



IWK Health

# Management Discussion & Analysis

## For the Fiscal Year Ended March 31, 2024 (unaudited)

*This document is provided to describe the connection between IWK Health's strategy and its financial performance for the fiscal year ended March 31, 2024. The narrative has been prepared by Management and is not part of the annual audit procedures. This document is designed as a supplement to the audited financial statements, and therefore should be read in conjunction with the audited financial statements.*

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# A message from the Acting Chief Operating Officer

**“Transformation is not a destination; it’s a journey of continuous growth and self-discovery.” – Tony Robbins**

I am pleased to submit IWK Health’s Management Discussion & Analysis for the fiscal year ending 2023-24 which highlights the key priorities, successes and challenges over the past fiscal year. From a financial perspective, we are pleased to have been able to end the year in another balanced financial result. We continue our journey as responsible stewards of public funds, carefully assessing, utilizing and accounting for monies provided for both operating and capital initiatives. As we invest in health human resources, infrastructure and digital solutions as part of delivering more care, faster, we continue to carefully consider how we are adding value to the system.

After many years of disruption due to the pandemic, 2023-24 saw a shift to moving to post-pandemic operations. While clinical services may be back to pre-pandemic levels, the way we do certain things have changed, with an enhanced focus on infection control.

IWK Health is encouraged by the new long-term strategic thinking of the Nova Scotia government and the Nova Scotia Department of Health and Wellness so that we can collectively plan and deliver a sustainable and improved health system for the population we serve. Significant investment has occurred over the last fiscal year with a focus on addressing the initiatives as laid out in the provincial government *Action for Health* strategic plan.

From an operations perspective, fiscal 2023-24 was a busy year as we embarked on several strategic initiatives around responsible stewardship, managing unplanned significant disruptions due to a major flood, all while maintaining general operational service levels.

IWK Health is very passionate about our impact on the environment. Over the past year, we have made progress to identify strategies and form partnerships that can help move us forward so that we can start to prepare the organization to respond to the climate crisis and to champion Nova Scotia’s Climate Change Plan. Our goal is to foster a culture of environmental sustainability by embedding it into our practices both at the clinical and administrative level.

Other key strategic objectives centered around preventative maintenance and space utilization. Space limitations on our University Avenue main campus will continue to be a challenge with the growth of our population and services we provide. A Master Space Program informed that, based on the projected increase in services, a 54% growth in space would be required. Through responsible stewardship and innovative thinking, we will continue to seek ways to optimize space by developing decision making-principles and framework to guide allocation of space and location of services to best meet the needs of the communities we serve, and as new services and clinical practices emerge. For this year, we achieved this through entering into several premises lease arrangement, allowing us to move some services to alternate locations.

On June 29 2023, we experienced a significant flood on our Children’s and Link basement (level 0). While fortunately this flood did not impact patient care, it impacted many critical support services, with many of them having to shift in how they provide services while their existing footprint was undergoing remediation. However, this flood also provided us with the ability to complete enhancements to certain areas, allowing us to ‘build back better, safer’ in many areas.

Fiscal 2024-25 will be another year of growth via additional government investments in *Action for Health* transformation initiatives. We will also continue our focus on our facilities and infrastructure, with a view of understanding the long-term investments require to maintain facilities which are starting to age. These investments and commitment to our infrastructure provide the ongoing foundation that allows us to deliver on our promise to passionately pursue a healthy future with women, children, youth and families in all their diversity through excellence in care; research and innovation; and applied learning.





## *Our mandate*

IWK Health is the Maritime region's leading healthcare and research centre dedicated to the well-being of women, children, youth and families. In addition to providing highly specialized and complex care, IWK Health provides local primary care services and is a strong advocate for the health of families. We are a global leader in research and knowledge sharing, and a partner in educating the next generation of health professionals.

## *Our purpose*

To passionately pursue a healthy future with women, children, youth and families in all their diversity through excellence in care, research and innovation and applied learning.



## Financial Performance

*As responsible stewards in Nova Scotia's publicly funded health system, we aspire to create a system of accountability and achieve operational excellence by using our resources wisely and demonstrating value to our stakeholders. This includes achieving financial results that logically support IWK Health's Strategic Plan.*

# Operating Financial Results & Action for Health

## Operational Financial Results

IWK Health managed to close the 2023-24 fiscal year with a balanced financial result.

As the organization grows via increased services and resulting increased government investments, financial management becomes more complex. With expenditures totaling \$403.6 million this fiscal, being able to balance financially is a noteworthy achievement.

Our innovative and collaborative forecasting process continues to lead us to more responsible stewardship of public funds and allows IWK Health to be more responsive as it relates to financial pressures and opportunities.

An overview of the organization's financial performance as presented in the audited financial statements is provided at the end of the Management Discussion & Analysis.

## Action for Health

As part of government's plan to address health care, the *Action for Health* strategic plan was established, providing for investments in people, tools, technologies and infrastructure.

Action for health is designed to be proactive and focused on people and patients and is the first step in transforming health in Nova Scotia.

As part of *Action for Health*, IWK Health received a substantial increase in funding for thirteen initiatives supporting surgical access, workforce strategy, universal mental health, health equity and access & flow.

In fiscal 2023-24, IWK Health spent \$9.7 million on these initiatives.

