March 31, 2023, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

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

### *Other Information*

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

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the IWK's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the IWK's ability to continue as a going

concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the IWK to cease to continue as a going concern.

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

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

A handwritten signature in black ink that reads "Kim Adair". The signature is written in a cursive, flowing style.

Kim Adair, FCPA, FCA, ICD.D  
Auditor General of Nova Scotia  
Halifax, Nova Scotia  
June 22, 2023

# Izaak Walton Killam Health Centre

## Statement of Financial Position

As at March 31  
[in thousands of Canadian dollars]

	Note	2023	2022
			<b>Restated Note 3</b>
<b>Financial assets</b>			
Cash and cash equivalents	4	\$ 50,732	\$ 46,644
Accounts receivable	5	5,227	4,642
Due from governments	6	82,964	53,883
Due from IWK Health Centre Charitable Foundation	7	1,390	1,704
		<b>140,313</b>	<b>106,873</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	8	61,240	41,583
Deferred revenue	9	36,093	34,102
Employee future benefits	10	34,837	35,748
Asset retirement obligations	11	13,009	12,999
Debt	12	986	2,236
		<b>146,165</b>	<b>126,668</b>
<b>Net debt</b>		<b>(5,852)</b>	<b>(19,795)</b>
<b>Non-financial assets</b>			
Tangible capital assets	13	233,483	221,866
Inventories held for use	14	2,143	2,344
Prepaid expenses		3,242	2,694
		<b>238,868</b>	<b>226,904</b>
<b>Accumulated surplus</b>		<b>\$ 233,016</b>	<b>\$ 207,109</b>

Contingent liabilities and contractual obligations (Notes 17 & 18)

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

**Approved by the IWK Health Board of Directors:**



Catherine Woodman, BPR, ICD.D  
Board Chair



Gina Kinsman, CPA, CA  
Finance, Audit & Risk Management Committee Chair

# Izaak Walton Killam Health Centre

## Statement of Operations

Year ended March 31  
[in thousands of Canadian dollars]

	Note	Budget [Note 23]	2023	2022 <i>Restated Note 3</i>
<b>Revenues</b>				
Operating grants - Provincial		\$ 279,829	\$ 297,412	\$ 268,001
Operating grants – Federal		-	180	201
Capital grants - Provincial		38,572	36,178	10,948
Capital grants - Other		1,333	1,727	2,053
Research and innovation – Provincial		-	826	879
Research and innovation – Federal		-	4,074	3,679
Research and innovation – Other		11,425	9,319	7,456
Other revenue - Provincial		10,689	11,656	7,865
Other revenue – Federal		238	108	210
Other revenue – Other		16,841	16,700	19,239
Investment income		350	2,184	533
<b>Total revenues</b>		<b>359,277</b>	<b>380,364</b>	<b>321,064</b>
<b>Expenses (Schedule A)</b>				
Clinical programs and networks		202,102	214,101	194,165
Operational and corporate support		60,305	66,551	59,008
Clinical support		55,296	58,389	54,689
Research and innovation		12,116	15,416	12,587
<b>Total expenses</b>		<b>329,819</b>	<b>354,457</b>	<b>320,449</b>
<b>Annual surplus</b>	21	<b>29,458</b>	<b>25,907</b>	<b>615</b>
<b>Accumulated surplus, beginning of year</b>				
As previously reported		-	213,465	212,544
Accounting changes	3		(6,356)	(6,050)
As restated		-	207,109	206,494
<b>Accumulated surplus, end of year</b>		<b>\$ -</b>	<b>\$ 233,016</b>	<b>\$ 207,109</b>

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



# Izaak Walton Killam Health Centre

## Statement of Change in Net Debt

Year ended March 31  
[in thousands of Canadian dollars]

	Budget [Note 23]	2023	2022 <i>Restated Note 3</i>
<b>Net debt, beginning of year</b>			
As previously reported	(19,795)	(6,796)	(7,397)
Accounting changes (Note 3)	-	(12,999)	(12,999)
<b>As restated</b>	<b>(19,795)</b>	<b>(19,795)</b>	<b>(20,396)</b>
<b>Annual surplus</b>	<b>29,458 \$</b>	<b>25,907 \$</b>	<b>615</b>
<b>Change in tangible capital assets</b>			
Acquisition of tangible capital assets	(41,157)	(22,886)	(11,938)
Amortization of tangible capital assets	11,699	11,215	11,165
Write-down / disposal of tangible capital assets	-	54	1,339
<b>Decrease (increase) in tangible capital assets</b>	<b>(29,458)</b>	<b>(11,617)</b>	<b>566</b>
<b>Change in other non-financial assets</b>			
Net change in inventories	-	201	217
Net change in prepaid expenses	-	(548)	(797)
<b>Increase in other non-financial assets</b>	<b>-</b>	<b>(347)</b>	<b>(580)</b>
<b>Change in net debt</b>	<b>-</b>	<b>13,943</b>	<b>601</b>
<b>Net debt, end of year</b>	<b>\$ (19,795) \$</b>	<b>(5,852) \$</b>	<b>(19,795)</b>

