



IWK Health

Financial Statements

Izaak Walton Killam Health Centre

March 31, 2026

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Management's Report

Management's Responsibility for the Financial Statements

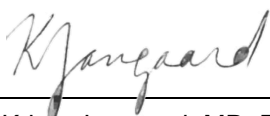
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules,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

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

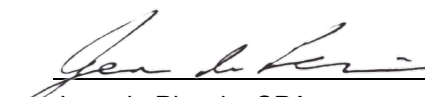
The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Finance, Audit and Risk Management Committee. The Finance, Audit and Risk Management Committee reviews internal financial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

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

On behalf of the Izaak Walton Killam Health Centre:



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



Jean du Plessis, CPA
Vice President, Corporate Programs &
Chief Financial Officer

June 24, 2026

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 ("IWK Health"), which comprise the statement of financial position as at March 31, 2026, 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 Health as at March 31, 2026, 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 IWK Health 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 my auditor's report thereon), which I obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to me after that date.

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

In connection with my audit of the financial statements, my 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 my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am 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 IWK Health'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 IWK Health or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing IWK Health'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 IWK Health'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 IWK Health'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 IWK Health 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 24, 2026

Izaak Walton Killam Health Centre

Statement of Financial Position

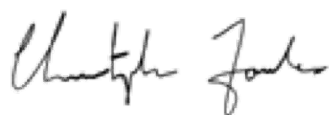
As at March 31
[in thousands of Canadian dollars]

	Note	2026	2025
Financial assets			
Cash and cash equivalents	4	\$ 41,186	\$ 54,133
Accounts receivable	5	9,122	9,537
Due from governments	6	141,507	76,544
Due from IWK Health Centre Charitable Foundation	7	2,476	2,421
		194,291	142,635
Liabilities			
Accounts payable and accrued liabilities	8	71,590	54,008
Due to governments	9	4,822	4,297
Deferred revenue	10	39,956	39,807
Employee future benefits	11	34,193	34,638
Asset retirement obligations	14	49,726	14,787
		200,287	147,537
Net debt		(5,996)	(4,902)
Non-financial assets			
Tangible capital assets	15	409,596	309,748
Inventories held for use	16	3,549	2,784
Prepaid expenses		2,966	2,637
		416,111	315,169
Accumulated surplus		\$ 410,115	\$ 310,267

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:



Christopher John Fowles
Board Chair



Charlene Milner, 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 22]	2026	2025
Revenues				
Operating grants - Provincial		\$ 391,082	414,397	\$ 357,588
Operating grants – Federal		-	200	179
Capital grants - Provincial		60,014	110,764	61,486
Capital grants - Other		4,388	2,733	2,968
Research and innovation – Provincial		-	-	132
Research and innovation – Federal		-	3,404	3,437
Research and innovation – Other		17,623	13,386	14,077
Other revenue - Provincial		2,815	7,726	12,610
Other revenue – Federal		-	266	178
Other revenue – Other		21,376	36,736	34,614
Investment income		750	1,936	2,871
Total revenues		498,048	591,548	490,140
Expenses (Schedule A)				
Nursing inpatient services		113,900	126,786	118,097
Clinical and operational support services		82,695	95,478	81,396
Diagnostic and therapeutic services		79,789	86,357	78,042
Community health services		77,773	76,576	68,315
Ambulatory care services		51,091	58,473	50,038
Corporate support services		22,429	28,398	23,585
Research & innovation		18,861	19,632	19,157
Total expenses		446,538	491,700	438,630
Annual surplus	21	51,510	99,848	51,510
Accumulated surplus, beginning of year		310,267	310,267	258,757
Accumulated surplus, end of year		361,777	\$ 410,115	\$ 310,267

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 22]	2026	2025
Annual surplus	\$ 51,510	99,848	51,510
Change in tangible capital assets			
Acquisition of tangible capital assets	(64,402)	(113,490)	(64,025)
Amortization of tangible capital assets	12,892	13,570	12,344
Write-down / disposal of tangible capital assets	-	72	171
(Increase) in tangible capital assets	(51,510)	(99,848)	(51,510)
Change in other non-financial assets			
Net change in inventories	-	(765)	(512)
Net change in prepaid expenses	-	(329)	(66)
(Increase) decrease in other non-financial assets	-	(1,094)	(578)
(Increase) decrease in net debt	-	(1,094)	(578)
Net debt, beginning of year	(4,902)	(4,902)	(4,324)
Net debt, end of year	(4,902)	(5,996)	(4,902)