## Action for Health initiatives

### Surgical Access

*Children's & Women's Surgical Access  
Gynecological/Uro-Gynecological Services  
Diagnostic Imaging Access*

### Workforce Strategy

*Nursing Enhancements  
Retention & Recognition  
Scheduling & Time Reporting*

### Universal Mental Health

*Seastar Youth & Advocacy Centre  
African Nova Scotian Community Based Child & Youth Service  
Trauma Informed Care Expansion  
Integrated Youth Services*

### Health Equity

*Indigenous & African Nova Scotian Health  
Pride Health*

### Access & Flow

*Care Coordination Centre*

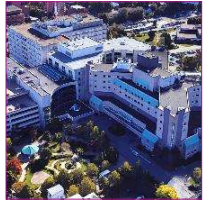


## Capital Investment

*Investing in our buildings and equipment is essential in ensuring that we can provide appropriate care for our patients.  
The following highlights the total investment in capital during the year.*

# Summary of Capital Investment

**IWK Health Main Campus:**  
By the numbers



**1.3 million**

Total square feet

**\$1.5 billion**

Estimated replacement value



IWK Health received generous support in fiscal 2023-24 from the IWK Foundation, the Nova Scotia Department of Health & Wellness and research grants for medical equipment, facilities renewals and clinical renovations, with total funding of \$38.3 million.



Department of Health & Wellness Funding = **\$35.9M**

## Types of Capital Funding

### DHW – Capital Infrastructure

Emergency Department Redevelopment

### DHW – Capital Grants Funding Envelope

Capital medical equipment

Capital clinical projects

Infrastructure repairs and renewals

### DHW - Other

Transformation (Action for Health)

Additional Year-End Capital

### Invest in Canada Infrastructure Program (ICIP)

### IWK Foundation

Medical Equipment

Helideck Heating

Emergency Department Redevelopment

### Research



## Capital Investment *IWK Foundation*

Through the generous support of donors, the IWK Foundation provides funding support for specific programming needs, research activities, patient care redevelopments and priority equipment. The following highlights how the \$1.4 million capital investment for fiscal 2023-24 was spent.

### Priority Equipment

The IWK Foundation was able to fund the following priority equipment in fiscal 2023-24:

- Specimen radiology system
- Defibrillators
- Ambulatory towers
- Intra-operative nerve monitoring system
- Sleeper chairs
- Oscillating saw
- Acesa RFA machine

The IWK Foundation also funded part of the upgrades to a pediatric operating integration suite. It will finalize its commitment to this project in fiscal 2024-25.

### Helideck Heating System

The IWK Foundation supported funding much needed upgrades to the Helideck heating system; and will finalize its commitment to this project in fiscal 2024-25.

### Emergency Department Redevelopment

While the Emergency Department redevelopment is primarily a government funded project, the IWK Foundation initiated a \$20 million financial campaign to support enhancements to standard infrastructure, provide enrichments for excellence in care and to allow for world class care. These monies will ensure that our patient receive the best care, with the best equipment and technologies in a world class designed space. Monies raised by the IWK Foundation via this campaign will be disbursed to IWK Health as the relevant expenditures are incurred.

*Defibrillators*



*Specimen Radiology System*



*Acesa RFA*



# DHW Capital Grants Funding Envelope

Through the various Department of Health & Wellness capital grants funding envelopes - capital medical equipment, capital clinical projects and infrastructure repairs and renewal – IWK Health was able to acquire \$9.3 million worth of its priority capital requirements in fiscal 2023-24 as follows:

## Capital Medical Equipment

Twenty-three urgent medical equipment needs, including critical care equipment such as:

- Anesthesia machines
- Pharmacy automated dispensing cabinets
- Operating room integration
- Various laboratory equipment
- Various operating room and ambulatory care equipment

Automated Dispensing Cabinets



Anesthesia Machines



## Infrastructure Repairs & Renewals

Thirty infrastructure repair projects, as well as non-federal funding for ICIP projects. Some notable projects included:

- Safety relief valves
- Door controllers
- LED lighting
- Chiller overhauls
- Elevator repairs
- Coil replacements and heat pumps
- ICIP project supplemental funding for roof replacement, helideck fuel containment and chillers

LED Lighting



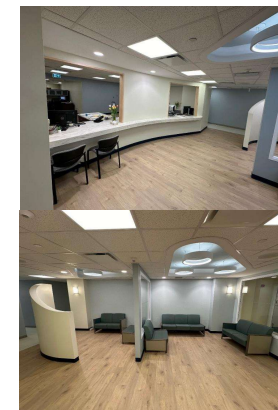
Safety Relief Valves



## Capital Clinical Projects

Eight capital clinical projects, most notably the replacement of the morgue refrigeration unit, pediatric medical unit observation area, cafeteria redevelopment and psychology clinical area renovations. It also supported \$632,000 for *Action for Health* transformation initiatives relating to surgical services and diagnostic imaging.

Psychology Waiting Area



PMU Observation Area



# Invest in Canada Infrastructure Program & Other DHW Funding

## Invest in Canada Infrastructure Program

In March 2021, the Province of Nova Scotia and the Government of Canada announced an investment in several projects as part of the Invest in Canada Infrastructure Program (ICIP) to improve infrastructure at IWK Health, Halifax Infirmary and the QEII Health Science Centre. IWK Health has also subsequently received additional ICIP funding over the past couple of years.

