



Financial Statements

Queen Elizabeth II Health Sciences Centre Foundation

March 31, 2016

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Independent auditor's report

To the members of
Queen Elizabeth II Health Sciences Centre Foundation

We have audited the accompanying financial statements of the Queen Elizabeth II Health Sciences Centre Foundation (the "Foundation"), which comprise the balance sheet as at March 31, 2016, and the statements of revenue, 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 audits. We conducted our audits 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 entity'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 entity'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 audits 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 Queen Elizabeth II Health Sciences Centre 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 29, 2016

Chartered Accountants

Queen Elizabeth II Health Sciences Centre Foundation

Statements of revenue, expenses and fund balances

Years ended March 31

2016

2015

| | Endowment fund | Designated fund | Undesignated fund | Total | Total |
|---|-----------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|
| Revenue | | | | | |
| Annual giving | \$ 15,793 | \$ 328,398 | \$ 933,986 | \$ 1,278,177 | \$ 1,181,375 |
| Planned giving | 1,537 | 506,116 | 641,502 | 1,149,155 | 541,127 |
| Major gifts | 280,055 | 2,358,444 | 6,220 | 2,644,719 | 5,027,772 |
| Fund development | 22,303 | 812,378 | 2,227 | 836,908 | 1,205,645 |
| Special events (note 8) | 10,263 | 1,314,597 | 34,832 | 1,359,692 | 869,061 |
| Gaming, net (note 9) | - | - | 6,578,451 | 6,578,451 | 6,577,407 |
| Licensing | - | - | 40,000 | 40,000 | 39,792 |
| | <u>329,951</u> | <u>5,319,933</u> | <u>8,237,218</u> | <u>13,887,102</u> | <u>15,442,179</u> |
| Expenses | | | | | |
| Fundraising | | | | | |
| Annual giving | - | - | 459,654 | 459,654 | 441,009 |
| Planned giving | - | - | 336,234 | 336,234 | 344,473 |
| Major gifts | - | - | 735,630 | 735,630 | 527,618 |
| Special events (note 8) | - | 427,913 | 108,430 | 536,343 | 483,646 |
| Administrative | | | | | |
| Administration | - | - | 1,925,086 | 1,925,086 | 2,140,680 |
| Public education | - | - | 703,122 | 703,122 | 551,900 |
| Donor recognition | - | - | 245,515 | 245,515 | 219,142 |
| | <u>-</u> | <u>427,913</u> | <u>4,513,671</u> | <u>4,941,584</u> | <u>4,708,468</u> |
| Excess of revenue over expenses before other income | 329,951 | 4,892,020 | 3,723,547 | 8,945,518 | 10,733,711 |
| Other income | | | | | |
| Investments, net (note 10) | <u>(173,249)</u> | <u>-</u> | <u>55,421</u> | <u>(117,828)</u> | <u>4,026,816</u> |
| Excess of revenue over expenses | <u>\$ 156,702</u> | <u>\$ 4,892,020</u> | <u>\$ 3,778,968</u> | <u>\$ 8,827,690</u> | <u>\$ 14,760,527</u> |
| Fund balances, beginning of year | \$ 29,271,742 | \$ 24,962,928 | \$ 8,446,634 | \$ 62,681,304 | \$ 59,244,077 |
| Excess of revenue over expenses | 156,702 | 4,892,020 | 3,778,968 | 8,827,690 | 14,760,527 |
| Re-measurement of employee future benefit | - | - | - | - | 18,937 |
| Fund disbursements (note 11) | (940,156) | (5,232,309) | (3,780,973) | (9,953,438) | (11,342,237) |
| Interfund transfers (note 12) | <u>2,598</u> | <u>734,498</u> | <u>(737,096)</u> | <u>-</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 28,490,886</u> | <u>\$ 25,357,137</u> | <u>\$ 7,707,533</u> | <u>\$ 61,555,556</u> | <u>\$ 62,681,304</u> |

See accompanying notes to the financial statements.