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	2026	2025
Operating Activities			
Annual surplus		\$ 99,848	\$ 51,510
Items not affecting cash			
Amortization of tangible capital assets		13,570	12,344
Write-down / disposal of tangible capital assets		72	171
Change in accounts receivable		415	1,440
Change in due from governments		(64,963)	6,350
Change in receivable from IWK Health Centre Charitable Foundation		(55)	(1,757)
Change in accounts payable and accrued liabilities		17,582	(5,365)
Change in due to governments		525	532
Change in employee future benefits		(445)	(399)
Change in inventories held for use		(765)	(512)
Change in prepaid expenses		(329)	(66)
Cash provided by operating activities		65,455	64,248
Capital Activities			
Acquisition of tangible capital assets		(113,490)	(64,025)
Change in asset retirement obligation		34,939	2,416
Cash applied to capital activities		(78,551)	(61,609)
Change in cash and cash equivalents		(13,096)	2,639
Cash and cash equivalents, beginning of year		14,326	11,687
Cash and cash equivalents, end of year	4	\$ 1,230	\$ 14,326

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, 2026
[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.

The statement of operations shows costs incurred to support IWK Health in achieving its mission and objectives. These costs are presented in the following functional categories:

a. Nursing inpatient care services

Nursing inpatient care services include costs incurred to provide healthcare, treatment and continuous clinical monitoring to those patients who are admitted into hospital care.

b. Clinical and operational support services

Clinical and operational support services include costs incurred in both provision and management of all physical assets and services necessary to support staffing, operation, and maintenance. Includes information technology, materials management, housekeeping, registration, food services, and related support services.

c. Diagnostic and therapeutic services

Diagnostic and therapeutic services include costs incurred for professional and technical services, used to investigate, monitor, eradicate and to treat diseases, disabilities or injuries. Includes pharmacy, laboratory services, physiotherapy, occupational therapy, social work, diagnostic imaging, and related clinical services.

d. Community health services

Community health services include costs incurred to provide non-institutional health and social support services delivered outside of hospitals. Includes health promotion, prevention, wellness, mental health, addiction, home care, residential services, and similar community-based services.

e. Ambulatory care

Ambulatory care includes costs incurred relating to specialized diagnostic, consultative, treatment and teaching services provided on an outpatient basis. Access to these services is generally through a referral from a primary care practitioner or specialist. Includes community-based dialysis, oncology, surgical and urgent care services.

f. Corporate support services

Corporate support includes costs incurred to support administering health services. Includes administration, human resources, finance, communications, and other corporate support functions.

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

1. Nature of the organization (cont'd)

g. Research & innovation

Research & innovation includes costs incurred for formally organized research.

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 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, 2026
[in thousands of Canadian dollars]

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

d. Employee future benefits

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. The plans are administered by Health Association Nova Scotia and the Nova Scotia Pension Service Corporation, respectively. IWK Health applies defined contribution plan accounting to these pension plans and, accordingly, contributions to the plans are expensed when they become payable.

Employee future benefits include accumulating non-vesting sick leave, health and life insurance for retired employees, and retiring allowances / public service awards paid to employees upon retirement. 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 11*). 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.

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 operating, research 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, 2026
[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

Leasehold inducements received from lessors are recorded as a reduction of the cost of the related leasehold improvement and amortized over the lesser of the lease term or 10 years.

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

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

Asset retirement obligations are recognized in the financial statements by increasing the carrying amount of the related tangible capital assets, or components thereof. The cost 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 expense in the statement of operations.

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

g. Inventories held for use

Inventories held for use include drugs, linen, medical, surgical and departmental supplies and are recorded at the lower of cost or replacement cost. IWK Health uses the weighted average cost method to determine inventory costs.

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2026
[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, subscriptions and 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 liabilities are settled.

Contributions from other sources, including research, 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 being 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, and laboratory 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 are expensed.

k. Trusts under administration

Trusts administered by IWK Health are maintained separately from IWK Health's assets and are excluded from these financial statements 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.

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

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

At March 31, 2026, IWK Health held 2 (2025 - 2) dental trust funds totalling \$303 (2025 - \$171). 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 relevant parties.