This funding was most welcome and has assisted with addressing various deferred maintenance. For this year, \$924,000 was funded for the following projects:

- Chillers
- Audiovisual systems
- Water boost pump
- Electrical room enhancements
- Sealant repairs
- Helideck fuel containment
- Children’s east roof replacement
- Ventilation upgrades



## Additional DHW Capital Funding

We were fortunate to receive an additional \$4.8 million of capital funding from DHW allowing us to purchase some much needed capital medical equipment and complete various infrastructure projects. The funding supported the following projects:

- Elevator repairs and emergency lighting
- Various washroom repairs, including accessible washroom
- Warehouse reconfiguration
- Clinical support areas renovations
- Facilities condition index assessment
- Liquid handling instrument
- NextSeg 2000 generation sequencer
- Philips monitoring network
- Anesthesia machines
- Fetal Monitors

Fetal Monitor



## Capital Investment

# Emergency Department Redevelopment

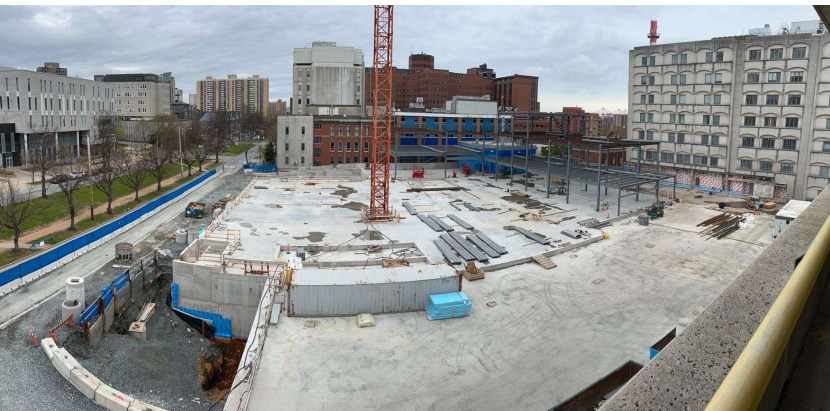
In fiscal 2020-21, the NS Department of Health & Wellness announced its commitment to fund the redevelopment of the IWK Health emergency department, with the formal redevelopment commencing in fiscal 21-22. For fiscal 2023-24, government investment in the redevelopment totaled \$21.5 million.

Except for a temporary decline at the outset of the pandemic, the number of annual emergency department visits has continually increased over the past ten years, topping at 42,948 in fiscal 2022-23 – this represents an increase of 40% since fiscal 2016-17. Fiscal 2023-24 visits dipped slightly but was still significant with 41,831 visits.

A redesigned emergency department will help address the increasing number of annual emergency visits, better accommodate patients with complex case needs, and mental health concerns. The space will also be designed to encourage more innovation among care providers.

This redevelopment will allow physicians and staff to deliver care in a world-class environment designed to best meet the needs of the patients and families we serve.

*Construction progress – early May 2024*



*Renderings of the future state of the new redeveloped Emergency Department*





## Operational Strategic Objectives & Other Major Initiatives

*IWK Health achieved many financial services and operational successes in fiscal 2023-24. Some of the more substantial successes are highlighted in this section.*

## Environmental Sustainability

*IWK Health, through delivery of a strategic plan, will strive to become an environmentally sustainable organization by co-creating a vision for the future and a roadmap for achievement that aligns with our organizational values, is realistic, relevant and executable and remains flexible and adaptable to changing realities.*

Climate change is a significant threat facing our humanity and we all have a responsibility to help reduce the impact to our environment. What is lesser known is the responsibility that different industries have in contributing to greenhouse gas emissions. For example, the carbon emissions from the health care industry is worse than the airline industry.

If all health sectors globally were joined to create one country, they would be the 5th largest emitter globally<sup>1</sup>. And in Canada, we are amongst the top 4 worst emitters per capital in the world<sup>1</sup> – with emissions equivalent to 514 coal fired power plants.

IWK Health emits 34,000 tons of CO<sub>2</sub> per year. To offset our emissions, we would need 8,418 acres of forest - this is the size of 3,500 football fields or 46 times the size of Point Pleasant Park. It also generates 1.3 tons of waste every day, totaling nearly 500 tons annually. That's enough to fill up roughly 20 Olympic-sized swimming pools!

Thinking about this paradox, health systems that are intended to treat are actually contributing to the conditions that are making people sick. It is estimated 1 in 5 new cases of childhood asthma in Canada are attributable to traffic related air pollution.

This has huge implications – not only for us to think about the way healthcare is delivered, but anticipating the types of climate-related health conditions we are going to face in the future and the demands on healthcare services this will continue to present. As a health organization, we have the responsibility to lead the way towards a greener environment.

<sup>1</sup> Health Care Without Harm, 2019

The **healthcare industry** emits **more carbon emissions** than the **airline industry**.



In fiscal 2023-24, IWK Health used ~**35,000** boxes of gloves. This is equivalent to **138 tonnes of CO<sub>2</sub> emissions** or the equivalent of **energy used by 17 houses in one year**.