Queen Elizabeth II Health Sciences Centre Foundation

Balance sheet

March 31

2016

2015

| | Endowment fund | Designated fund | Undesignated fund | Total | Total |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Assets | | | | | |
| Current | | | | | |
| Cash | \$ - | \$ 4,778,223 | \$ 7,292,798 | \$ 12,071,021 | \$ 11,352,399 |
| Cash held for lottery | - | - | 2,524,470 | 2,524,470 | 4,183,499 |
| Pledges receivable (note 3) | 750 | 1,795,612 | 315,183 | 2,111,545 | 1,653,418 |
| Receivables and other | 5,840 | 57,279 | 362,541 | 425,660 | 387,402 |
| Prepays | - | - | 191,105 | 191,105 | 166,251 |
| | <u>6,590</u> | <u>6,631,114</u> | <u>10,686,097</u> | <u>17,323,801</u> | <u>17,742,969</u> |
| Pledges receivable (note 3) | - | 2,712,925 | 220,896 | 2,933,821 | 4,309,574 |
| Investments, at market value (note 4) | 28,512,275 | 16,089,837 | - | 44,602,112 | 45,436,070 |
| Capital assets (note 5) | - | - | 105,922 | 105,922 | 126,766 |
| | <u>\$ 28,518,865</u> | <u>\$ 25,433,876</u> | <u>\$ 11,012,915</u> | <u>\$ 64,965,656</u> | <u>\$ 67,615,379</u> |

Liabilities and fund balances

Liabilities

Current

| | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Unearned revenue | \$ - | \$ - | \$ 2,519,471 | \$ 2,519,471 | \$ 4,183,499 |
| Payables and accruals | 27,979 | 76,739 | 79,679 | 184,397 | 121,632 |
| Payable and accrual to Queen Elizabeth II Health Sciences Centre | - | - | 32,175 | 32,175 | 9,984 |
| | <u>27,979</u> | <u>76,739</u> | <u>2,631,325</u> | <u>2,736,043</u> | <u>4,315,115</u> |
| Employee future benefits (note 13) | - | - | 568,135 | 568,135 | 492,194 |
| Fund balances | 28,490,886 | 25,357,137 | 7,707,533 | 61,555,556 | 62,681,304 |
| Investment in capital assets (note 7) | - | - | 105,922 | 105,922 | 126,766 |
| | <u>\$ 28,518,865</u> | <u>\$ 25,433,876</u> | <u>\$ 11,012,915</u> | <u>\$ 64,965,656</u> | <u>\$ 67,615,379</u> |

Commitments (note 14)

On behalf of the Board

Dale Godwin Trustee

Audrea Coish Trustee

See accompanying notes to the financial statements.

Queen Elizabeth II Health Sciences Centre Foundation

Statement of cash flows

Years ended March 31

2016

2015

Increase (decrease) in cash

Operating

| | | |
|--|--------------------|------------------|
| Excess of revenue over expenses | \$ 8,827,690 | \$ 14,760,527 |
| Fund disbursements | (9,953,438) | (11,342,237) |
| Re-measurement of employee future benefits | - | 18,937 |
| Realized income and gains on investments | 2,073,986 | 2,194,668 |
| Unrealized change in market value of investments | (1,978,906) | (6,183,198) |
| | <u>(1,030,668)</u> | <u>(551,303)</u> |

Changes in non-cash working capital

| | | |
|---|------------------|--------------------|
| Pledges and accounts receivable | 879,368 | (130,071) |
| Prepays | (24,854) | (85,470) |
| Unearned revenue | (1,664,028) | (1,993,320) |
| Payables and accruals | 62,765 | (535,445) |
| Payable to Queen Elizabeth II Health Sciences Centre | 22,191 | (93,457) |
| Employee future benefits | 75,941 | 57,158 |
| | <u>1,679,285</u> | <u>(3,331,908)</u> |

Investing

| | | |
|-------------------------------------|------------------|------------------|
| Net withdrawals from investments | 738,878 | 773,358 |
| Net change in cash held for lottery | 1,659,029 | 1,990,820 |
| | <u>2,397,907</u> | <u>2,764,178</u> |

Net increase (decrease) in cash 718,622 (567,730)

Cash

| | | |
|-------------------|----------------------|----------------------|
| Beginning of year | <u>11,352,399</u> | <u>11,920,129</u> |
| End of year | <u>\$ 12,071,021</u> | <u>\$ 11,352,399</u> |

See accompanying notes to the financial statements.

