

Financial Statements
(Expressed in thousands of dollars)

**BRITISH COLUMBIA CANCER
AGENCY BRANCH**

Year ended March 31, 2008



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AUDITORS' REPORT

To the Board of British Columbia Cancer Agency Branch

We have audited the statement of financial position of the British Columbia Cancer Agency Branch as at March 31, 2008 and the statement of operations, changes in net assets (deficiency) and cash flows for the year then ended. These financial statements are the responsibility of the Branch's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Branch as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Vancouver, Canada

May 2, 2008

BRITISH COLUMBIA CANCER AGENCY BRANCH

Statement of Financial Position
(Expressed in thousands of dollars)

March 31, 2008, with comparative figures for 2007

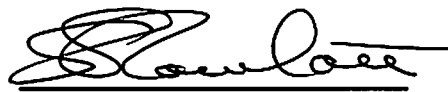
	2008	2007
Assets		
Current assets:		
Cash	\$ 5,438	\$ 4,970
Accounts receivable (note 3)	50,697	45,803
Inventories of materials and supplies	5,602	4,655
Prepays	1,577	1,621
	<u>63,314</u>	<u>57,049</u>
Capital assets (note 4)	239,076	246,213
	<u>\$ 302,390</u>	<u>\$ 303,262</u>
Liabilities and Net Assets (Deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 44,455	\$ 35,015
Deferred contributions for designated purposes (note 6)	18,457	22,196
Current portion of retirement allowance (note 7(a))	932	920
	<u>63,844</u>	<u>58,131</u>
Retirement allowance (note 7(a))	14,314	13,271
Asset retirement obligations (note 10(c))	151	47
Deferred capital contributions (note 8)	237,408	246,194
	<u>315,717</u>	<u>317,643</u>
Net assets (deficiency):		
Invested in capital assets (note 9(a))	1,668	19
Unrestricted	(14,995)	(14,400)
	<u>(13,327)</u>	<u>(14,381)</u>
Commitments and contingencies (note 10)		
Subsequent event (note 18)		
	<u>\$ 302,390</u>	<u>\$ 303,262</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director and Chair of the Board



Director

BRITISH COLUMBIA CANCER AGENCY BRANCH

Statement of Operations
(Expressed in thousands of dollars)

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Revenues:		
Provincial Health Services Authority contributions	\$ 259,011	\$ 236,285
Medical Services Plan	53,656	46,464
Other contributions (note 11)	9,124	9,616
Amortization of deferred capital contributions	19,659	18,045
Other (note 12)	6,401	3,357
Patients, clients and residents (note 13)	1,603	1,381
<u>Research and designated contributions</u>	<u>47,620</u>	<u>51,371</u>
	397,074	366,519
Expenses:		
Compensation and benefits	159,022	148,582
Referred-out and contracted services (note 14)	85,656	81,158
Supplies (note 15)	69,163	64,720
Depreciation of capital assets	19,688	18,066
Equipment and building services	8,098	6,453
Sundry (note 16)	6,771	4,953
Accretion of asset retirement obligations (note 10(c))	2	3
<u>Research and designated expenses</u>	<u>47,620</u>	<u>51,371</u>
	396,020	375,306
Excess (deficiency) of revenues over expenses	\$ 1,054	\$ (8,787)

See accompanying notes to financial statements.

BRITISH COLUMBIA CANCER AGENCY BRANCH

Statement of Changes in Net Assets (Deficiency)
(Expressed in thousands of dollars)

Year ended March 31, 2008, with comparative figures for 2007

	Invested in capital assets	Unrestricted	Total	
			2008	2007
Balance, beginning of year	\$ 19	\$ (14,400)	\$(14,381)	\$ (5,594)
Excess (deficiency) of revenues over expenses	(29)	1,083	1,054	(8,787)
Net change in capital assets (note 9(c))	1,678	(1,678)	-	-
Balance, end of year	\$ 1,668	\$ (14,995)	\$(13,327)	\$(14,381)

See accompanying notes to financial statements.

BRITISH COLUMBIA CANCER AGENCY BRANCH

Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Cash flows from operating activities:		
Excess (deficiency) of revenues over expenses	\$ 1,054	\$ (8,787)
Items not involving cash:		
Depreciation of capital assets	19,688	18,066
Amortization of deferred capital contributions	(19,659)	(18,045)
Net change in non-cash operating items (note 17)	959	8,385
	2,042	(381)
Cash flows from investing activities:		
Purchase of capital assets (note 9(c))	(12,551)	(12,669)
Cash flows from financing activities:		
Capital contributions	10,873	11,366
Additions to asset retirement obligations (note 10(c))	104	13
	10,977	11,379
Increase (decrease) in cash	468	(1,671)
Cash, beginning of year	4,970	6,641
Cash, end of year	\$ 5,438	\$ 4,970

See accompanying notes to financial statements.