I. 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.

m. 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 arises from past operations or from assets 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, 2026, IWK Health has not identified a liability for contaminated sites.

n. Asset retirement obligations

Asset retirement obligations ("AROs") arise from the acquisition, development, and construction of tangible capital assets that have legal obligations associated with their retirement. 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.

Asset retirement liabilities include costs directly attributable to retirement activities associated with the underlying asset. They are measured based on the best estimate of the expenditures required to settle the obligation, using information available at the reporting date.

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

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

Asset retirement costs that can be reasonably estimated are capitalized as part of the carrying amount of the underlying tangible capital asset and amortized over the related asset's useful life.

Asset retirement obligations are generally long term in nature and the measurement of the amount is likely to change as new information becomes available over the life of the asset. The carrying amounts of the liabilities for asset retirement obligations are reviewed at each financial reporting date. Changes to the liabilities arising from revisions to the value of the original estimate are recognized as a change to the carrying amounts of the related tangible capital assets in the year of revision. Changes to the carrying amount of the liability resulting from expenditures made to remove some or all of the associated asset retirement obligation will result in a proportionate reduction of the related receivable balance.

Asset retirement obligations are funded by the Province of Nova Scotia. Funding received from the Province of Nova Scotia in respect of asset retirement activities is accounted for as a government transfer, defined as capital, in accordance with IWK Health's revenue recognition policy. Amortization of capitalized asset retirement costs is recognized in the Statement of Operations as Clinical and operational support services expense.

o. Future changes in accounting standards

Conceptual Framework for Financial Reporting in the Public Sector

PSAB has 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*.

PS 1202 Financial Statement Presentation

In October 2023, PSAB issued a new financial reporting model (Section PS 1202, Financial Statement Presentation) that replaces Section PS 1201, Financial Statement Presentation. The new standard, including related consequential amendments, responds to the need for understandable financial statements for the public and its elected and appointed representations. The new financial reporting model is effective for fiscal years beginning on or after April 1, 2026. Early application is permitted if the Conceptual Framework is adopted at the same time.

PS 3251 Employee Benefits

In March 2026, PSAB issued a new standard, Section PS 3251, Employee Benefits, which replaces Section PS 3250, Retirement Benefits, and Section PS 3255, Post-employment Benefits, Compensated Absences and Termination Benefits.

The new standard introduces significant changes to the accounting for employee future benefits, including the elimination of deferral and amortization of actuarial gains and losses, revised measurement approaches, and enhanced presentation and disclosure requirements. The new standard is effective for fiscal years beginning on or after April 1, 2029. Early application is permitted.

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

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

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. Significant accounting estimates, measurement uncertainty and changes

a. Accounting Estimates

Significant estimates are used in determining amounts recorded for contingent liabilities, tangible capital assets, due from governments, employee future benefits, asset retirement obligations, and accrued liabilities. Estimates are based on the best information available at the time of reporting and are reviewed annually to reflect new information as it becomes available.

Other areas requiring the use of management estimates include allowances for doubtful accounts, pharmacy expenses, accrued payroll liabilities, and commitments.

b. Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Measurement uncertainty exists where it is reasonably possible that actual results could differ materially from estimates. Areas of measurement uncertainty include asset retirement obligations, tangible capital assets, amortization expense, employee future benefits, and contingent and accrued liabilities.

The nature of uncertainty related to the value of asset retirement obligations relates to assumptions concerning the timing and cost of performing future asset retirement activities. The offsetting accrual due from government is equally impacted by these assumptions and would be proportionately adjusted.

In certain cases, there may be an indeterminate settlement date for an asset retirement obligation, however uncertainty about the time and amount of settlement does not remove the obligation but will affect its measurement.

The nature of uncertainty related to the carrying value and amortization expense of tangible capital assets relates to assumptions concerning tangible capital asset cost basis, condition, usage, and useful life expectations.

The nature of uncertainty related to the value of employee future benefits relates to assumptions about plan members and economic conditions in the marketplace that could affect accruals for sick leave, retiring allowances and post retirement health benefits. The offsetting accrual due from government is equally impacted by these assumptions and would be proportionately adjusted.

The nature of uncertainty related to the value of contingent and accrued liabilities relates to assumptions about the value of obligations not yet finalized and is subject to change in value based on assumptions regarding likelihood, and settlement amount.

Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

3. Significant accounting estimates, measurement uncertainty and changes (cont'd)

c. Accounting Changes

During the year, several changes in accounting estimates and policy were implemented.