Queen Elizabeth II Health Sciences Centre Foundation

Notes to the financial statements

March 31, 2016

1. Nature of operations

The Queen Elizabeth II Health Sciences Centre Foundation (the "Foundation") is a not-for-profit organization established to raise and receive funds to support patient care, education and research at the Queen Elizabeth II Health Sciences Centre (the "Health Centre"). 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 Designated Fund, representing amounts received from donors and special events, is to be used to provide grants toward expenditures for hospital programs, equipment needs and other payments as specified by the donor on the receipt of the contributions.

The Undesignated Fund represents amounts for which a specific purpose has not been identified by the donor and includes Funds which have been internally restricted by the Foundation's Board of Trustees to be used for specific purposes compatible with the objectives of the Foundation.

The Endowment Fund represents amounts received where the donor has specified that the resource contributed be permanently maintained, as well as amounts transferred as approved by the Board of Trustees to be held for endowment purposes. Investment income generated on endowments must be used in accordance with the various purposes established by the donor or the Board of Trustees. The Foundation has established an Endowment Management policy that limits the amount of income that may be expended in order to protect the purchasing power of the capital base of endowments while achieving stability in year-to-year spending.

Revenue recognition

Unrestricted donations are recognized as revenue of the Undesignated Fund when received. The gross amount of gaming revenue received for lottery ticket sales, net of any expenses incurred to date, is recorded as cash held for lottery and unearned revenue until the lottery draw occurs and the remaining expenses are paid.

Restricted donations are recognized as revenue of the Designated Fund. Donations are considered restricted when specifically restricted by the donor and when received for a specific campaign.

Contributions where the capital resource is to be maintained permanently are recognized as revenue of the Endowment Fund.

Pledges are recorded as receivables at the time they are pledged net of allowances for amounts not considered collectible.

Licensing fees are recognized as revenue of the undesignated fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Queen Elizabeth II Health Sciences Centre Foundation

Notes to the financial statements

March 31, 2016

2. Summary of significant accounting policies (continued)

Capital assets

Capital assets are recorded at cost and amortized using the straight-line method over the estimated useful lives of the assets as follows:

| | |
|----------------------------------|---------|
| Computer equipment | 5 years |
| Office equipment and renovations | 5 years |
| Leasehold improvements | 5 years |

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 in which they arise.

All undesignated and designated investment income earned is recognized as revenue of the Undesignated Fund. Endowment investment income is recognized as revenue of the Endowment Fund.

Investments are subject to interest, currency and credit risk. These risks are mitigated through the use of professional investment managers and appropriate asset, sector and geographic allocations.

Pooled fund investments are valued at the unit values supplied by the pooled fund administrator, which represents the Foundation's proportionate share of underlying net assets at fair values determined using closing market prices.

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 revenue, expenses and fund balances. The Foundation uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of revenue, expenses and fund balances. The financial instruments measured at amortized cost are cash, cash held for lottery, pledges receivable, receivables and other, 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 operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Queen Elizabeth II Health Sciences Centre Foundation

Notes to the financial statements

March 31, 2016

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 the allowance for pledge receivables, unfunded pension plan liabilities, and fair value of investments.

Donated materials and services

Donated materials and services are recorded in the financial statements when the fair value of these items can be reasonably estimated. The Foundation has recognized \$197,000 (2015 - \$333,799) as donated materials and services during the year. Donated materials included in capital assets for the hospital such as equipment and furniture, as well as advertising, media coverage, and promotional items.

Cash

Cash in the bank is currently in an interest bearing account yielding interest at prime less 1.75% for closing daily balances.

Employee future benefits

The Foundation has a multi-employer defined benefit plan and registered retirement savings plan, both of which have been accounted for as defined contribution plans.

The Foundation also has a Supplemental Employee Pension Plan, for which it accrues the estimated liability payable in subsequent years according to its policy. The retirement benefit is actuarially determined using the projected benefit method prorated on service.

