



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

Financial Statements

March 31, 2021



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Independent auditor's report

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

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, 2021, 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, 2021, 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 28, 2021

Chartered Professional Accountants

IWK Health Centre Charitable Foundation

Balance sheet

March 31

2021

2020

	General Fund	Restricted Fund	General Endowment Fund	Specified Endowment Fund	Total	Total
Assets						
Current						
Cash and cash equivalents	\$ 13,495,827	\$ -	\$ -	\$ -	\$ 13,495,827	\$ 11,194,794
Receivables						
Receivable from IWK Health Centre	1,333,061	-	-	-	1,333,061	-
Other	<u>62,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,305</u>	<u>63,862</u>
	14,891,193	-	-	-	14,891,193	11,258,656
Investments, at fair value (note 3)	<u>14,390,801</u>	<u>-</u>	<u>9,175,971</u>	<u>49,477,485</u>	<u>73,044,257</u>	<u>60,924,937</u>
	<u>\$ 29,281,994</u>	<u>\$ -</u>	<u>\$ 9,175,971</u>	<u>\$ 49,477,485</u>	<u>\$ 87,935,450</u>	<u>\$ 72,183,593</u>

Liabilities and Fund balances

Liabilities

Current						
Payables and accruals	\$ 438,538	\$ -	\$ -	\$ -	\$ 438,538	\$ 330,285
Payable to the IWK Health Centre	<u>6,365,166</u>	<u>-</u>	<u>-</u>	<u>1,079,628</u>	<u>7,444,794</u>	<u>5,957,504</u>
	6,803,704	-	-	1,079,628	7,883,332	6,287,789

Fund balances

Fund balances	<u>22,478,290</u>	<u>-</u>	<u>9,175,971</u>	<u>48,397,857</u>	<u>80,052,118</u>	<u>65,895,804</u>
	<u>\$ 29,281,994</u>	<u>\$ -</u>	<u>\$ 9,175,971</u>	<u>\$ 49,477,485</u>	<u>\$ 87,935,450</u>	<u>\$ 72,183,593</u>

Commitments (note 7)

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

2021

2020

	General Fund	Restricted Fund	General Endowment Fund	Specified Endowment Fund	Total	Total
Revenue						
Telethon	\$ 4,251,161	\$ 1,244,256	\$ -	\$ 500	\$ 5,495,917	\$ 6,810,251
Radiothon	247,264	27,405	-	1,740	276,409	179,985
Annual giving	729,313	240,999	-	18,545	988,857	932,684
Planned giving and major gifts	1,295,582	1,975,866	-	93,521	3,364,969	3,845,879
Other (note 8)	1,301,842	1,552,553	-	9,345	2,863,740	1,395,118
Total revenue	<u>7,825,162</u>	<u>5,041,079</u>	<u>-</u>	<u>123,651</u>	<u>12,989,892</u>	<u>13,163,917</u>
Expenses						
Administrative/Donor Services	2,040,504	-	-	-	2,040,504	2,188,305
Development/Philanthropy	1,405,730	-	-	-	1,405,730	1,296,136
Communications	1,000,258	31,124	-	-	1,031,382	1,294,705
Total expenses	<u>4,446,492</u>	<u>31,124</u>	<u>-</u>	<u>-</u>	<u>4,477,616</u>	<u>4,779,146</u>
Excess of revenue over expenses before distributions and investments	3,378,670	5,009,955	-	123,651	8,512,276	8,384,771
Distributions						
IWK Health Centre	2,990,101	5,133,152	-	1,418,923	9,542,176	7,822,214
Excess of (expenses over revenue) revenue over expenses before investments	388,569	(123,197)	-	(1,295,272)	(1,029,900)	562,557
Interest and dividends	498,629	-	251,390	1,331,380	2,081,399	2,306,297
Realized investment (losses) gains	(2,171)	-	(1,258)	(6,666)	(10,095)	162,873
Unrealized change in market value of investments	2,820,719	-	1,634,873	8,659,318	13,114,910	(7,498,784)
	<u>3,317,177</u>	<u>-</u>	<u>1,885,005</u>	<u>9,984,032</u>	<u>15,186,214</u>	<u>(5,029,614)</u>
Excess of revenue over expenses (expenses over revenue)	3,705,746	(123,197)	1,885,005	8,688,760	14,156,314	(4,467,057)
Fund balances, beginning of year	18,591,951	-	7,594,756	39,709,097	65,895,804	70,362,861
Interfund transfers (note 4)	180,593	123,197	(303,790)	-	-	-
Fund balances, end of year	<u>\$ 22,478,290</u>	<u>\$ -</u>	<u>\$ 9,175,971</u>	<u>\$ 48,397,857</u>	<u>\$ 80,052,118</u>	<u>\$ 65,895,804</u>

See accompanying notes to the financial statements.

IWK Health Centre Charitable Foundation

Statement of cash flows

Year ended March 31

2021

2020

Increase (decrease) in cash and cash equivalents

Operating		
Excess of revenue over expenses (expenses over revenue)	\$ 14,156,314	\$ (4,467,057)
Unrealized change in market value of investments	(13,114,910)	7,498,784
	1,041,404	3,031,727
Changes in non-cash operating working capital (note 5)	434,333	(311,761)
	1,475,737	2,719,966
Financing		
Change in payable to IWK Health Centre (major gifts)	(170,294)	(2,477,742)
Investing		
Purchases and proceeds of investments, net	995,590	(2,201,652)
Net increase (decrease) in cash and cash equivalents	2,301,033	(1,959,428)
Cash and cash equivalents		
Beginning of year	11,194,794	13,154,222
End of year	\$ 13,495,827	\$ 11,194,794

See accompanying notes to the financial statements.