Change in Accounting Estimate:

Revisions to asset retirement obligations and tangible capital asset cost basis resulted from changes to cost assumptions associated with the future settlement of asset retirement activities, including abatement timing and requirements. These changes have been accounted for prospectively as changes in accounting estimates and resulted in an increase in the asset retirement obligation of \$34,938 and a corresponding increase in tangible capital assets of \$34,938.

The useful life of certain tangible capital assets were revised during the year. Changes in asset useful life estimates resulted from changes to asset condition, technological developments, and changes in use. These changes have been accounted for prospectively as changes in accounting estimates and there was no material impact on the financial statements as a result of these changes.

Change in Accounting Policy:

Effective December 6, 2025, IWK Health changed its pharmacy inventory costing methodology from first-in, first-out to weighted average cost as a result of the implementation of a new pharmacy inventory management system as part of the broader implementation of One Person One Record (OPOR). This change has been applied prospectively in accordance with *PS 2120, Accounting Changes* because the necessary financial data to enable the change to be applied retroactively could not be reasonably determined. There was no material impact on the financial statements as a result of this change.

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

4. Cash and cash equivalents

	2026	2025
Cash and cash equivalents	\$ 41,186	\$ 54,133
Less: Amount restricted for other restricted	(21,220)	(21,446)
Less: Amount restricted for research	(17,552)	(18,011)
Less: Amount restricted for capital purposes	(1,184)	(350)
Unrestricted cash and cash equivalents	\$ 1,230	\$ 14,326

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 10 for details on restrictions*. The total amount of restricted cash as at March 31, 2026 is \$39,956 (2025 - \$39,807).

5. Accounts receivable

	2026	2025
Insurance and other	\$ 2,740	\$ 3,154
Dalhousie University	3,579	590
Employee receivables	1,274	1,371
Patient care	2,767	2,066
External health organizations	759	3,633
Less: provision for doubtful accounts	(1,997)	(1,277)
	\$ 9,122	\$ 9,537

6. Due from governments

	2026	2025
Province of Nova Scotia		
Department of Finance and Treasury Board		
Employee future benefits – see Note 11	\$ 34,193	\$ 34,638
Asset retirement obligations – see Note 14	49,726	14,787
Department of Health & Wellness	48,375	22,647
Other government reporting entities	1,126	780
Federal Government	3,152	3,215
Nova Scotia Health	5,111	597
Less: provision for doubtful accounts	(176)	(120)
	\$ 141,507	\$ 76,544

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

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 \$10,414 (2025 - \$8,185) 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, 2026 is \$2,476 (2025 - \$2,421).

8. Accounts payable & accrued liabilities

	2026		2025	
Compensation and benefits	\$	39,025	\$	31,600
Trade payables		16,006		12,312
Accrued liabilities		16,559		10,096
	\$	71,590	\$	54,008

9. Due to governments

	2026		2025	
Department of Health & Wellness	\$	1,405	\$	1,946
Nova Scotia Health		2,861		1,641
Other government reporting entities		556		710
	\$	4,822	\$	4,297

10. Deferred revenue

Deferred revenue - summary	2026		2025	
Other restricted (Note a)	\$	21,220	\$	21,446
Research (Note b)		17,552		18,011
Capital grants (Note c)		1,184		350
	\$	39,956	\$	39,807

a. 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.

	2026		2025	
Balance, beginning of year	\$	21,446	\$	19,380
Receipts during the year		5,031		7,845
Transfers to revenue during the year		(5,257)		(5,779)
Balance, end of year	\$	21,220	\$	21,446

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

10. Deferred revenue (cont'd)

b. 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.

	2026	2025
Balance, beginning of year	\$ 18,011	\$ 19,053
Receipts during the year	17,447	16,645
Transfers to revenue during the year	(17,906)	(17,687)
Balance, end of year	\$ 17,552	\$ 18,011

c. Deferred revenue – capital grants

Deferred revenue – capital grants relate 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.

	2026	2025
Balance, beginning of year	\$ 350	\$ 104
Receipts during the year	12,563	9,559
Transfers to revenue during the year	(11,729)	(9,313)
Balance, end of year	\$ 1,184	\$ 350

11. Employee future benefits

Employee future benefits – summary	2026	2025
Non-vested sick-leave benefits (Note a)	\$ 17,017	\$ 17,372
Health insurance (Note b)	16,446	16,363
Retiring allowances (Note c)	730	903
Ending balance, employee future benefits	\$ 34,193	\$ 34,638

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

11. Employee future benefits (cont'd)

a. Employee future benefits - 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, related revenues and liabilities related to the plan are included in these 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, 2023, with actuarial liabilities extrapolated to March 31, 2026. The Nova Scotia Department of Finance and Treasury Board fully funds this liability; therefore, a corresponding amount due from governments is recorded.