3. Pledges receivable

Pledges receivable are recorded net of write-offs and allowances for amounts not considered collectable as follows:

| | <u>2016</u> | <u>2015</u> |
|---------------------------------------|---------------------|---------------------|
| Pledges receivable | \$ 5,307,478 | \$ 6,303,994 |
| Allowances | <u>(262,112)</u> | <u>(341,002)</u> |
| Pledges receivable, net of allowances | <u>\$ 5,045,366</u> | <u>\$ 5,962,992</u> |
| Comprised of | | |
| Current portion | \$ 2,111,545 | \$ 1,653,418 |
| Long term | <u>2,933,821</u> | <u>4,309,574</u> |
| | <u>\$ 5,045,366</u> | <u>\$ 5,962,992</u> |
| Continuity of allowances | | |
| Balance, beginning of year | \$ 341,002 | \$ 349,092 |
| Write-offs | <u>(123,940)</u> | <u>(190,806)</u> |
| Increase in allowances | <u>45,050</u> | <u>182,716</u> |
| Balance, end of year | <u>\$ 262,112</u> | <u>\$ 341,002</u> |

Pledges recognized in revenue during the year totalled \$2,347,915 (2015 - \$3,174,995).

Queen Elizabeth II Health Sciences Centre Foundation

Notes to the financial statements

March 31, 2016

4. Investments, at market value

The nature of the underlying investments held within pooled funds, are as follows:

| | <u>2016</u> | <u>2015</u> |
|------------------------------|----------------------|----------------------|
| Designated Fund | | |
| Cash and short term deposits | \$ 2,567,821 | \$ 2,778,372 |
| Bonds and debentures | 7,241,486 | 7,081,228 |
| Equities | <u>6,280,530</u> | <u>6,282,912</u> |
| | <u>16,089,837</u> | <u>16,142,512</u> |
| Endowment Fund | | |
| Cash and short term deposits | 1,981,602 | 3,031,664 |
| Bonds and debentures | 11,803,444 | 11,389,127 |
| Equities | <u>14,727,229</u> | <u>14,872,767</u> |
| | <u>28,512,275</u> | <u>29,293,558</u> |
| | <u>\$ 44,602,112</u> | <u>\$ 45,436,070</u> |

Bonds and debentures within the funds bear interest at rates ranging between 0.75% and 6.145% and have a term to maturity ranging from November 17, 2016 to May 1, 2046.

Investment Manager quarterly management fees are paid in accordance with Investment Management Agreements. The quarterly fees are calculated using a decreasing sliding scale percentage (0.75% - 0.20%) based on market value. In 2016, the total investment management fees paid were \$309,627 (2015 - \$288,398).

5. Capital assets

| | <u>2016</u> | | <u>2015</u> | |
|------------------------|-------------------|---------------------------------|-----------------------|-----------------------|
| | <u>Cost</u> | <u>Accumulated amortization</u> | <u>Net book value</u> | <u>Net book value</u> |
| Computer equipment | \$ 165,651 | \$ 116,834 | \$ 48,817 | \$ 55,522 |
| Office equipment | 92,697 | 58,563 | 34,134 | 35,779 |
| Leasehold improvements | <u>64,071</u> | <u>41,100</u> | <u>22,971</u> | <u>35,465</u> |
| | <u>\$ 322,419</u> | <u>\$ 216,497</u> | <u>\$ 105,922</u> | <u>\$ 126,766</u> |

6. Line of credit

To fund disbursements against pledges, the Foundation has an authorized line of credit to a maximum of \$1,500,000. If the Foundation maintains a cash balance in the bank account of \$175,000, then the application fee, annual review fee, and monthly facility fees are waived. The line of credit accrues interest charges on overdraft balances at prime based on the average daily balance for the period. At March 31, 2016, the balance drawn down on this line of credit was \$Nil (2015 - \$Nil).