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

# Izaak Walton Killam Health Centre

## Statement of Cash Flows

Year ended March 31  
[in thousands of Canadian dollars]

	Note	2023	2022
			<b>Restated Note 3</b>
<b>Operating Activities</b>			
Annual surplus		\$ 25,907	\$ 615
Items not affecting cash			
Amortization of tangible capital assets		11,215	11,165
Write-down / disposal of tangible capital assets		54	1,339
Asset retirement obligation adoption		-	(6,356)
Change in accounts receivable / due from government		(29,666)	(1,510)
Change in receivable from IWK Health Centre Charitable Foundation		314	3,014
Change in accounts payable and accrued liabilities		19,657	(3,600)
Change in employee future benefits		(911)	(1,244)
Change in inventories held for use		201	217
Change in prepaid expenses		(548)	(797)
Cash provided by operating activities		26,223	2,843
<b>Capital Activities</b>			
Acquisition of tangible capital assets		(22,886)	(18,581)
Change in asset retirement obligation		10	12,999
Cash applied to capital activities		(22,876)	(5,582)
<b>Financing Activities</b>			
Debt retirement (principal payments)		(1,250)	(1,181)
Cash applied to financing activities		(1,250)	(1,181)
<b>Change in cash and cash equivalents</b>		<b>2,097</b>	<b>(3,920)</b>
<b>Cash and cash equivalents, beginning of year</b>		<b>12,542</b>	<b>16,462</b>
<b>Cash and cash equivalents, end of year</b>	4	\$ 14,639	\$ 12,542

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

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023

[in thousands of Canadian dollars]

### 1. Nature of the organization

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

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

### 2. Summary of significant accounting policies

#### a. Basis of accounting

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

These financial statements reflect the assets, liabilities, revenues and expenses of IWK Health. 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 and cash equivalents include cash on hand and demand deposits that are readily available and are subject to an insignificant risk of change in value.

#### c. Financial instruments

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

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

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

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

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023

*[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 retirement, health and life insurance for retired employees and accumulating non-vesting sick leave. A liability for employee future benefits has been included in these financial statements.

The costs and obligations of these employee future benefits are actuarially determined using management's best estimate of the assumptions disclosed in Note 10. 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 employees retiring allowances / public service awards, health and life insurance, and accumulating non-vesting sick leave benefits. As a result, a receivable for the same amount has been recorded from the Nova Scotia Department of Finance and Treasury Board and is included in due from governments in these financial statements.

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

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

#### e. Deferred revenue

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

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

#### f. Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment, and retirement of the assets.

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023  
[in thousands of Canadian dollars]

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

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

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

Construction in progress assets is not amortized until the asset is available for productive use.

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

Under the application of PS 3280 Asset Retirement Obligations, effective April 1, 2022, asset retirement obligations are recognized in the financial statements by increasing the carrying amount of the related tangible capital assets, or components thereof. The related expense is then amortized over the remaining useful lives of the related assets.

Tangible capital assets are written down when conditions indicate that they no longer contribute to IWK Health's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. Write-downs are accounted for as expenses in the statement of operations. Write-downs are not reversed.

When a tangible capital asset is removed from service, destroyed, becomes obsolete, scrapped, etc., it is retired from the accounts of IWK Health as of the asset's disposal date. The gain or loss on disposal will be calculated as the difference between the proceeds received and the net book value of the asset. The gain or loss on disposal will be recorded as revenue or an expense in the statement of operations.

Contributed tangible capital assets are recorded into revenues at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, and such contributed capital assets are then recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at their carrying value.

#### g. Inventories held for use

Inventories held for use include drugs, linen, medical and surgical, and departmental supplies and are recorded at the lower of cost or replacement cost. IWK Health 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.

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023

[in thousands of Canadian dollars]

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

#### h. Prepaid expense

Prepaid expense includes premises rent, maintenance, insurance, service contracts, support costs, memberships, and subscriptions as well as prepaid inventory and are charged to expense over the periods the good or service is 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, defined as operating or capital, are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability.

Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

During the year ended March 31, 2023 the Province of Nova Scotia announced a retention bonus and incentive program for nurses and healthcare workers which has been accounted for in accordance with PS 3410 *Government Transfers*. Accordingly, as the authorization of the transfer and eligibility criteria are met as of March 31, 2023, \$17,140 (2022 - \$nil) is included in expenses in the Statement of Operations for the period then ended. Refer to Note 24 *Retention Bonuses, Incentives for Nurses and Healthcare Workers*.