IWK Health Centre Charitable Foundation

Notes to the financial statements

March 31, 2021

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 4% 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. Annually 4% of the market value of each opening specified endowment fund balance is available for allocation, 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, 2021

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.

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.

IWK Health Centre Charitable Foundation

Notes to the financial statements

March 31, 2021

2. Summary of significant accounting policies (continued)

Subsequent measurement (continued)

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.

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure as at the date of the financial statements.

i) Credit risk

The Foundation is exposed to credit risk in the event of non-performance by counterparties to financial instruments. The Foundation is not exposed to any significant credit risk.

ii) Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to pay financial liabilities as they come due. The majority of assets held by the Foundation are invested in securities that are traded in an active market and can be readily disposed of as liquidity needs arise.

iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. For purposes of this disclosure, the Foundation segregates market risk into three categories: interest rate risk, currency risk and other price risk.

Interest rate risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. The Foundation is not exposed to any significant interest rate risk.

Currency risk

The Foundation's functional currency is the Canadian dollar. Foreign currency risk arises from the Foundations investments that are denominated in a foreign currency. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in positive or negative effect on the fair value of the investments.

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those occurring from interest rate risk or currency risk. Securities held for trading are carried at fair value and, as such, impact earnings as changes occur.

These risks are mitigated through the use of professional investment managers, and appropriate asset, sector and geographic allocation.

IWK Health Centre Charitable Foundation

Notes to the financial statements

March 31, 2021

2. Summary of significant accounting policies (continued)

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 fair value	<u>2021</u>	<u>2020</u>
Pooled or mutual funds		
Bonds and debentures	\$ 17,213,919	\$ 17,741,933
Canadian equities	22,678,639	17,617,319
Foreign equities	<u>33,151,699</u>	<u>25,565,685</u>
	<u>\$ 73,044,257</u>	<u>\$ 60,924,937</u>

4. Interfund transfers

	<u>General Fund</u>	<u>Restricted Fund</u>	<u>General Endowment Fund</u>	<u>Specified Endowment Fund</u>
<u>2021</u>				
Administration fee	\$ 280,658	\$ (280,658)	\$ -	\$ -
Transfer to (from) General Endowment Fund	303,790	-	(303,790)	-
Other Interfund Transfer	<u>(403,855)</u>	<u>403,855</u>	<u>-</u>	<u>-</u>
	<u>\$ 180,593</u>	<u>\$ 123,197</u>	<u>\$ (303,790)</u>	<u>\$ -</u>
<u>2020</u>				
Administration fee	\$ 271,942	\$ (271,942)	\$ -	\$ -
Transfer to (from) General Endowment Fund	344,987	-	(344,987)	-
Other Interfund Transfer	<u>(26,084)</u>	<u>3,509</u>	<u>-</u>	<u>22,575</u>
	<u>\$ 590,845</u>	<u>\$ (268,433)</u>	<u>\$ (344,987)</u>	<u>\$ 22,575</u>

IWK Health Centre Charitable Foundation

Notes to the financial statements

March 31, 2021

5. Supplemental cash flow information	<u>2021</u>	<u>2020</u>
Changes in non-cash operating working capital		
Accrued interest	\$ -	\$ 23,302
Other receivables	1,557	15,264
Payables and accruals	108,253	29,662
Receivable from/ payable to the IWK Health Centre		
Grant	(2,382,784)	841,406
Operating	<u>2,707,307</u>	<u>(1,221,395)</u>
	<u>\$ 434,333</u>	<u>\$ (311,761)</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 \$354,579 (2020 - \$808,690), consisting primarily of equipment, toys, fuel gift certificates, air travel passes, media and support programming.

7. Commitments

The Foundation is committed in respect of future expenditures which will be funded through general or specific fundraising activities as follows:

- (a) Funding to the IWK Health Centre in support of the following programs within the next fiscal year:

Bed Program	\$ 936,239
Critical Care Campaign	<u>\$ 1,425,690</u>
	<u>\$ 2,361,929</u>

- (b) Annual funding of \$300,000 for a 10-year period from April 1, 2020 to March 31, 2030, in respect of the Quality and Patient Safety Applied Research Chair. Total funding commitment is \$3,000,000, whereby the remaining is \$2,700,000.

- (c) Annual rental lease commitments:

2022	\$ 261,955
2023	\$ 261,955
2024	\$ 218,296

IWK Health Centre Charitable Foundation

Notes to the financial statements

March 31, 2021

8. Impact of COVID-19

On March 11, 2020, the World Health Organization officially declared COVID-19 a pandemic, and since then, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences as well as their impact or the financial position and results of the Foundation for future periods.

To help mitigate the impacts of COVID-19, the Foundation has claimed the Canada Emergency Wage Subsidy ("CEWS") in the amount of \$535,154 and the Canada Emergency Rent Subsidy ("CERS") in the amount of \$2,723, for a total of \$537,877 of assistance received to be used to offset with daily operations. This amount has been recorded in the financial statements as other revenue in the statement of revenue, expenses and changes in fund balances.