



IWK Health Centre
F o u n d a t i o n

Financial Statements

March 31, 2019



Contents

	Page
Independent auditor's report	1-2
Balance sheet	3
Statement of revenue, expenses and changes in fund balances	4
Statement of cash flows	5
Notes to the financial statements	6-9

Independent auditor's report

Grant Thornton LLP

Nova Centre, North Tower]
Suite 1000, 1675 Grafton Street
Halifax, NS
B3J 0E9

To the Board of Trustees of the
IWK Health Centre Charitable Foundation

T +1 902 421 1734
F +1 902 420 1068

Opinion

We have audited the financial statements of the IWK Health Centre Charitable Foundation (the "Foundation"), which comprise the balance sheet as at March 31, 2019, and the statements of revenue, expenses and changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the IWK Health Centre Charitable Foundation as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Foundation'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 management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 Foundation'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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation 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.

We 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 we identify during our audit.

Halifax, Canada
June 24, 2019



Chartered Professional Accountants
Licensed Public Accountants

IWK Health Centre Charitable Foundation

Balance sheet

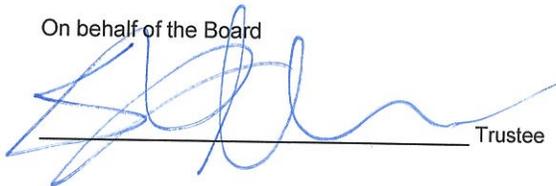
March 31

2019

2018

	General Fund	Restricted Fund	General Endowment Fund	Specified Endowment Fund	Total	Total
Assets						
Current						
Cash and cash equivalents	\$ 13,110,881	\$ 43,341	\$ -	\$ -	\$ 13,154,222	\$ 14,721,797
Receivables						
Accrued interest	23,302	-	-	-	23,302	23,377
Other	79,126	-	-	-	79,126	76,109
	<u>13,213,309</u>	<u>43,341</u>	<u>-</u>	<u>-</u>	<u>13,256,650</u>	<u>14,821,283</u>
Investments, at market value (note 3)	<u>12,173,878</u>	<u>-</u>	<u>8,624,666</u>	<u>45,423,525</u>	<u>66,222,069</u>	<u>64,856,329</u>
	<u>\$ 25,387,187</u>	<u>\$ 43,341</u>	<u>\$ 8,624,666</u>	<u>\$ 45,423,525</u>	<u>\$ 79,478,719</u>	<u>\$ 79,677,612</u>
Liabilities and Fund balances						
Liabilities						
Current						
Payables and accruals	\$ 300,623	\$ -	\$ -	\$ -	\$ 300,623	\$ 134,175
Payable to the IWK Health Centre	<u>8,112,809</u>	<u>43,341</u>	<u>-</u>	<u>659,085</u>	<u>8,815,235</u>	<u>14,680,914</u>
	<u>8,413,432</u>	<u>43,341</u>	<u>-</u>	<u>659,085</u>	<u>9,115,858</u>	<u>14,815,089</u>
Fund balances						
Fund balances	<u>16,973,755</u>	<u>-</u>	<u>8,624,666</u>	<u>44,764,440</u>	<u>70,362,861</u>	<u>64,862,523</u>
	<u>\$ 25,387,187</u>	<u>\$ 43,341</u>	<u>\$ 8,624,666</u>	<u>\$ 45,423,525</u>	<u>\$ 79,478,719</u>	<u>\$ 79,677,612</u>

On behalf of the Board


Trustee


Trustee

See accompanying notes to the financial statements.