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

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

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

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

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

#### j. Expenses

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

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023

*[in thousands of Canadian dollars]*

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

#### k. Trusts under administration

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

At March 31, 2023, IWK Health held 2 (2022 - 3) dental trust funds totalling \$303 (2022 - \$338). 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

Measurement uncertainty exists in determining certain amounts at which items are recorded in these financial statements. Many items are measured using management's best estimates. Uncertainty exists whenever estimates are used because it is reasonably possible that there could be a material difference between the recognized amount and another reasonably possible amount.

Areas subject to measurement uncertainty include employee future benefits and asset retirement obligations.

The nature of the uncertainty in the accruals for sick leave, retirement and other obligations arises because actual results may differ significantly from the various assumptions about plan members and economic conditions in the marketplace.

The nature of uncertainty related to asset retirement obligations arises from significant assumptions associated with unit rate matrices used to approximate liability costs and the use of a sliding scale of abatement values to reflect the estimated phase-out of asbestos and lead paint in construction.

Other areas requiring the use of management estimates include allowances for doubtful accounts, amortization rates, inventory, accrued payroll liabilities, asset retirement obligations, commitments, and contingencies.

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

#### m. Contributed services

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

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023

[in thousands of Canadian dollars]

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

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

#### n. Liability for contaminated sites

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

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

For the fiscal year ended March 31, 2023, IWK Health has not identified a liability for contaminated sites.

#### o. Asset retirement obligations

Asset retirement obligations ("AROs") arise from the acquisition, development, and construction of tangible capital assets due to legal obligations associated with their retirement. The major parts of the carrying amount of AROs relate to hazardous building materials and medical equipment containing hazardous substances. IWK Health recognizes an ARO when all the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and
- (iv) A reasonable estimate of the amount can be made.

The asset retirement cost is recognized upon initial recognition of the liability for asset retirement obligation by increasing the carrying amount of the tangible capital assets or the components thereof by the same amount as the liability. The asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital assets or the components thereof.

The carrying amount of the liability for asset retirement obligations are remeasured at each financial reporting date and any changes to the liability are recognized at the time of remeasurement. The government funding to recover the asset retirement costs is received as related expenses are incurred, and such recoveries are separately recognized.



# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023  
[in thousands of Canadian dollars]

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

#### p. Future changes in accounting standards

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

- PS 3400 *Revenue* provides guidance on how to account for and report on revenue from exchange and non-exchange transactions.
- PS 3160 *Public Private Partnerships* that addresses the recognition, measurement, presentation and disclosure of infrastructure procured by public sector entities through certain types of public private partnership arrangements.
- PSG-8 *Intangibles* provides the scope of the intangibles allowed to be recognized in financial statements given the removal of the recognition prohibition related to purchased intangibles in PS 1000.

PSAB has also undertaken a project to review and update the Conceptual Framework for the PSA Handbook, and the revised framework will be effective for fiscal years beginning on or after April 1, 2026, with earlier adoption encouraged. The revised Conceptual Framework will replace the existing conceptual framework, which consists of Section PS 1000, *Financial Statement Concepts*, and Section PS 1100, *Financial Statement Objectives*.

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

### 3. Change in accounting policy

On April 1, 2022, IWK Health adopted the PSA Handbook Section PS 3280, *Asset retirement obligations* requiring IWK Health to record and disclose liabilities related to retiring the IWK Health's assets. The new standard includes the requirement for recognition, measurement, presentation, and disclosure of asset retirement obligations and is effective for years beginning on or after April 1, 2022.

As at March 31, 2023, a total liability for asset retirement obligations ("AROs") of \$13.0 million has been recorded in these financial statements. Refer to Note 11 *Asset retirement obligations*.

The assets identified by IWK Health that are likely to have asset retirement obligations are:

- Hospital buildings,
- Fuel storage tanks, and
- Medical equipment.

The most significant ARO is attributed to the regulated materials in hospital buildings and is comprised of costs related to asbestos abatement. Although there is no legal requirement to dispose of asbestos until it is disturbed, regulations require asbestos to be handled and disposed of in a prescribed manner when disturbed, such as during renovations or ultimately upon demolition.

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023

[in thousands of Canadian dollars]

### 3. Change in accounting policy (cont'd)

Another significant asset retirement obligation is attributed to the safe removal of radioactive medical equipment used at IWK Health's sites.

AROs that can be reasonably estimated are included in the tangible capital asset cost and are amortized straight-line over the remaining useful life of the underlying asset.

The ARO estimates are based on the estimated costs per unit to dispose of the regulated materials in accordance with the prescribed legislative requirements. These estimated unit costs were developed based on available data such as environmental reports, building engineering reports, and the use of independent third-party expert reports for facility related AROs.

In accordance with the transitional provisions, IWK Health has applied PS 3280 using the modified retroactive approach. Comparative figures have been restated and the impact on opening comparative figures (March 31, 2022) is reflected as an adjustment to opening accumulated surplus. Details on the impact of this adjustment to the financial statements are provided below.