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

Accrued benefit liability	2026		2025	
Beginning balance, accrued benefit obligation	\$	13,106	\$	13,154
Current service cost		1,915		1,883
Interest on accrued benefit obligation		522		468
Benefits paid		(1,814)		(1,873)
Experience loss (gain)		(361)		(526)
Accrued benefit obligation	\$	13,368	\$	13,106
Unamortized net actuarial gain		3,649		4,266
Ending balance, accrued benefit liability	\$	17,017	\$	17,372

Non-vesting sick leave benefits expense	2026		2025	
Current service costs	\$	1,915	\$	1,883
Interest on accrued benefit obligation		522		468
Amortization of net actuarial gain		(978)		(929)
	\$	1,459	\$	1,422

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

a. Employee future benefits - Non-vesting sick leave benefits (cont'd)

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

	2026	2025
Discount rate	4.06%	3.67%
Future mortality rate based on CPM 2014		
Public Sector table with mortality scale CPM-B	120%	120%
Rate of compensation increase	1.50% - 2.00%	1.50% - 2.00%
Promotional increase	0.25%-2.75%	0.25%-2.75%
Expected average remaining service life	12 years	12 years

b. Employee future benefits - 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, 2023, with actuarial liabilities extrapolated to March 31, 2026.

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 amount due from governments is recorded.

IWK Health has provided for health insurance as follows:

Accrued benefit liability	2026	2025
Beginning balance, accrued benefit obligation	\$ 12,065	\$ 11,759
Current service cost	738	728
Interest on accrued benefit obligation	471	413
Benefits paid	(529)	(377)
Experience (gain) loss	(539)	(458)
Ending balance, accrued benefit obligation	\$ 12,206	\$ 12,065
Unamortized net actuarial gain	4,240	4,298
Accrued benefit liability	\$ 16,446	\$ 16,363

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

b. Employee future benefits - Health insurance (cont'd)

Health insurance expense	2026	2025
Current service costs	\$ 738	\$ 728
Interest on accrued benefit obligation	471	413
Amortization of net actuarial gain	(597)	(492)
Employee future benefits health insurance expense	\$ 612	\$ 649

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

	2026	2025
Discount rate	4.06%	3.67%
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

c. Employee future benefits - 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, 2026.

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 at this time.

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

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

c. Employee future benefits - Retiring allowances (cont'd)

IWK Health has provided for retiring allowances as follows:

Accrued benefit liability	2026	2025
Beginning balance, accrued benefit obligation	\$ 705	\$ 821
Interest on accrued benefit obligation	27	28
Benefits paid	(96)	(135)
Experience loss	(53)	(9)
Accrued benefit obligation	\$ 583	\$ 705
Unamortized net actuarial gain	147	198
Ending balance, accrued benefit liability	\$ 730	\$ 903

Retiring allowance expense (recovery):	2026	2025
Interest on accrued benefit obligations	\$ 27	\$ 28
Amortization of actuarial gain	(104)	(114)
	\$ (77)	\$ (86)

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

	2026	2025
Discount rate	4.06%	3.67%
Average age of employees	54.2	53.2
Average years of service	7.93	8.9
Expected average remaining service life	7 years	7 years
Future mortality rate	[none assumed]	[none assumed]
Rate of compensation increase	1.50% - 2.00%	1.50% - 2.00%
Promotional Increase	0.40% - 2.90%	0.40% - 2.90%

12. Employer pension contributions

a. 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 and four healthcare unions appoint a Board of Trustees to administer the pension plan. IWK Health's responsibility with regard to this plan is limited to its contributions.

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Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

12. Employer pension contributions (cont'd)

b. 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:

	2026	2025
Employer contributions	\$ 23,840	\$ 21,657

13. Employer contributions to the long-term disability plan

a. 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:

	2026	2025
Employer contributions	\$ 4,187	\$ 3,733

14. 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, 2026, a total liability for asset retirement obligations of \$49,726 (2025 - \$14,787) has been recorded in these financial statements.