Going  Green

## Operational Strategic Objectives & Other Major Achievements

# Environmental Sustainability

**At its core, the issue of a clean environment is a matter of public health." - Regina McCarthy, Former Administrator, U.S. Environmental Protection Agency**

IWK Health's Board of Directors recognize the importance of environmental sustainability in healthcare, and Environmental sustainability was included as a strategic objective for fiscal 2023-24.

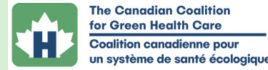
The following provides a highlight of some initiatives undertaken in fiscal 2023-24 which has created the foundation of a long-term environmental sustainability strategy and commitment.



Formation of Environmental Sustainability Project Team and Steering Committee



Strategic partnerships



Signed the CEO Climate Action Charter



Creation of IWK Health environmental sustainability scorecard



Completed several energy efficiency initiatives



Commenced internal communication campaign



## Optimize Capital Infrastructure: Innovating Space

### ***Adaptability – the quality of being able to adjust to new conditions***

The need for adaptability in healthcare has always been at the forefront as we endeavor to provide the best care for our patients and families. Business adaptability primarily relates to how an organization adjusts its strategies, operations, and structures in response to external market dynamics and industry shifts. Healthcare is comparable and at the onset of the pandemic, we adapted very quickly implementing many new processes and practices to align with restrictions to ensure our patients, families and healthcare workers were in the safest environment. Many new ways of working have become the standard practice for many industries including ours. Many of our operational and administrative services adapted quickly to successfully working hybrid thereby reducing the need for permanent space at the main campus.

A Master Space Program completed in 2021 indicated that IWK Health would need to increase its physical space by 54% to accommodate the predicted growth in services. IWK Health's FTE has also grown substantially (~20% since 2019) to serve our increasing population and improve health care services.

As our services and human resources continue to expand, we need to find ways to free up space on our main campus, so that it is utilized for direct patient care services to the extent possible. Other than the new emergency department that is being built, there is no capacity to increase our main campus footprint. Therefore, we must find new ways to better optimize our space.

### **New Premises Leased Space**

During the year, we were fortunate to secure new leased premises within close proximity to the Health Centre and created our first formal multi-team office hoteling space. This new location will free up space at the main campus and provide touchdown space for several teams that were permanently displaced. It marked a significant milestone and highlights how we adapt as we grow and embark on initial steps in enhancing the space utilization of our University Avenue site.

In addition, we also increased our footprint through the addition of a storage warehouse that will further optimize our space as well as provide for a more stable supply chain operations.

*Off-Site Multi-Team Office Hoteling Space*



*Bluewater Road Storage Warehouse*





# Optimize Capital Infrastructure: Level 0 Flood

***“In the middle of every difficulty lies opportunity.” – Albert Einstein***

On June 29<sup>th</sup>, 2023, a water main pipe entering the Children’s building failed, releasing an estimated 579,000-litres of water and impacting ~76,000 square feet of space in the Children’s and Link building with 4-12 inches of water. This flood impacted numerous departments, including: Environmental Services (Housekeeping), Medical Device Reprocessing, Clinical Engineering, Food Services, Supplies Warehouse, Laundry/Linen, Receiving, Health Records, Information Technology, Strategy, Finance (Payroll & Accounts Payable), Volunteer Services, Medical Photography and Facilities. However, except for a slight delay in two surgeries, there was no impact to clinical operation and patient care – this incredible feat was the result of the resilience and experience of IWK Teams dealing with emergencies.

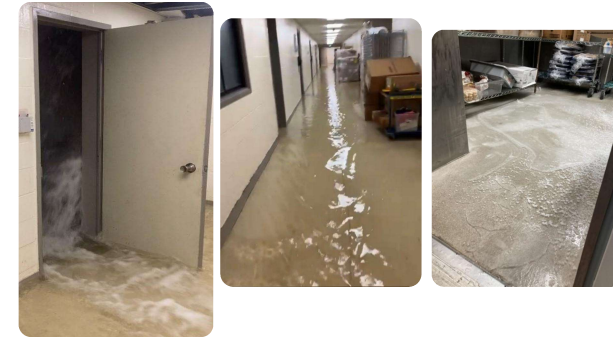
## **Build Back Better, Safer**

With extensive damages requiring remediation, IWK Health took advantage of this catastrophic event to strategically find financial resources to make enhancements the space to improve operations and patient care – to ‘*build back better, safer*’. Some of these improvements included:

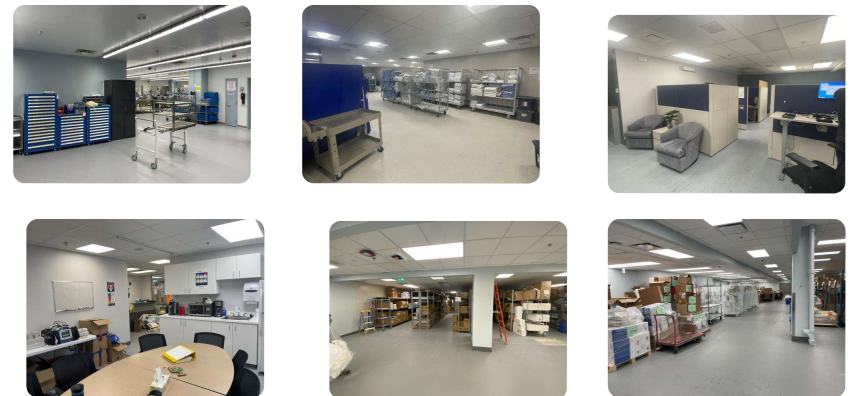
- **Medical Photography** - moved to the main floor (Level 2) eliminating requirement for patients to travel to the basement
- **Medical Device Reprocessing** - improved workflow to address accreditation concerns
- **Clinical Engineering** - improved workflows allowing for efficiencies and room for staffing growth
- **Warehouse Expansion** – addresses fire safety and theft concerns with supplies previously being stored in the hallways
- **Laundry Relocation** – improved workflow and infection control protocols