	2023		2022		
	Net Debt, April 1, 2022	Accumulated Surplus, April 1, 2022	Net Debt, April 1, 2021	Accumulated Surplus April 1, 2021	Annual Surplus
Addition to TCA	\$ -	\$ 6,643	\$ -	\$ 6,949	\$ -
Liability recognition	(12,999)	(12,999)	(12,999)	(12,999)	-
Amortization impact on Statement of Operations	-	-	-	-	(306)
	<b>\$ (12,999)</b>	<b>\$ (6,356)</b>	<b>\$ (12,999)</b>	<b>\$ (6,050)</b>	<b>\$ (306)</b>

### 4. Cash and cash equivalents

	2023	2022
Cash and cash equivalents	\$ 50,732	\$ 46,644
Less: Amount restricted for research	(19,585)	(18,636)
Less: Amount restricted for other restricted	(16,233)	(15,123)
Less: Amount restricted for capital purposes	(275)	(343)
<b>Unrestricted cash and cash equivalents</b>	<b>\$ 14,639</b>	<b>\$ 12,542</b>

Restricted cash consists of cash and cash equivalents that are subject to an insignificant risk of change in value. Restricted cash is designated to be used only in support of initiatives specifically approved by external funding organizations and individuals. The corresponding restricted liabilities represent unexpended funds as of the end of the fiscal year and will be recognized as revenue when the funds are used for their intended purpose. Refer to Note 9 for details on restrictions. The total amount of restricted cash as at March 31, 2023 is \$36,093 (2022 - \$34,102).

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023  
[in thousands of Canadian dollars]

### 5. Accounts receivable

	2023	2022
Other	\$ 2,569	\$ 2,208
Patient care	1,039	565
Employee receivables	1,026	1,111
External health organizations	852	1,149
Dalhousie University	745	363
Less: provision for doubtful accounts	(1,004)	(754)
	<b>\$ 5,227</b>	<b>\$ 4,642</b>

### 6. Due from governments

	2023	2022
Province of Nova Scotia		
Department of Finance and Treasury Board		
Employee future benefits – see Note 10	\$ 34,837	\$ 35,748
Asset retirement obligations – see Note 11	13,040	-
Department of Health & Wellness	31,975	14,818
Other government reporting entities	1,250	500
Federal Government	1,457	2,394
Nova Scotia Health	512	492
Less: provision for doubtful accounts	(107)	(69)
	<b>\$ 82,964</b>	<b>\$ 53,883</b>

As at March 31, 2023, \$17,140 (2022 - \$nil) is included in amounts due from the Department of Health and Wellness related to the Province of Nova Scotia Retention Bonuses, Incentives for Nurses, and Healthcare Workers program. Refer to Note 24. *Retention Bonuses, Incentives for Nurses, and Healthcare Workers*.

### 7. Due from IWK Health Centre Charitable Foundation

The Foundation provides donations to IWK Health for capital, clinical programs, and research activities. During the current year, IWK Health received \$3,702 (2022 - \$5,427) in cash donations from the Foundation, these donations are recognized as revenue when the related expense is incurred or stipulations, if any, are met. The total amount receivable from the Foundation as at March 31, 2023 is \$1,390 (2022 - \$1,704).

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023  
[in thousands of Canadian dollars]

### 8. Accounts payable & accrued liabilities

	2023		2022	
Salary and benefits	\$	42,697	\$	24,211
Accrued liabilities		9,362		5,284
Trade payables		9,181		12,088
	\$	61,240	\$	41,583

As at March 31, 2023, \$17,140 (2022 - \$nil) is included in Salary and benefits payable related to the Province of Nova Scotia Retention Bonuses, Incentives for Nurses, and Healthcare Workers program. Refer to Note 24. *Retention Bonuses, Incentives for Nurses, and Healthcare Workers*.

### 9. Deferred revenue – summary

Deferred revenue - summary	2023		2022	
Research (Note a)	\$	19,585	\$	18,636
Other restricted (Note b)		16,233		15,123
Capital grants (Note c)		275		343
	\$	36,093	\$	34,102

#### a. Deferred revenue – research

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

	2023		2022	
Balance, beginning of year	\$	18,636	\$	16,780
Receipts during the year		15,122		13,670
Transfers to revenue during the year		(14,173)		(11,814)
Balance, end of year	\$	19,585	\$	18,636

#### b. Deferred revenue – other restricted

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

	2023		2022	
Balance, beginning of year	\$	15,123	\$	14,384
Receipts during the year		5,308		5,277
Transfers to revenue during the year		(4,198)		(4,538)
Balance, end of year	\$	16,233	\$	15,123

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023  
*[in thousands of Canadian dollars]*

### 9. Deferred revenue – summary (cont'd)

#### c. Deferred revenue – capital grants

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

	2023		2022	
Balance, beginning of year	\$	343	\$	261
Receipts during the year		9,313		4,265
Transfers to revenue during the year		(9,381)		(4,183)
Balance, end of year	\$	275	\$	343

