



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

Financial Statements

March 31, 2016



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Independent auditor's report

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

We have audited the accompanying financial statements of the IWK Health Centre Charitable Foundation (the "Foundation"), which comprise the balance sheet as at March 31, 2016 and the statement of revenues, expenses and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Halifax, Canada
June 15, 2016

Chartered accountants

IWK Health Centre Charitable Foundation

Balance sheet

March 31

2016

2015

	General Fund	Restricted Fund	General Endowment Fund	Specified Endowment Fund	Total	Total
Assets						
Current						
Cash and cash equivalents	\$ 14,103,159	\$ 4,237,877	\$ -	\$ -	\$ 18,341,036	\$ 18,495,564
Receivables						
Accrued interest	11,966	-	-	-	11,966	15,562
Other	15,830	-	-	-	15,830	4,464
	<u>14,130,955</u>	<u>4,237,877</u>	<u>-</u>	<u>-</u>	<u>18,368,832</u>	<u>18,515,590</u>
Investments, at market (note 3)	<u>5,186,012</u>	<u>-</u>	<u>7,993,777</u>	<u>40,050,950</u>	<u>53,230,739</u>	<u>55,341,286</u>
	<u>\$ 19,316,967</u>	<u>\$ 4,237,877</u>	<u>\$ 7,993,777</u>	<u>\$ 40,050,950</u>	<u>\$ 71,599,571</u>	<u>\$ 73,856,876</u>
Liabilities and Fund balances						
Liabilities						
Current						
Payables and accruals	\$ 94,280	\$ -	\$ -	\$ -	\$ 94,280	\$ 108,653
Payable to the IWK Health Centre:						
Major gifts	9,285,011	4,237,877	-	-	13,522,888	14,615,987
Operating	2,012,068	-	-	947,631	2,959,699	3,364,461
Grant	<u>2,171,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,171,681</u>	<u>408,318</u>
	<u>13,563,040</u>	<u>4,237,877</u>	<u>-</u>	<u>947,631</u>	<u>18,748,548</u>	<u>18,497,419</u>
Fund balances						
Fund balances	<u>5,753,927</u>	<u>-</u>	<u>7,993,777</u>	<u>39,103,319</u>	<u>52,851,023</u>	<u>55,359,457</u>
	<u>\$ 19,316,967</u>	<u>\$ 4,237,877</u>	<u>\$ 7,993,777</u>	<u>\$ 40,050,950</u>	<u>\$ 71,599,571</u>	<u>\$ 73,856,876</u>

On behalf of the Board



Trustee



Trustee

See accompanying notes to the financial statements.

IWK Health Centre Charitable Foundation

Statement of revenues, expenses and changes in fund balances

Year ended March 31

2016

2015

	General Fund	Restricted Fund	General Endowment Fund	Specified Endowment Fund	Total	Total
Revenue						
Telethon	\$ 5,403,663	\$ 1,080,271	\$ -	\$ 29,680	\$ 6,513,614	\$ 6,569,102
Radiothon	399,919	8,056	-	1,200	409,175	476,820
Annual giving	805,894	77,481	-	12,940	896,315	806,242
Planned giving and major gifts	2,958,913	5,506,837	-	563,672	9,029,422	10,529,219
Other	330,020	1,213,518	-	8,265	1,551,803	1,303,655
Total revenue	<u>9,898,409</u>	<u>7,886,163</u>	<u>-</u>	<u>615,757</u>	<u>18,400,329</u>	<u>19,685,038</u>
Expenses						
Administrative/Donor Services	2,104,399	-	-	-	2,104,399	2,008,940
Development/Philanthropy	1,615,747	-	-	-	1,615,747	1,516,734
Communications	1,218,649	58,959	-	-	1,277,608	1,329,180
Total expenses	<u>4,938,795</u>	<u>58,959</u>	<u>-</u>	<u>-</u>	<u>4,997,754</u>	<u>4,854,854</u>
Excess before distributions and investments	4,959,614	7,827,204	-	615,757	13,402,575	14,830,184
Distributions						
IWK Health Centre	<u>1,963,362</u>	<u>10,115,722</u>	<u>-</u>	<u>1,891,660</u>	<u>13,970,744</u>	<u>13,098,306</u>
(Deficiency) excess before investments	<u>2,996,252</u>	<u>(2,288,518)</u>	<u>-</u>	<u>(1,275,903)</u>	<u>(568,169)</u>	<u>1,731,878</u>
Interest and dividends	290,102	-	261,638	1,252,527	1,804,267	1,593,996
Realized investment gains	150,231	-	284,583	1,362,369	1,797,183	1,582,139
Unrealized change in market value of investments	<u>(463,245)</u>	<u>-</u>	<u>(877,528)</u>	<u>(4,200,941)</u>	<u>(5,541,714)</u>	<u>468,788</u>
	<u>(22,912)</u>	<u>-</u>	<u>(331,307)</u>	<u>(1,586,045)</u>	<u>(1,940,264)</u>	<u>3,644,923</u>
Excess of (expenses over revenue) revenue over expenses	2,973,340	(2,288,518)	(331,307)	(2,861,948)	(2,508,433)	5,376,801
Fund balances, beginning of year	4,644,275	-	8,763,272	41,951,909	55,359,456	49,982,656
Interfund transfers (note 4)	<u>(1,863,688)</u>	<u>2,288,518</u>	<u>(438,188)</u>	<u>13,358</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,753,927</u>	<u>\$ -</u>	<u>\$ 7,993,777</u>	<u>\$ 39,103,319</u>	<u>\$ 52,851,023</u>	<u>\$ 55,359,457</u>