At the close of fiscal 2023-24, most of the restoration has been completed, with the exception of the kitchen. Due to the age and condition of the kitchen, we continue to explore funding opportunities to allow us to renovate our kitchen to a higher, safer standard at same time of the remediation, to allow for cost efficiencies.

June 29 2023 – day of flood



Various Space Enhancements



## Optimize Capital Infrastructure: Preventative Maintenance

Preventive maintenance is defined as regular and routine maintenance performed on physical assets to reduce the chances of equipment failure and unplanned machine downtime. It is important because it lays the foundation for successful facility management. Preventive maintenance keeps equipment and assets running efficiently, maintains a high safety level for your employees, and helps you avoid large and costly repairs down the road. Overall, a properly functioning preventive maintenance program ensures operational disruptions are kept to a minimum.

### Fiscal 2023-24 Strategic Objective

With a replacement value totaling \$1.5 billion for our main campus, protecting and enhancing our infrastructure assets is important and was a strategic objective for the 2023-24 fiscal year. Key strategic initiatives revolved around the creation of preventative maintenance protocols for all urgent priority assets, submitting a request for government for additional funding to support a more robust preventative maintenance program and the creation of a comprehensive replacement schedule of our infrastructure assets.

### Achievements on our Strategic Objective

The Level 0 flood and other competing and emergent priorities hindered full completion of all initiatives, but the following progress was achieved:

- Significant progress to identify and develop maintenance protocols for much of our urgent equipment
- Commencement of a facility condition index assessment, which will be finalized in early fiscal 2024-25
- As part of the annual budget submission process, submitted a request for additional funding to support a preventative maintenance program. Discussions with government on obtaining this additional funding remains on-going

For fiscal 2024-25 and beyond, a preventative maintenance program will be operationalized and monitored, and along with the results of the facility condition index, will provide help inform a comprehensive infrastructure replacement and repair list.



# Systems Transformation and Other Major IT Initiatives

## SAP S4/HANA

SAP is the enterprise management system IWK Health utilizes for finance, accounts payable, asset accounting, supply chain and payroll & benefits. SAP has evolved to the next-generation technology platform (S4/HANA) and the current version will not be fully supported in the near future.

The first stage of the S4/HANA upgrade - Financial & Logistics Service (FLS) - includes finance, accounts payable, receivables / billing, asset accounting, supply chain and procurement, with three sectors involved – Health, Education and the Province.

Planning and design is underway with implementation scheduled for fiscal 2024-25.



## OPOR

One Person One Record (OPOR) is a multi-year program designed to transform the way we use and share health information in Nova Scotia through the implementation of a Clinical Information System (CIS) across the province.

OPOR is a priority of the province's Action for Health plan, which is transforming the healthcare system by enabling digitization and automation of all current paper, manual and fax processes to improve access to care and the overall patient experience.

As part of this project, IWK Health is implementing a new patient billing system. The patient billing solution build has commenced with implementation and integration for scheduled for 2025, to align with clinical rollout of the system.

## UKG: Scheduling & Time

As part of the Action for Health strategy, a new scheduling system is being implemented. The primary goal for this new system is to streamline staff scheduling and time reporting into one new system, resulting in more user-friendly real-time access.

Over the past fiscal year, a significant amount of work has been accomplished with our Partners to lead us to Phase 1 of the project scheduled for the Fall 2024.



## Multifactor Authentication

To increase our cyber posture, and in partnership with the Province's Cyber Security & Digital Services team, Multifactor Authentication was enabled for IWK Health client accounts during the year.

This password protection credential standards verifies that you are who you say you are for improved security. It adds a layer of protection for your accounts, information and data, and reduces the odds of compromise by up to 99.99 per cent.





## Financial Statement Overview

*IWK Health's audited financial statements as at March 31, 2024 have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada Board. These financial statements provide information on the cost of all of IWK Health's activities, how they were financed, investing activities and the assets and liabilities of IWK Health.*

*Financial information is presented in thousands of Canadian dollars.*

# Statement of Financial Position

Statement of Financial Position		
	2024	2023
Financial Assets	143,345	140,313
Liabilities	147,669	146,165
Net Debt	(4,324)	(5,852)
Non-Financial Assets	263,081	238,868
<b>Accumulated Surplus</b>	<b>258,757</b>	<b>233,016</b>

The **Statement of Financial Position** highlights five key figures that together describe the financial position of the entity:

- cash resources of the entity (“financial assets”);
- cash obligations of the entity (“financial liabilities”);
- net debt (or net financial assets), which is calculated as the difference between financial assets and financial liabilities;
- non-financial assets that are normally held for service provision which include tangible capital assets, inventory and prepaids; and
- accumulated surplus/deficit, which summarizes IWK Health’s consolidated equity, identifying the financial position, including tangible capital assets, and financial resources of IWK Health