### 10. Employee future benefits

Employee future benefits – summary		2023		2022	
Non-vested sick-leave benefits (Note a)	\$	17,642	\$	18,457	
Health insurance (Note b)		15,841		15,696	
Retiring allowances (Note c)		1,354		1,595	
Ending balance, employee future benefits	\$	34,837	\$	35,748	

#### a. Non-vesting sick leave benefits

IWK Health provides non-vesting sick-leave benefits to certain union and non-union employees. These employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in their respective employment agreement. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick-leave compensation ceases on termination of employment. The Province of Nova Scotia contracts a third party to perform the actuarial valuation on employee future benefits on behalf of IWK Health. The benefit costs and liabilities related to the plan are included in the financial statements. Actuarial gains and losses are amortized over the expected average remaining service life. The most recent actuarial valuation was conducted as at June 30, 2020, with actuarial liabilities extrapolated to March 31, 2023. The Nova Scotia Department of Finance and Treasury Board fully funds this liability; therefore, a corresponding accounts receivable amount is recorded.

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023  
[in thousands of Canadian dollars]

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

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

Accrued benefit liability	2023	2022
Beginning balance, accrued benefit obligation	\$ 8,910	\$ 8,559
Current service cost	1,230	1,212
Interest on accrued benefit obligation	261	238
Benefits paid	(1,163)	(1,250)
Experience (gain) loss	(125)	151
Accrued benefit obligation	\$ 9,113	\$ 8,910
Unamortized net actuarial gain	8,529	9,547
Ending balance, accrued benefit liability	\$ 17,642	\$ 18,457

Non-vesting sick leave benefits expense	2023	2022
Current service costs	\$ 1,230	\$ 1,212
Interest on accrued benefit obligation	261	238
Amortization of net actuarial gain	(1,144)	(1,156)
Total	\$ 347	\$ 294

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

	2023	2022
Discount rate	2.96%	2.74%
Future mortality rate based on CPM 2014		
Public Sector table with mortality scale CPM-B	120%	120%
Rate of compensation increase	0.50% - 2.00%	0.50% - 2.00%
Promotional increase	0.40% - 2.90%	0.40% - 2.90%
Expected average remaining service life	12 years	12 years

#### b. Health insurance

IWK Health provides health insurance benefits for certain union and non-union employees at the choice of the employee at retirement. IWK Health contributes to the cost of these premiums. The Province of Nova Scotia contracts a third party to perform actuarial valuations on employee future benefits on behalf of IWK Health. The most recent actuarial valuation was conducted as at June 30, 2020, with actuarial liabilities extrapolated to March 31, 2023.

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023  
[in thousands of Canadian dollars]

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

The health insurance value is calculated using the projected unit credit method, prorated on service. Experience gains and losses and assumption changes are amortized on a linear basis over the expected average remaining service life for active employees. Annually, results along with values to record the liability and expenses are provided by the Nova Scotia Department of Finance and Treasury Board.

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

IWK Health has provided for health insurance as follows:

Accrued benefit liability	2023	2022
Beginning balance, accrued benefit obligation	\$ 11,095	\$ 10,210
Current service cost	652	658
Interest on accrued benefit obligation	323	293
Benefits paid	(403)	(407)
Experience (gain) loss	75	341
Ending balance, accrued benefit obligation	\$ 11,742	\$ 11,095
Unamortized net actuarial gain	4,099	4,601
Accrued benefit liability	\$ 15,841	\$ 15,696

Health insurance expense	2023	2022
Current service costs	\$ 652	\$ 658
Interest on accrued benefit obligation	323	293
Amortization of net actuarial gain	(427)	(451)
Employee future benefits health insurance expense	\$ 548	\$ 500

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

	2023	2022
Discount rate	2.96%	2.74%
Participation rate - Health	80%	80%
Future mortality rate based on CPM 2014 Public Sector table with mortality scale CPM-B	120%	120%
Rate of health care inflation, (reduced to a rate of 4.0% over 20 years [2020 – reduced to a rate of 4.5% over 15 years])	7%	7%
Expected average remaining service life	14 years	14 years

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023  
*[in thousands of Canadian dollars]*

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

#### c. Retiring allowances

Prior to April 1, 2015, IWK Health provided retiring allowances to employees under certain Collective agreements. Employees were entitled to a payment of one week's salary for every year of service [max. 26 weeks] that an employee has served with the organization. Effective April 1, 2015, retiring allowances have been discontinued and as a result no new members will be admitted into this plan. The payment of retirement allowances are deferred until retirement and calculated based on accumulated service as of the discontinuation date and salary upon retirement. The Province of Nova Scotia contracts a third party to perform actuarial valuations on employee future benefits on behalf of IWK Health. The most recent actuarial valuation was conducted as at March 31, 2022 with actuarial liabilities extrapolated to March 31, 2023.