As at March 31, 2026, the asset retirement obligation for asbestos has been revised as a result of management's continual assessment of the liability in accordance with *PS 3280 Asset Retirement Obligations*. This assessment incorporated updated cost estimates for asset retirement obligations where certain costs were reassessed to reflect updated information regarding the timing and complexity of required settlement.

IWK Health's estimates for decommissioning of assets at retirement are based on available data such as third party reports, building engineering reports and internal data. These estimates have been measured on an undiscounted basis and reflect IWK Health's best estimate of the expected costs required to complete the associated retirement activities determined by standards, orders, regulations, and similar requirements that gave rise to the retirement obligation. IWK Health has recognized several types of asset retirement obligations as follows:

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

14. Asset retirement obligations (cont'd)

a. Asbestos Abatement

IWK Health owned buildings are known to, or expected to, contain asbestos, which represents a health hazard upon disturbance of the material. There exists a legal requirement to perform abatement activities in asbestos containing areas upon renovation or demolition of the building. The estimated retirement obligation related to asbestos is based on the expected method of settlement of the obligation. For assets where compliance-related, non-discretionary renovation activities are required, the obligation is measured based on the cost to perform abatement activities during renovation. For other asbestos containing areas within the facility, the obligation is measured based on the cost to perform abatement activities upon 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 \$49,379 (2025 - \$14,500).

b. 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 \$347 (2025 - \$287).

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

Total asset retirement obligations:

	Asbestos	Other	2026 Total	2025 Total
Opening costs	14,500	287	14,787	12,371
Liabilities incurred	-	-	-	-
Liabilities settled	-	-	-	-
Changes in estimates	34,879	60	34,939	2,416
Closing costs	49,379	347	49,726	14,787

Tangible capital asset net book value and related ARO liability amounts at March 31, 2026 are as follows:

Tangible Capital Asset Class	Tangible Capital Asset Net Book Value		ARO Liability
Buildings	\$	42,610	\$ 49,726

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

15. Tangible capital assets

Historical costs	Land and land improvements	Buildings	Leasehold improvements	Equipment	Information Technology	Projects in progress	2026 Total	2025 Total
Opening costs	4,546	310,064	5,784	60,212	4,503	101,471	486,580	424,327
Transfers	-	8,769	-	5,388	-	(14,157)	-	-
Additions	-	37,810	203	2,812	27	72,640	113,492	64,025
Write-downs/ disposals*	-	-	-	(2,048)	(113)	-	(2,161)	(1,772)
Closing costs	4,546	356,643	5,987	66,364	4,417	159,954	597,911	486,580

Accumulated amortization	Land and land improvements	Buildings	Leasehold improvements	Equipment	Information Technology	Projects in progress	2026 Total	2025 Total
Opening	261	133,281	5,624	34,998	2,668	-	176,832	166,089
Write-downs/ disposals*	-	-	-	(2,033)	(54)	-	(2,087)	(1,601)
Amortization	-	8,353	31	4,904	282	-	13,570	12,344
Closing	261	141,634	5,655	37,869	2,896	-	188,315	176,832

Net book value	4,285	215,009	332	28,495	1,521	159,954	409,596	309,748
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* Write-downs / disposals are for the removal of equipment assets which are no longer in use due to their age, removed from service, destroyed, becomes obsolete, scrapped, etc.

16. Inventories held for use

	2026	2025
Medical, surgical and other	\$ 2,106	\$ 1,440
Drugs	1,075	876
Departmental	368	468
	\$ 3,549	\$ 2,784

17. Contingent liabilities

On February 27, 2026, the Supreme Court of Nova Scotia declared Nova Scotia's Bill 148, the Public Services Sustainability Act (2015), unconstitutional. The Court found that the legislation, which imposed wage freezes, limited wage increases, and eliminated long-service retirement awards, infringed the constitutional rights of public sector workers to engage in meaningful collective bargaining. The Court suspended its declaration for one year from the date of the ruling to allow the parties to negotiate a remedy. At year-end, it is likely that a liability exists; however, the amount cannot be reasonably estimated. Any resulting obligations will be managed centrally through the Province's General Revenue Fund.

IWK Health may, from time to time, be subject to other litigation in the course of its operations. In management's judgement, no material exposure exists at this time and accordingly, management has not recorded a provision for loss in these financial statements.