## Notable Year over Year Changes

### Financial Assets ↑ 3,032

Accounts receivable ↑ \$2,870 due primarily to insurance claim recoveries  
Due from IWK Health Centre Charitable Foundation ↓ \$726 due to a realignment of prior year receipts for priority equipment

### Liabilities ↑ 1,504

Deferred revenue ↑ \$2,444 as the result of increases in deferred research and other restricted funds due to timing differences of revenue recognition versus receipt of funding. Refer to Financial Statement **Note 8 Deferred revenue**

Debt ↓ \$986 attributable to mortgage payments during the year. This debt obligation was fully repaid during the year

### Non-Financial Assets ↑ 24,213

Net book value of tangible capital assets ↑ \$24,755. Amortization of \$11,501 was offset by acquisition of tangible capital assets of \$36,517, net of write-down/disposals of \$261

The acquisition of tangible capital assets reflects the investment of financial resources required to support facilities and advancing technology in medical equipment to ensure IWK Health remains a leader in providing the best care to the patients and families we care for at our facilities. Refer to Financial Statement **Note 14 Tangible capital assets**

Prepaid expenses ↓ \$671 due to timing of expenditures

# Statement of Operations

The **Statement of Operations** reports the annual surplus/deficit from operations during the accounting period. The statement shows the cost of providing IWK Health’s services, the revenues recognized in the period and the difference between the two.

The net surplus reported on the **Statement of Operations** totalling \$25,741 is the result of various capital transactions → Amortization expense of \$11,501 was lower than the increase in net capital assets of \$36,256 (capital additions of \$36,517, net of write-downs/disposals of \$261) and principal repayment of \$986 resulting in a surplus based on public sector accounting standards.

Statement of Operations		
	2024	2023
Revenues	429,351	380,364
Expenses	403,610	354,457
Net (Deficit) Surplus	25,741	25,907
Accumulated Surplus, Beginning	233,016	207,109
<b>Accumulated Surplus, Ending</b>	<b>258,757</b>	<b>233,016</b>

The **Statement of Operations** is not designed to identify the true operating surplus/deficit that is typically reported on an income statement. It identifies the increase in the capital equity of IWK Health.

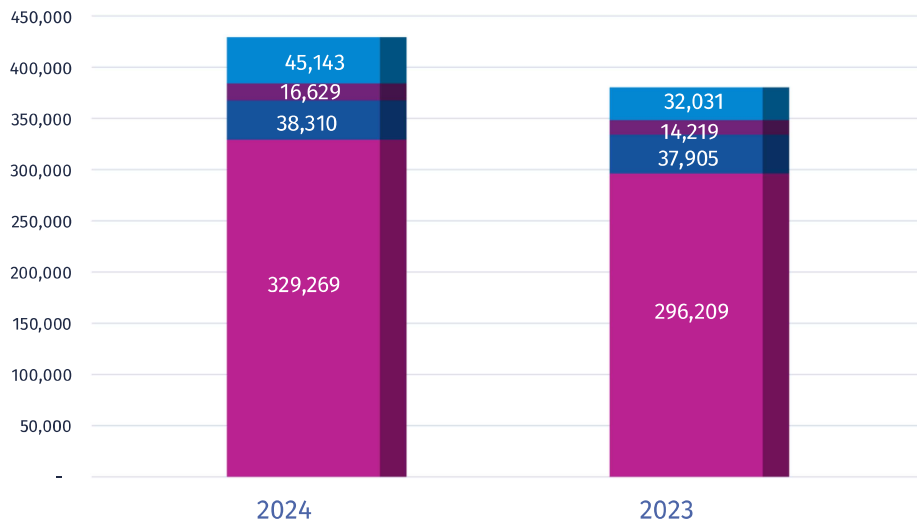
However, it is important to understand the operating performance for IWK Health, as this is the measure that gets reported publicly in relation to a deficit/surplus, and what the typical end user of financial statements would be looking to understand.

For fiscal 2023-24, the current year operating performance reflects a balanced result when reconciling the operating result to Public Sector Accounting Standards financial reporting (see **Reconciliation of Public Sector Accounting Standards to Operating Results** below).

Reconciliation of Public Sector Accounting Standards to Operating Results			
	Net Surplus (per PSAS)	Reconciling items	Operating Performance
Revenue	\$ 429,351	\$ (36,517)	\$ 392,834
Expenses	403,610	(11,501)	392,109
Write-down/Disposal of Tangible Capital Assets	-	(261)	(261)
Principal Repayment	-	986	986
<b>Net Surplus</b>	<b>\$ 25,741</b>	<b>\$ (25,741)</b>	<b>\$ -</b>

# Statement of Operations: Revenue

## Revenue Year over Year Comparison



■ Government Funding for Operations    ■ Capital Grants  
■ Research & Innovation                      ■ Other Revenue & Investment Income

## Notable Year over Year Changes

### Government Funding for Operations ↑ 33,060

- ↑ \$16,000 attributable to wage adjustments
- ↑ 7,100 due to retroactive wage claims due to settlements of collective agreements
- ↓ \$11,000 attributable to a net decrease in retention incentives
- ↑ \$7,000 attributable to Action for Health (transformation) funded initiatives
- ↑ \$14,200 in new leadsheet funding to support key organizational pressures and initiatives