Queen Elizabeth II Health Sciences Centre Foundation

Notes to the financial statements

March 31, 2016

| 7. Investment in capital assets | 2016 | 2015 |
|--|-------------------|-------------------|
| Balance, beginning of year | \$ 126,766 | \$ 143,129 |
| Capital asset acquisitions | 31,552 | 35,205 |
| Amortization | <u>(52,396)</u> | <u>(51,568)</u> |
| | \$ 105,922 | \$ 126,766 |

| 8. Special events | <u>Gifts in kind</u> | <u>Cash</u> | 2016 | 2015 |
|---|----------------------|------------------|------------------|----------------|
| Revenue | | | | |
| Night of Discovery | \$ 118,000 | \$ 399,190 | \$ 517,190 | \$ 486,600 |
| Ride the Rails | 27,500 | 220,236 | 247,736 | - |
| Community Initiatives | - | 560,486 | 560,486 | 382,461 |
| Heart Heroes | - | 34,280 | 34,280 | - |
| | <u>145,500</u> | <u>1,214,192</u> | <u>1,359,692</u> | <u>869,061</u> |
| Expenses | | | | |
| Night of Discovery | 118,000 | 207,960 | 325,960 | 350,220 |
| Ride the Rails | 27,500 | 50,433 | 77,933 | 7,119 |
| Community Initiatives | - | 80,198 | 80,198 | 85,045 |
| Heart Heroes | - | 9,101 | 9,101 | - |
| General | - | 43,151 | 43,151 | 41,262 |
| | <u>145,500</u> | <u>390,843</u> | <u>536,343</u> | <u>483,646</u> |
| Excess of revenue over expenses from special events | \$ - | \$ 823,349 | \$ 823,349 | \$ 385,415 |

| 9. Gaming | 2016 | 2015 |
|---|---------------------|---------------------|
| Revenue | | |
| Working to Win | \$ 111,800 | \$ 128,950 |
| Home Lottery | 9,052,021 | 9,062,686 |
| Lifestyles Lottery | 8,977,860 | 8,884,799 |
| | <u>18,141,681</u> | <u>18,076,435</u> |
| Expenses | | |
| Working to Win | 54,118 | 53,156 |
| Home Lottery | 5,720,889 | 5,906,167 |
| Lifestyles Lottery | 5,785,291 | 5,537,130 |
| Gaming Administration | 2,932 | 2,575 |
| | <u>11,563,230</u> | <u>11,499,028</u> |
| Excess of revenue over expenses from gaming | \$ 6,578,451 | \$ 6,577,407 |

| 10. Investments | 2016 | 2015 |
|------------------------|---------------------|---------------------|
| Revenue | \$ 191,799 | \$ 4,315,214 |
| Expenses | <u>309,627</u> | <u>288,398</u> |
| | \$ (117,828) | \$ 4,026,816 |

Queen Elizabeth II Health Sciences Centre Foundation

Notes to the financial statements

March 31, 2016

11. Fund disbursements

The following significant items were included as disbursements from the various funds.

| | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|
| Undesignated Fund | | |
| Linear accelerators | \$ 1,791,393 | \$ 304,766 |
| Sterilizers | 324,926 | - |
| Sit lamp with tonometer | 229,625 | - |
| Next Generation Sequencing | 217,170 | - |
| Atlantic Canada Clinical Research Unit (ACCRU) | 200,000 | - |
| Electron microscope/camera/tissue processor | 162,746 | - |
| Echocardiography machine | 104,036 | - |
| Cystoscopy table | 101,993 | - |
| Automated lab track system | - | 762,667 |
| Neuro angiography unit | - | 615,300 |
| Physiological monitors | - | 353,663 |
| Multi-detector CT scanner | - | 319,665 |
| 3T MRI scanner | - | 180,000 |
| Sleep apnea monitoring equipment | - | 162,686 |
| Translating Research into Care (TRiC) | - | 150,000 |
| Other disbursements | <u>649,084</u> | <u>265,921</u> |
| | <u>3,780,973</u> | <u>3,114,668</u> |
| Designated Fund | | |
| Rehabilitation pool | \$ 1,324,312 | - |
| Geriatric medicine research | 128,114 | - |
| Academic Neurosciences Project | 135,221 | - |
| Clinical preoperative equipment | 168,948 | - |
| Pancreatic cancer research grants | 198,233 | 294,400 |
| Breast cancer research | 300,000 | - |
| Mental health (Staying Connected) | 78,686 | 71,837 |
| 3T MRI scanner | - | 2,566,460 |
| Public Wi-Fi expansion | - | 670,000 |
| Atlantic Clinical Cancer Research Unit | - | 255,300 |
| Radiation wait times project | - | 241,162 |
| Electrophysiology laboratory | - | 200,000 |
| Translating Research into Care (TRiC) | - | 140,000 |
| Comfort and Care Grants | - | 127,332 |
| IWK Health Centre | - | 39,000 |
| Other disbursements | <u>2,898,795</u> | <u>2,912,004</u> |
| | <u>5,232,309</u> | <u>7,517,495</u> |
| Endowment Fund | <u>940,156</u> | <u>710,074</u> |
| | <u>\$ 9,953,438</u> | <u>\$11,342,237</u> |