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

In 2018, eligible management and non-unionized staff as well as unionized staff were offered a one-time service payout in lieu of the retirement allowance available at the time of retirement. This resulted in a total service payout of \$3.8 million of those eligible management and non-unionized staff, which was accrued for at March 31, 2018, as well as \$17.1 million to those eligible unionized employees, which was paid during fiscal 2018-19. These payouts resulted in a reduction in the liability in fiscal 2018-19, and has no direct impact on the financial statements for future years.

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

IWK Health has provided for retiring allowances as follows:

Accrued benefit liability	2023	2022
Beginning balance, accrued benefit obligation	\$ 1,017	\$ 1,255
Interest on accrued benefit obligation	28	31
Benefits paid	(139)	(280)
Experience loss (gain)	33	11
Accrued benefit obligation	\$ 939	\$ 1,017
Unamortized net actuarial gain	415	578
Ending balance, accrued benefit liability	\$ 1,354	\$ 1,595

Retiring allowance expense (recovery):	2023	2022
Interest on accrued benefit obligations	\$ 28	\$ 31
Amortization of actuarial gain	(130)	(131)
	\$ (102)	\$ (100)



# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023

[in thousands of Canadian dollars]

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

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

	2023	2022
Discount rate	2.96%	2.74%
Average age of employees	53.2	52.1
Average years of service	8.9	11.5
Expected average remaining service life	7 years	7 years
Future mortality rate	[none assumed]	[none assumed]
Rate of compensation increase	0.50% - 2.00%	0.50% - 2.00%
Promotional Increase	0.40% - 2.90%	0.40% - 2.90%

### 11. Asset retirement obligations

IWK Health owns and operates various assets that are subject to asset retirement obligations. Provisions for these costs are recorded when it is determined a liability exists and a reasonable estimate of the obligation can be made. As at March 31, 2023, a total liability for asset retirement obligations of \$13,009 (2022 - \$12,999) has been recorded in these financial statements.

IWK Health's estimates for decommissioning of assets at retirement are based on available data such as building engineering reports, internal data and independent third-party expert reports for facility-related asset retirement obligations. These estimates have been measured on an undiscounted basis and consist of several types of asset retirement obligations as follows:

#### Asbestos Abatement

IWK Health owned buildings are known to, or expected to, contain asbestos, which represents a health hazard upon demolition of the building. IWK Health is legally required to perform abatement activities upon renovation or demolition of the building. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The estimated total liability is \$12,084 (2022 - \$12,084).

#### Equipment

IWK Health owned medical equipment is known to, or expected to, contain hazardous and radioactive material which require safe removal and disposal. IWK Health is required to dispose of this material in a regulated manner when the equipment is replaced or at the end of its useful life. The estimated total liability is \$590 (2022 - \$580).

#### Underground Fuel Storage Tanks

IWK Health has identified underground fuel storage tanks which according to legislation, IWK Health is required to decommission in a prescribed manner at the time of their replacement or at the end of their useful life. The estimated total liability is \$48 (2022 - \$48).

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023

[in thousands of Canadian dollars]

### 11. Asset retirement obligations (cont'd)

#### Other

Other asset retirement obligations include items such as refrigerants, mercury, and other regulated building materials which IWK Health is required to dispose of in a regulated manner. The estimated total liability is \$287 (2022 - \$287).

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

Total asset retirement obligations:

	Asbestos	Equipment	Fuel Tanks	Other	2023 Total	2022 Total
Opening costs	12,084	580	48	287	12,999	12,999
Liabilities incurred	-	10	-	32	42	-
Liabilities settled	-	-	-	(32)	(32)	-
Changes in estimate	-	-	-	-	-	-
Closing costs	12,084	590	48	287	13,009	12,999

Tangible capital asset net book value and related ARO liability amounts at March 31, 2023 are as follows:

Tangible Capital Asset Class	Tangible Capital Asset	
	Net Book Value	ARO Liability
Land and land improvements	\$ -	\$ -
Buildings	6,093	12,371
Equipment	263	638
Information Technology	-	-
Projects in progress	-	-
<b>Total</b>	<b>\$ 6,356</b>	<b>\$ 13,009</b>

### 12. Debt

	2023	2022
Balance outstanding	\$ 986	\$ 2,236

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

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

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023  
[in thousands of Canadian dollars]

### 12. Debt (cont'd)

Total principal debt repayments as at March 31 2023 to fully settle the loan are as follows:

Year ended March 31	
2024	\$ 986
	<b>\$ 986</b>

The total gross interest paid on debt for the year ended March 31, 2023 was \$102 (2022 - \$172).

IWK Health has access to a \$2,000 line of credit with a Canadian chartered bank which may be used for general operating purposes. Draws on the facility bear interest at the bank's prime rate less 3/4% per annum. As at March 31, 2023, IWK Health has \$nil [2022 - \$nil] draws against this facility.