### Capital Grants ↑ 405

- ↑ 9,466 in funding for emergency department redevelopment
- ↑ 3,920 due to additional year end government funding (approved in January 2024) and funding for Action for Health funded initiatives, net of reduction in Invest in Canada Infrastructure Project (ICIP) funding
- ↓ 13,040 relating to asset retirement obligation funding (adoption was in fiscal 2022-23)

### Research & Innovation ↑ 2,410

Revenue is based on the various research projects that take place from year-to-year which can vary

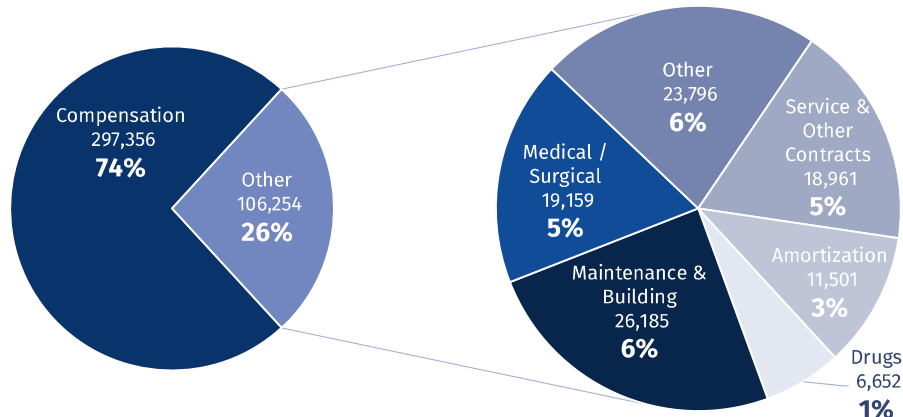
### Other Revenue & Investment Income ↑ 13,112

- ↑ \$1,279 in investment income attributable to favorable changes in interest rates and increased cash on hand during the year
  - ↑ \$5,988 due to insurance claims
- Remaining ↑ attributable to various individually small increases in external revenue sources such as cafeteria and parkade sales, patient revenue, and IWK Foundation funding initiatives

# Statement of Operations: Expenses

Total Expenses | **\$403,610**

Expenses by category



**Compensation** includes all salaries and benefits (fulltime equivalents). Also includes funds allocated for temporary staff. For Fiscal 2023-24 includes the Retention Incentive Program for Nurses and Healthcare Workers

**Maintenance & Building** includes utilities such as fuel, power, natural gases, etc., minor equipment purchases, rentals, various building and equipment maintenance, and maintenance supplies

**Drugs** includes general drugs, anti-infectives, and anesthetic gases

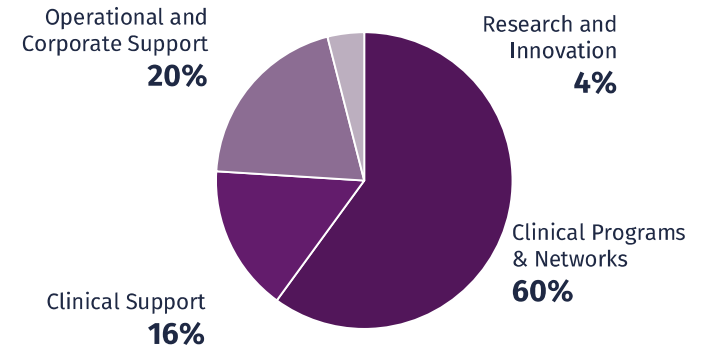
**Medical / Surgical** includes a variety of medical and surgical supplies such as prosthetics, pacemakers, instruments, needles/gloves/ dressings and other miscellaneous supplies

**Other** includes miscellaneous patient care supporting costs such as nutrition, technology and lab supplies; and, various operating costs including travel, professional fees, insurance, interest, and bad debt

**Services & Other Contracts** include service, maintenance and other contracts relating to equipment and other goods and services

**Amortization** includes the incremental charge of the cost of tangible capital assets over its expected useful life

Expenses by program area



**Clinical Programs & Networks:** Includes direct patient care support comprising of mental health and addictions, ambulatory care, critical care, inpatient services, perioperative services, rehabilitation services, oncology and cancer care, pediatric emergency care, provincial programs, primary care and continuing care

**Operational and Corporate Support:** Includes key administrative support services including corporate services, facility services, environmental services, strategy and planning and non-clinical leadership