See accompanying notes to the financial statements.

IWK Health Centre Charitable Foundation

Statement of cash flows

Year ended March 31

2016

2015

Increase (decrease) in cash and cash equivalents

Operating

Excess of (expenses over revenue) revenue over expenses	\$ (2,508,433)	\$ 5,376,801
Unrealized change in market value of investments	<u>5,541,714</u>	<u>(468,788)</u>
	3,033,281	4,908,013
Changes in non-cash operating working capital (note 5)	<u>1,336,456</u>	<u>726,311</u>
	4,369,737	<u>5,634,324</u>

Financing

Change in payable to IWK Health Centre (major gifts)	<u>(1,093,098)</u>	<u>632,724</u>
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Investing

Purchases and proceeds of investments, net	<u>(3,431,167)</u>	<u>(2,972,130)</u>
Net (decrease) increase in cash and cash equivalents	(154,528)	3,294,918

Cash and cash equivalents

Beginning of year	<u>18,495,564</u>	<u>15,200,646</u>
End of year	<u>\$ 18,341,036</u>	<u>\$ 18,495,564</u>

See accompanying notes to the financial statements.

IWK Health Centre Charitable Foundation

Notes to the financial statements

March 31, 2016

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 trust 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 and distributed to the Health Centre to administer, net of an administration fee, or receivable, net of an administration fee, based on terms and conditions of an agreement with management's reasonable assurance of collectability.

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, 2016

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, 2016

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.

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	2016		2015	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Pooled or mutual funds				
Bonds and debentures	\$ 13,238,890	\$ 13,811,588	\$ 13,631,067	\$ 14,767,855
Canadian equities	24,263,177	23,999,144	22,298,500	25,194,221
Foreign equities	<u>12,486,073</u>	<u>15,420,007</u>	<u>10,627,361</u>	<u>15,379,210</u>
	<u>\$ 49,988,140</u>	<u>\$ 53,230,739</u>	<u>\$ 46,556,928</u>	<u>\$ 55,341,286</u>

IWK Health Centre Charitable Foundation

Notes to the financial statements

March 31, 2016

4. Interfund transfers

	General Fund	Restricted Fund	General Endowment Fund	Specified Endowment Fund
2016				
Administration fee	\$ 357,482	\$ (357,482)	\$ -	\$ -
Prior year Restricted Funds allocated	(1,336)	(12,022)	-	13,358
Prior year General Funds allocated	(56,022)	56,022	-	-
Transfer to (from) General Fund	(2,602,000)	2,602,000	-	-
Transfer to (from) General Endowment Fund	<u>438,188</u>	<u>-</u>	<u>(438,188)</u>	<u>-</u>
	<u>\$ (1,863,688)</u>	<u>\$ 2,288,518</u>	<u>\$ (438,188)</u>	<u>\$ 13,358</u>
2015				
Administration fee	\$ 384,575	\$ (384,575)	\$ -	\$ -
Prior year Restricted Funds allocated	(64,731)	64,731	-	-
Transfer to (from) General Endowment Fund	<u>431,094</u>	<u>-</u>	<u>(431,094)</u>	<u>-</u>
	<u>\$ 750,938</u>	<u>\$ (319,844)</u>	<u>\$ (431,094)</u>	<u>\$ -</u>

5. Supplemental cash flow information

	2016	2015
Changes in non-cash operating working capital		
Accrued interest	\$ 3,596	\$ (9,811)
Other receivables	(11,366)	7,491
Payables and accruals	(14,374)	31,977
Payable to the IWK Health Centre		
Grant	1,763,362	(336,556)
Operating	<u>(404,762)</u>	<u>1,033,210</u>
	<u>\$ 1,336,456</u>	<u>\$ 726,311</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 \$1,401,515 (2015 - \$1,089,786), consisting primarily of equipment, toys, fuel gift certificates, air travel passes, media and support programming.