BRITISH COLUMBIA CANCER AGENCY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2008

The British Columbia Cancer Agency Branch (the Branch) is a member of the Provincial Health Services Authority (PHSA or the Authority) which was created under the *Health Authorities Act of British Columbia* on December 12, 2001 with a Board of Directors appointed by the Ministry of Health and is one of six Health Authorities in British Columbia. The Branch is dependent on the Ministry of Health to provide sufficient funds to continue operations, replace essential equipment and complete its capital projects. The Branch is a not-for-profit organization under the *Income Tax Act*, and as such is exempt from income and capital taxes.

The following agencies/programs are also included in PHSA:

- British Columbia Centre for Disease Control and Prevention Society Branch;
- British Columbia Drug and Poison Information Centre;
- British Columbia Mental Health Society (Riverview) Branch;
- British Columbia Provincial Renal Agency;
- British Columbia Transplant Society Branch;
- Children's & Women's Health Centre of British Columbia Branch;
- Forensic Psychiatric Services Commission; and
- Women's Health Research Institute Society.

Effective December 31, 2001, the above noted branch societies except for the Women's Health and Research Institute were amalgamated with, and continue the operations of, their respective former societies under bylaws and constitutions consistent with the PHSA. The amalgamated Branch is considered a continuation of the former Branch for financial reporting purposes.

The Branch provides a comprehensive cancer control program to all British Columbians, which includes prevention and early detection, treatment, and related education and research. This program is provided through the specialized facilities of the Vancouver Cancer Centre, the Fraser Valley Cancer Centre, the Vancouver Island Cancer Centre, and the Cancer Centre for the Southern Interior, as well as decentralized programs for patient care. The Branch is also responsible for the operating activities of the British Columbia Cancer Research Centre.

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

(b) Revenue recognition:

The Branch follows the deferral method of accounting for contributions which include donations and government contributions.

Under the *Health Insurance Act and Regulations* thereto, the Branch is funded primarily by the Province of British Columbia in accordance with budget management plans and performance agreements established and approved by the Ministry of Health.

BRITISH COLUMBIA CANCER AGENCY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2008

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Approved operating contributions are recorded as revenue in the period to which they relate and the related expenses are incurred. Where a portion of a contribution relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the same basis as the related capital assets are depreciated.

(c) Asset and service contributions:

Volunteers contribute a significant amount of time each year to assist the Branch in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

Contributions of assets, supplies and services that would otherwise have been purchased are recorded at fair value at the date of contribution, provided a fair value can be reasonably determined.

(d) Inventories of materials and supplies

Inventories, consisting of medical/surgical supplies, drugs and other materials and supplies, are recorded at the lower of weighted average cost and market value.

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. The Branch records depreciation on its assets on a straight-line basis over the useful life of the assets as follows:

Buildings	20 - 50 years
Leased buildings	50 years
Leasehold improvements	Lease term to a maximum of 20 years
Building service equipment	15 - 20 years
Equipment	3 - 20 years
Software licence fees	3 - 5 years

BRITISH COLUMBIA CANCER AGENCY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2008

1. Significant accounting policies (continued):

(f) Employee future benefits:

Liabilities, net of plan assets, are recorded for employee retirement allowance benefits as employees render services to earn the benefits.

The actuarial determination of the accrued benefit obligations uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees, and other actuarial factors). For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Actuarial gains and losses that exceed 10% of the benefit obligation are amortized over the average remaining service period of active covered employees. The average remaining service period of the active covered employees entitled to retirement allowance benefits is 10 years (2007 - 10 years). Past service costs arising from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

Defined contribution plan accounting is applied to multi-employer defined benefit plans and, accordingly, contributions are expensed.

(g) Asset retirement obligations:

The Branch recognizes an asset retirement obligation in the period in which it incurs a legal obligation associated with the retirement of a tangible long-lived asset including leased premises resulting from the acquisition, construction, development, and/or normal use of the asset. The fair value of the asset retirement cost is capitalized as part of the carrying value of the related long-lived asset and is depreciated over the life of the asset. The liability may be changed to reflect the passage of time and changes in the fair value assessment of the retirement obligation.

(h) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management reviews all significant estimates affecting its financial statements on a recurring basis and records the effect of any necessary adjustments. Significant areas requiring the use of estimates include determination of rates of depreciation of capital assets, recognition of asset retirement obligations, contingencies and, in particular, assumptions with respect to accrued retirement allowance benefits. Actual results could differ from the estimates.