### 13. Tangible capital assets

Historical costs	Land and land improvements	Buildings	Equipment	Information Technology	Projects in progress	2023 Total	2022 Total
Opening costs	4,546	301,550	44,861	4,154	11,004	<b>366,115</b>	357,339
Transfers	-	3,042	1,390	-	(4,432)	-	-
Additions	-	110	3,369	-	19,407	<b>22,886</b>	11,938
Write-downs / disposals*	-	-	(368)	-	-	<b>(368)</b>	(3,162)
Closing costs	4,546	304,702	49,252	4,154	25,979	<b>388,633</b>	366,115

  

Accumulated amortization	Land and land improvements	Buildings	Equipment	Information Technology	Projects in progress	2023 Total	2022 Total
Opening	261	115,593	26,493	1,902	-	<b>144,249</b>	135,213
Amortization	-	7,716	3,268	231	-	<b>11,215</b>	10,859
Write-downs / disposals*	-	-	(314)	-	-	<b>(314)</b>	(1,823)
Closing	261	123,309	29,447	2,133	-	<b>155,150</b>	144,249

  

<b>Net book value</b>	<b>4,285</b>	<b>181,393</b>	<b>19,805</b>	<b>2,021</b>	<b>25,979</b>	<b>233,483</b>	<b>221,866</b>
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\*Write-downs are for the removal of equipment and information technology assets which are no longer in use due to their age. Disposals are equipment and information technology assets which are removed from service, destroyed, becomes obsolete, scrapped, etc.

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023  
*[in thousands of Canadian dollars]*

### 14. Inventories held for use

		2023		2022
Medical, surgical and other	\$	1,005	\$	1,207
Drugs		814		739
Departmental		324		398
	\$	<b>2,143</b>	\$	<b>2,344</b>

### 15. Employer pension contributions

#### Nova Scotia Health Employees' Pension Plan

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

#### Nova Scotia Public Service Superannuation Plan

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

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

		2023		2022
Employer contributions	\$	<b>16,432</b>	\$	16,009

### 16. Employer contributions to the long-term disability plan

#### Health Association Nova Scotia

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

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

		2023		2022
Employer contributions	\$	<b>2,801</b>	\$	2,680

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023

[in thousands of Canadian dollars]

### 17. Contingent liabilities

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

IWK Health currently has two (2022 – two) collective agreements that expired on October 31, 2020 and are currently under negotiation at March 31, 2023. Given that negotiations are ongoing, no additional disclosures have been made.

### 18. Contractual obligations

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

Year ended March 31	\$
2024	9,557
2025	6,350
2026	3,222
2027	2,130
2028	660
Thereafter in aggregate	2,032

### 19. Risk management

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

#### Credit risk

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

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

IWK Health measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the age of accounts and management's experience regarding collections. The allowance for doubtful accounts at March 31, 2023 amounts to \$1,111 (2022 - \$823).

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023  
[in thousands of Canadian dollars]

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

The aging of trade accounts receivable was as follows:

	2023	2022
0 – 60 days	\$ 4,334	\$ 3,560
61 – 120 days	271	381
121 - 365 days	200	177
Greater than 365 days	422	524
Total	\$ 5,227	\$ 4,642

#### Liquidity risk

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

#### Foreign currency risk

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

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

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

	2023	2022
US dollar per Canadian dollar	\$ 0.7389	\$ 0.8003

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

#### Related party transactions

IWK Health is related in terms of common ownership to all Province of Nova Scotia created departments, agencies, boards and commissions. Related parties also include key management personnel having the authority and responsibility for planning, directing and controlling the activities of the organization. This includes the executive leadership team, and members of the Board of Directors and their close family members. IWK Health enters into transactions with these entities in the normal course of business measured at the exchange amount. This disclosure is in addition to the related party disclosure provided elsewhere in these financial statements.

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023

[in thousands of Canadian dollars]

### 20. Related party and inter-entity transactions (cont'd)

#### Inter-entity transactions

The Province of Nova Scotia has centralized some of its administrative activities for efficiency and cost-effectiveness purposes. As a result, the Province of Nova Scotia uses a shared services model so that one department performs services for other departments, agencies, board and commissions without charge. The costs of these services, such as Public Works, Service Nova Scotia and Internal Services information technology support provided by the Province of Nova Scotia, and Nova Scotia Health Authority clinical information technology support services are not recognized in these financial statements. Additionally, SAP Enterprise system support services are provided to IWK Health at no charge.