IWK Health Centre Charitable Foundation

Statement of revenue, expenses and changes in fund balances

Year ended March 31

2019

2018

	General Fund	Restricted Fund	General Endowment Fund	Specified Endowment Fund	Total	Total
Revenue						
Telethon	\$ 5,827,460	\$ 1,415,291	\$ -	\$ 26,970	\$ 7,269,721	\$ 6,349,928
Radiothon	263,797	38,009	-	1,740	303,546	299,710
Annual giving	544,000	137,235	-	12,144	693,379	960,894
Planned giving and major gifts	2,565,635	2,889,062	-	316,090	5,770,787	4,827,060
Other	575,211	1,102,458	-	15,575	1,693,244	2,860,632
Total revenue	9,776,103	5,582,055	-	372,519	15,730,677	15,298,224
Expenses						
Administrative/Donor Services	1,929,799	-	-	-	1,929,799	1,843,723
Development/Philanthropy	1,353,608	-	-	-	1,353,608	1,228,772
Communications	1,428,226	62,367	-	-	1,490,593	1,718,211
Total expenses	4,711,633	62,367	-	-	4,774,000	4,790,706
Excess of revenue over expenses before distributions and investments	5,064,470	5,519,688	-	372,519	10,956,677	10,507,518
Distributions						
IWK Health Centre	-	5,143,102	-	1,934,776	7,077,878	8,492,291
Excess of revenue over expenses (expenses over revenue) before investments	5,064,470	376,586	-	(1,562,257)	3,878,799	2,015,227
Interest and dividends	520,073	-	238,651	1,296,882	2,055,606	1,841,740
Realized investment gains	220,219	-	198,825	1,125,704	1,544,748	1,592,655
Unrealized change in market value of investments	(310,197)	-	(277,038)	(1,391,580)	(1,978,815)	512,817
	430,095	-	160,438	1,031,006	1,621,539	3,947,212
Excess of revenue over expenses (expenses over revenue)	5,494,565	376,586	160,438	(531,251)	5,500,338	5,962,439
Fund balances, beginning of year	10,697,701	-	8,909,714	45,255,108	64,862,523	58,900,084
Interfund transfers (note 4)	781,489	(376,586)	(445,486)	40,583	-	-
Fund balances, end of year	\$ 16,973,755	\$ -	\$ 8,624,666	\$ 44,764,440	\$ 70,362,861	\$ 64,862,523

See accompanying notes to the financial statements.

IWK Health Centre Charitable Foundation

Statement of cash flows

Year ended March 31

2019

2018

Increase (decrease) in cash and cash equivalents

Operating		
Excess of revenue over expenses	\$ 5,500,338	\$ 5,962,439
Unrealized change in market value of investments	<u>1,978,815</u>	<u>(512,817)</u>
	7,479,153	5,449,622
Changes in non-cash operating working capital (note 5)	<u>832,135</u>	<u>(2,439,027)</u>
	8,311,288	3,010,595
Financing		
Change in payable to IWK Health Centre (major gifts)	<u>(6,534,309)</u>	<u>(6,864,133)</u>
Investing		
Purchases and proceeds of investments, net	<u>(3,344,554)</u>	<u>(3,209,710)</u>
Net decrease in cash and cash equivalents	(1,567,575)	(7,063,248)
Cash and cash equivalents		
Beginning of year	<u>14,721,797</u>	<u>21,785,045</u>
End of year	<u>\$ 13,154,222</u>	<u>\$ 14,721,797</u>

See accompanying notes to the financial statements.

IWK Health Centre Charitable Foundation

Notes to the financial statements

March 31, 2019

1. Purpose of the Foundation

The IWK Health Centre Charitable Foundation (the "Foundation") is a public foundation established to raise funds for the purposes of the IWK Health Centre (the "Health Centre"), including the advancement and improvement of patient care, illness prevention and health promotion at the Health Centre, research at/conducted for/on behalf of the Health Centre, the maintenance or expansion of facilities and the obtaining of staff and equipment. The Foundation is a registered charity under the Income Tax Act and as such is not subject to income tax.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The significant policies are detailed as follows:

Fund accounting

The Foundation follows the Restricted Fund method of accounting for donations.

The General Fund accounts for unrestricted donations available to provide funds to the Health Centre.

The Restricted Fund accounts for donations which have been restricted for a specific purpose by the donor and are distributed, net of an administration fee, directly to the Health Centre.

The General Endowment Fund accounts for unrestricted donations whereby the capital is to be maintained permanently either by donor restrictions and/or Board of Trustee appropriation. Annually, the Foundation distributes 5% of the opening investment balance of the General Endowment Fund to the General Fund. Under certain circumstances, further funds may be accessed with Board approval.

The Specified Endowment Fund accounts for donations that have been provided for a specified purpose and whereby the capital is to be maintained permanently either by donor restrictions and/or Board of Trustee appropriation. 5% of the market value of each opening specified endowment fund balance is available for allocation on an annual basis, as per the funds' Terms of Reference.

Collectively, the four funds described above are referred to as the "Funds".

Revenue recognition

Unrestricted donations, including bequests, are recognized as revenue of the General Fund when received.

Restricted donations, including bequests, that are restricted for the use of the Health Centre, are recognized as revenue of the Restricted Fund when received or receivable based on terms and conditions of an agreement with management's reasonable assurance of collectability. Once received, restricted donations are distributed to the Health Centre to administer net of an administration fee.

Contributions where the capital resource is to be maintained permanently are recognized as revenue in the General or Specified Endowment Funds, depending on whether the donations have been restricted for a specific purpose.