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Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

17. Contingent liabilities (cont'd)

IWK Health currently has four (2025 – nil) collective agreements that expired on October 31, 2025 and are currently under negotiation at March 31, 2026. An amount has been accrued based on the best information available at the time of the preparation of the financial statements. The outcome of these negotiations is not currently known. In addition, an amount has been accrued for the estimated financial impact of the management and non-union Compensation Framework Rebuild.

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	Capital	Premises Leases	Other	Total
2027	17,404	4,590	6,042	28,036
2028	-	5,060	4,835	9,895
2029	-	4,975	3,289	8,264
2030	-	4,494	2,088	6,582
2031	-	4,606	370	4,976
Thereafter in aggregate	-	28,173	-	28,173

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.

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

19. Risk management (cont'd)

a. 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 and those deemed as at risk. 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, 2026 amounts to \$2,173 (2025 - \$1,397). Credit risk is not disbursed as the majority of the accounts receivable balance consists of amounts due from related entities of the Province.

The aging of trade accounts receivable was as follows:

	2026	2025
0 – 60 days	\$ 6,147	\$ 7,981
61 – 120 days	946	766
121 – 365 days	838	273
Greater than 365 days	1,191	517
Total	\$ 9,122	\$ 9,537

b. 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.

c. 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.

Financial instruments denominated in foreign currency are adjusted to reflect the exchange rate in effect on March 31, 2026.

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

19. Risk management (cont'd)

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

	2026	2025
US dollar per Canadian dollar	\$ 0.7174	\$ 0.6956

20. Related party and inter-entity transactions

a. Related party transactions

IWK Health is related in terms of common control 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.

Related party revenues consist primarily of operating and capital funding from the Department of Health and Wellness to support hospital services and infrastructure. Additional revenues include amounts received from other government organizations for service delivery, and cost-sharing arrangements. Revenues recognized in the statement of operations from related parties are as follows:

	2026	2025
Department of Health & Wellness	\$ 489,810	\$ 424,179
Nova Scotia Health	5,563	710
Department of Finance and Treasury Board	35,216	2,529
Other government reporting entities	2,298	4,398
	\$ 532,887	\$ 431,816

Related party expenses consist primarily of amounts paid to Nova Scotia Health and other government entities for drugs, supplies, services and support, including information technology, service contracts, and pharmaceuticals purchased through the Provincial Drug Distribution Program. Expenses recognized in the statement of operations with related parties are as follows:

	2026	2025
Nova Scotia Health	10,342	14,735
Other government reporting entities	1,088	1,570
	\$ 11,430	\$ 16,305

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

20. Related party and inter-entity transactions

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 Province of Nova Scotia provides shared services from, Public Works, Service Nova Scotia, and Cyber Security and Digital Solutions., The Nova Scotia Health Authority also provides clinical information technology support services through a shared services model. The cost of these 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:

	2026	2025
Annual surplus reported on the statement of operations	\$ 99,848	\$ 51,510
Amortization	13,570	12,344
Capital grants	(113,490)	(64,025)
Write-downs / disposals of tangible capital assets	72	171
Operating funding surplus, as defined by the Act	\$ -	\$ -

22. Budgeted Figures

Budgeted figures, detailed within IWK Health's 2025-26 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.

Revenues	
Operating revenue budget	\$ 424,447
Recoveries	9,199
Capital grants - Provincial	60,014
Capital grants - Other	4,388
Total budgeted revenues per statement of operations	\$ 498,048
Expense	
Operating expense budget	\$ 424,447
Recoveries	9,199
Amortization	12,892
Total budgeted expenses per statement of operations	\$ 446,538

Izaak Walton Killam Health Centre

Notes to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

23. 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

Schedule to the Financial Statements

For the year ended March 31, 2026
[in thousands of Canadian dollars]

SCHEDULE A

Expenses by object

	2026	2025
Compensation and benefits	\$ 357,279	\$ 318,447
Medical and surgical supplies	26,894	23,043
Services and other contracts	24,288	20,378
Equipment, maintenance and premises	20,669	17,058
Amortization	13,570	12,344
Drugs	10,742	10,624
Utilities	8,842	8,917
Other	7,541	7,352
Professional fees	7,260	4,745
Travel and education	4,195	4,101
Supplies, subscriptions, printing & delivery	3,950	4,852
Food and dietary supplies	3,347	3,432
Insurance and liability claims	1,912	1,801
Interest and other losses	1,211	1,536
Total expenses	\$ 491,700	\$ 438,630