### 21. Operational and capital funding reconciliation

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

	2023	2022
		<b>Restated Note 3</b>
Annual surplus reported on the statement of operations	\$ 25,907	\$ 615
Amortization	11,215	11,165
Capital grants	(35,926)	(11,938)
Write-down / disposal of tangible capital assets	54	1,339
Principal debt repayments	(1,250)	(1,181)
Operating funding surplus, as defined by the Act	\$ -	\$ -

### 22. Impact of the COVID-19 Pandemic

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. On March 22, 2020, the Province of Nova Scotia declared a provincial state of emergency to help contain the spread of COVID-19 and new orders under the Health Protection Act came into effect. The provincial state of emergency ended on March 21, 2022. The World Health Organization on May 11, 2023 declared that COVID-19 is no longer a global health emergency.

#### Operational impacts

COVID-19 had considerable operational impacts on the IWK. In fiscal 2022-23, IWK Health continued to operate a provincial COVID-19 assessment center until January 2023. IWK Health also continued with enhancing virtual care, ensured that personal protective equipment (PPE) supply was sufficient to meet demand and also experienced changes in employee absenteeism. Mandatory screening protocols and certain visitor restrictions also remained in place at all IWK Health locations. Retail services saw reductions in service due to visitor restrictions. There was also a reduction in non-resident, out-of-country and other non-MSI covered procedures and preferred accommodations. The global pandemic has also had a significant impact on supply chain operations, including supply shortages and increased costs.

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023  
[in thousands of Canadian dollars]

### 22. Impact of the COVID-19 Pandemic (cont'd)

#### Financial impacts

The Province provided funding for incremental costs and lost revenues / profit as a result of COVID-19, and any current year impact of COVID-19 on costs and revenue have been recognized in these financial statements. The overall impact of COVID-19 for fiscal 22-23 included lost revenue/profit that would normally have been generated from uninsured medical services and visitor traffic had those services not been cancelled and costs relating to the assessment center (closed in January 2023), pandemic response unit, entrance screening, increased occupational health support, enhanced cleaning protocols, special leave pay and increases in PPE purchases. It is anticipated that the Province will continue to fund certain pandemic-related incremental costs and lost revenues in fiscal 2023-24.

While the pandemic was officially declared over on May 11, 2023, the impact of COVID-19 on IWK Health remains unclear at this time. Certain costs, including enhanced cleaning protocols, increased occupational support, increased PPE, and higher employee absenteeism is expected. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of IWK Health for future periods.

#### Rapid Test Kits

IWK Health received donations of rapid test kits directly from the federal government for internal usage, such as employee testing and patient pre-screening. In addition, it received test kits via the provincial stockpile.

### 23. Budgeted Figures

Budgeted figures, detailed within IWK Health's 2022-23 Business Plan, have been provided for comparison purposes and have been approved by the Department of Health and Wellness (DHW).

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

<b>Revenues</b>	
Operating revenue budget	\$ 304,972
Recoveries	14,400
Capital grants - Provincial	38,572
Capital grants - Other	1,333
<b>Total budgeted revenues per statement of operations</b>	<b>\$ 359,277</b>
<b>Expenses</b>	
Operating expense budget	\$ 304,972
Recoveries	14,400
Amortization	11,697
Principal debt repayments	(1,250)
<b>Total budgeted expenses per statement of operations</b>	<b>\$ 329,819</b>



# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023  
*[in thousands of Canadian dollars]*

### 24. Retention Bonuses, Incentives for Nurses and Healthcare Workers

On March 20, 2023, the Province of Nova Scotia announced the retention bonus and incentive program for nurses and healthcare workers aimed at retaining and attracting healthcare professionals within Nova Scotia's publicly funded healthcare system. IWK Health is responsible for the administration of the program, including assessing eligibility and payment to eligible employees.

Payment in the amount of \$17,140 was issued to eligible employees on May 4, 2023 related to the program.

### 25. Comparative Figures

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

# Izaak Walton Killam Health Centre

## Notes to the Financial Statements

For the year ended March 31, 2023  
[in thousands of Canadian dollars]

### SCHEDULE A

#### Expenses by object

	2023	2022
		<b>Restated Note 3</b>
Compensation	\$ 259,901	\$ 232,711
Medical and surgical supplies	17,425	16,129
Equipment, maintenance and premises	16,499	16,499
Services and other contracts	16,067	14,848
Amortization	11,215	11,165
Utilities	8,879	6,884
Drugs	5,377	4,878
Other	4,622	4,473
Professional fees	3,809	3,785
Supplies, subscriptions, printing & delivery	3,382	2,881
Food and dietary supplies	2,586	2,377
Travel and education	1,759	1,252
Insurance and liability claims	1,707	1,579
Interest and other losses	1,229	988
<b>Total expenses</b>	<b>\$ 354,457</b>	<b>\$ 320,449</b>

Compensation expense in 2023 includes \$17,140 (2022 - \$nil) in amounts issued to employees pursuant to the Province of Nova Scotia retention bonus and incentive program for nurses and healthcare workers. Refer to Note 25. *Retention Bonuses, Incentives for Nurses, and Healthcare Workers*.