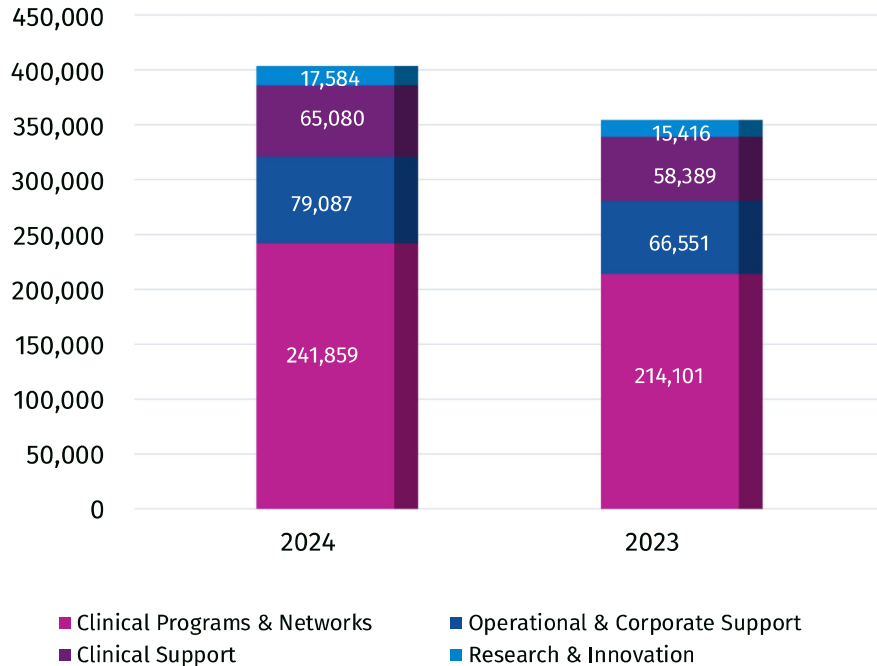
**Clinical Support:** Includes non-administrative support services to the clinical areas including laboratory services, medical services, diagnostic imaging, pharmacy, patient food & nutrition and professional practice

**Research & Innovation:** Includes costs relating to research and innovation initiatives



# Statement of Operations: Expenses by Program Area

## Expense Year over Year Comparison



## Notable Year over Year Changes

### Clinical Programs & Networks ↑ \$27,758

Compensation ↑ \$15,599 due primarily to collective agreement settlements including retroactive payments, increased positions due to operational pressures, offset by a net reduction in retention incentive payments

↑ \$2,619 due to Action for Health funded initiatives\*

↑ \$5,700 increase in Provincial Preschool Autism Program due to program expansion and transfer of services from Nova Scotia Health

↓ \$2,013 in direct pandemic related expenditures

### Operational and Corporate Support ↑ \$12,536

Compensation ↑ \$7,776 due primarily to bringing housekeeping services in-house, wage increases, offset by a net reduction in retention incentive payments

↑ \$941 in accounts receivable write-offs due to review of aged receivables

↑ \$960 due to Action for Health funded initiatives\*

Facilities service ↑ \$5,282 primarily as the result of flood remediation costs and increased maintenance costs

↓ \$5,000 Housekeeping service contract costs

### Clinical Support ↑ \$6,691

Compensation ↑ \$2,000 increased positions due to operational pressures, offset by a net reduction in retention incentive payments

↑ \$1,200 due to Action for Health funded initiatives\*

↑ \$1,250 due to increased referred out laboratory testing

↑ \$1,000 primarily due to increased equipment maintenance contracts

### Research & Innovation ↑ \$2,168

Increase related to increased research project activity during the year

\*Includes compensation expense

# Statement of Changes in Net Debt & Statement of Cash Flows

## Statement of Changes in Net Debt

	2024	2023
Annual surplus	25,741	25,907
Change in Tangible Capital Assets	(24,755)	(11,617)
Change in Other Non-Financial Assets	542	(347)
Decrease in Net Debt	1,528	13,943
Net Debt, Beginning	(5,852)	(19,795)
<b>Net Debt, Ending</b>	<b>(4,324)</b>	<b>(5,852)</b>

The **Statement of Change in Net Debt** explains the difference between IWK Health's net debt for the reporting year and its change in accumulated surplus in the same reporting year. This statement provides for the reporting of the acquisition of tangible capital assets, amortization expensed during the year and the year-over-year change in other non-financial assets.

Net book value of tangible capital assets ↑ \$24,755 → amortization of \$11,501 was offset by acquisition of tangible capital assets of \$36,517, net of write-down/disposals of \$261.

Detailed information in relation to tangible capital asset purchases was previously highlighted in the **Operational Strategic Objectives and Other Major Initiatives** section of this report.

The **Statement of Cash Flows** reports changes in cash and cash equivalents resulting from operations and shows how IWK Health financed its activities during the year and met its cash requirements.

## Notable Changes in Cash Flow

### Operating Activities

Cash flow from operating activities is \$35,189 (2023 - \$26,223) and is the result of the following:

- \$11,501 in amortization costs
- \$261 of write-down/disposal of tangible capital assets
- ↑ \$4,266 accounts receivable and due from governments primarily due to insurance claim recoveries
- ↓ \$726 receivable from IWK Foundation primarily due to realignment of prior year receipts for priority equipment
  - ↑ \$484 accounts payable due to timing of payments
  - ↑ \$200 employee future benefits as the result of valuation of the various benefits plans
  - ↑ \$129 inventory balance and ↓ \$671 prepaid expenses due to timing of purchases/payments

### Capital Activities

Cash applied to capital activities for the acquisition of tangible capital assets in the amount of \$36,517 relates to \$21,496 for the Emergency Department redevelopment, \$7,523 in equipment, \$1,627 in facilities renovation and infrastructure repairs, \$269 in information technology and \$5,602 in various projects in progress

### Financing Activities

Debt retirement relates to the principal payment on IWK Health's loan with the Province of Nova Scotia. This debt obligation was fully repaid during the year



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