IWK Health Centre Charitable Foundation

Notes to the financial statements

March 31, 2019

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Event revenue is recognized as revenue when the event occurs.

Investment income earned during the year on the Foundation's investments is allocated amongst the Funds based on the opening investment balance in the given year. Any investment income earned in the Restricted Fund will be allocated to the General Fund.

Pledges are recorded as revenue when cash is received.

Contributed materials and services are recorded as revenue when their fair value can be reasonably estimated and the materials and services are used in the normal course of operations and would otherwise be purchased. The corresponding offset to these revenues are included in the "Distributions - IWK Health Centre" line on the financial statements when they are directly related to supporting the IWK Health Centre. For items that directly support the IWK Health Centre Foundation, the offset is recorded in the relevant expense category.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with bank and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Investments

Investments are carried at quoted market value. All investments are measured at fair value with changes in fair value recognized in net income in the period they arise.

Realized income is income earned from dividends and interest that has been collected or accrued in the current fiscal period along with gains or losses from the disposal of investments.

Unrealized income is income that is recorded reflecting the change in market value over the book value of the investments currently being held by the Foundation at year end. The unrealized change in market value is the result of both change in the value of the investment, as well as the change in foreign currency where applicable and is included in income for the current period.

Financial instruments

Initial measurement

Financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

IWK Health Centre Charitable Foundation

Notes to the financial statements

March 31, 2019

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market. The Foundation has also irrevocably elected to measure its bonds at fair value. All changes in fair value of the Foundation's investments in equities quoted in an active market and bonds are recorded in the statement of revenues, expenses and changes in fund balances. The Foundation uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of revenues, expenses and changes in fund balances. The financial instruments measured at amortized cost are cash and cash equivalents, receivables and payables and accruals.

For financial assets measured at cost or amortized cost, the Foundation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Foundation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of revenues, expenses and changes in fund balances. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known. Items subject to significant management estimates include fair value of investments.

3. Investments, at market value

	<u>2019</u>	<u>2018</u>
Pooled or mutual funds		
Bonds and debentures	\$ 14,117,945	\$ 13,441,343
Canadian equities	30,409,979	30,493,395
Foreign equities	<u>21,694,145</u>	<u>20,921,591</u>
	<u>\$ 66,222,069</u>	<u>\$ 64,856,329</u>

IWK Health Centre Charitable Foundation

Notes to the financial statements

March 31, 2019

4. Interfund transfers

	<u>General</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>General</u> <u>Endowment</u> <u>Fund</u>	<u>Specified</u> <u>Endowment</u> <u>Fund</u>
2019				
Administration fee	\$ 338,223	\$ (338,223)	\$ -	\$ -
Transfer to (from) General Endowment Fund	445,486	-	(445,486)	-
Other Interfund Transfer	<u>(2,220)</u>	<u>(38,363)</u>	<u>-</u>	<u>40,583</u>
	<u>\$ 781,489</u>	<u>\$ (376,586)</u>	<u>\$ (445,486)</u>	<u>\$ 40,583</u>
	<u>General</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>General</u> <u>Endowment</u> <u>Fund</u>	<u>Specified</u> <u>Endowment</u> <u>Fund</u>
2018				
Administration fee	\$ 282,630	\$ (282,630)	\$ -	\$ -
Prior year Restricted Funds allocated	8,370	(8,370)	-	-
Transfer to (from) General Endowment Fund	439,576	-	(439,576)	-
Other Interfund Transfer	<u>(1,410)</u>	<u>-</u>	<u>-</u>	<u>1,410</u>
	<u>\$ 729,166</u>	<u>\$ (291,000)</u>	<u>\$ (439,576)</u>	<u>\$ 1,410</u>

5. Supplemental cash flow information

	<u>2019</u>	<u>2018</u>
Changes in non-cash operating working capital		
Accrued interest	\$ 75	\$ (8,336)
Other receivables	(3,017)	(5,858)
Payables and accruals	166,448	(60,951)
Payable to the IWK Health Centre		
Grant	-	(3,970,815)
Operating	<u>668,629</u>	<u>1,606,933</u>
	<u>\$ 832,135</u>	<u>\$ (2,439,027)</u>

There was no interest paid during the current or previous fiscal year. The Foundation is not subject to income taxes.

6. Contributed materials and services

Recognized as revenue in the current year are donations of materials and services with an estimated fair value of \$1,047,162 (2018 - \$1,187,047), consisting primarily of equipment, toys, fuel gift certificates, air travel passes, media and support programming.