Queen Elizabeth II Health Sciences Centre Foundation

Notes to the financial statements

March 31, 2016

12. Interfund transfers

During the year, funds were transferred between the Undesignated, Designated, and Endowment Funds as follows:

| | <u>Endowment</u> | <u>Designated</u> | <u>Undesignated</u> |
|----------------------------------|------------------|-------------------|---------------------|
| Simulation-Based Learning Centre | \$ - | \$ 300,000 | \$ (300,000) |
| Academic Neuroscience Program | - | 450,000 | (450,000) |
| Other transfers | <u>2,598</u> | <u>(15,502)</u> | <u>12,904</u> |
| Total interfund transfers | <u>\$ 2,598</u> | <u>\$ 734,498</u> | <u>\$ (737,096)</u> |

Interfund transfers for the 2016 fiscal year consisted of a transfer from the Undesignated Fund to the Designated Fund for the Simulation-Based Learning Centre and the Academic Neurosciences Program.

13. Employee pension plan benefits

The Foundation has an RRSP matching agreement with select employees employed prior to March 1, 2007. The Foundation will match an employee's RRSP contribution up to a maximum of 5% of the employee's salary.

The Foundation is a member of a multi-employer defined benefit pension plan administered by Health Association Nova Scotia ("HANS"). The most recent actuarial evaluation was conducted at July 1, 2014 and indicated a funding ratio of 101%. Existing employees that are enrolled in the RRSP matching agreement can choose to join the Nova Scotia Health Employees Pension Plan ("NSHEPP") or stay with the original Plan. New employees, after March 1, 2007, must join the NSHEPP.

During 2002, the Foundation established an unfunded Supplemental Pension Plan arrangement also administered by HANS, the costs of which are recognized in the current year. The total cost for these plans recognized in the current year is \$299,804 (2014 - \$276,082). In addition, \$553,690 of cash is reserved to fund the Supplemental Pension Plan.

The Foundation has defined benefit pension plans covering certain of its senior management employees. The benefits are based on years of service and final average salary.

The most recent actuarial valuation of the pension plans for funding purposes was as of March 12, 2014.

The funded status of the defined benefit plans is as follows:

| | <u>2016</u> | <u>2015</u> |
|--|-------------------|-------------------|
| Accrued benefit obligation and liability | <u>\$ 568,135</u> | <u>\$ 492,194</u> |

Queen Elizabeth II Health Sciences Centre Foundation

Notes to the financial statements

March 31, 2016

14. Commitments

The Foundation leases office space under an operating lease which expires on April 30, 2026. The minimum lease commitments relating to this for the next five years are as follows:

| | | |
|------|----|---------|
| 2017 | \$ | 145,220 |
| 2018 | | 154,438 |
| 2019 | | 154,438 |
| 2020 | | 154,438 |
| 2021 | | 154,438 |

The Foundation has received long term pledges for the purchase of capital equipment for the Health Centre. In order to proceed with the procurement and installation of the capital equipment, the Foundation has provided a funding commitment to the Health Centre for the difference between the cost of the equipment and the pledges received to date. Should the pledges not be honoured, the Foundation is committed to funding the following amounts over the next two years as follows:

| | | |
|------|----|---------|
| 2017 | \$ | 500,000 |
| 2018 | | 500,000 |