BRITISH COLUMBIA CANCER AGENCY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2008

1. Significant accounting policies (continued):

(i) Financial instruments:

During the year, the Branch adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855, *Financial Instruments – Recognition and Measurement* and Section 3861, *Financial Instruments - Disclosure and Presentation* to account for its financial assets and financial liabilities. These sections require that all non-derivative financial assets and liabilities be measured at fair value with the exception of (i) loans and receivables and held-to-maturity investments, which should be measured at amortized cost; and (ii) investments in equity instruments that do not have a quoted market price in an active market, which should be measured at cost, other than such instruments that are classified as held-for-trading.

Subsequent measurement and changes in fair value will depend on initial classification. Held for trading assets and liabilities are measured at fair value and changes in fair value are recognized in net earnings. Available for sale investments are measured at fair value with changes in fair value recorded in the statement of changes in net assets until the investment is re-recognized or other than temporarily impaired at which time the amounts would be recorded in net earnings.

These sections also require that gains and losses on financial instruments measured at fair value be recognized in net income in the periods in which they arise, with the exception of (i) unrealized gains and losses on financial assets classified as available-for-sale, which are recognized directly in net assets until the financial asset is derecognized or becomes impaired; and (ii) certain financial instruments that are part of a designated hedging relationship.

The adoption of these sections did not result in an adjustment to opening net assets.

(j) Future accounting changes:

On December 1, 2006, the CICA issued two new accounting standards: Handbook Section 3862, *Financial Instruments – Disclosures* (Section 3862), and Handbook Section 3863, *Financial Instruments – Presentation* (Section 3863). These new standards become effective for the Branch on April 1, 2008.

Sections 3862 and 3863 replace Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Branch is currently evaluating the impact of these accounting standards for fiscal year 2009.

BRITISH COLUMBIA CANCER AGENCY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2008

2. Financial instruments:

The Branch's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities, accrued retirement allowance liabilities, and asset retirement obligations. It is management's opinion that the Branch is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these instruments approximate their carrying values, except for the fair value of accrued retirement allowance liabilities which are disclosed in note 7.

3. Accounts receivable:

	2008	2007
Provincial Health Services Authority	\$ 21,067	\$ 1,706
Patients, clients and agencies	3,173	1,702
Ministry of Health	9,319	25,717
Hospital foundations	10,008	6,893
Research grants	3,465	7,187
Goods and services tax	581	505
Other	3,420	2,550
	51,033	46,260
Less allowance for doubtful debts	(336)	(457)
	\$ 50,697	\$ 45,803

4. Capital assets:

2008	Cost	Accumulated depreciation	Net book value
Land	\$ 7,000	\$ -	\$ 7,000
Buildings	136,515	44,700	91,815
Leased buildings	80,633	5,188	75,445
Building service equipment	5,042	812	4,230
Construction in progress	6,941	-	6,941
Leasehold improvements	2,402	2,290	112
Equipment	160,367	107,022	53,345
Equipment in progress	59	-	59
Software licence fees	254	125	129
	\$ 399,213	\$ 160,137	\$ 239,076

BRITISH COLUMBIA CANCER AGENCY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2008

4. Capital assets (continued):

2007	Cost	Accumulated depreciation	Net book value
Land	\$ 7,000	\$ -	\$ 7,000
Buildings	133,652	41,417	92,235
Leased buildings	80,056	3,584	76,472
Building service equipment	3,571	503	3,068
Construction in progress	7,121	-	7,121
Leasehold improvements	2,299	2,204	95
Equipment	152,989	92,922	60,067
Equipment in progress	60	-	60
Software licence fees	169	74	95
	\$ 386,917	\$ 140,704	\$ 246,213

The Branch has a lease agreement with the BC Cancer Foundation relating to the British Columbia Cancer Research Centre. The lease is for a 50-year term expiring 2055, at nominal annual rent, and the Branch is responsible for all operating costs. As the lease term represents the full economic life of the asset, the Research Centre building is included in the capital assets of the Branch.

5. Accounts payable and accrued liabilities:

	2008	2007
Trade accounts payable and accrued liabilities	\$ 27,233	\$ 20,259
Salaries and benefits payable	7,846	6,671
Accrued vacation pay	9,376	8,085
	\$ 44,455	\$ 35,015

6. Deferred contributions for designated purposes:

Deferred contributions for designated purposes represent unspent contributions for research and other specified purposes. These deferred contributions will be recorded as revenue in the statement of operations when the related expenses are incurred.

	2008	2007
Deferred contributions for designated purposes, beginning of year	\$ 22,196	\$ 29,410
Less amount recognized as revenue in the year	(47,620)	(51,371)
Add amount received for future periods	43,881	44,157
Deferred contributions for designated purposes, end of year	\$ 18,457	\$ 22,196

BRITISH COLUMBIA CANCER AGENCY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2008

7. Employee benefits:

(a) Retirement allowance:

Certain employees with ten or twenty years of service and having reached a certain age are entitled to receive special payments upon retirement or as specified by the collective agreements. These payments are based upon accumulated sick leave credits and entitlements for each year of service.

The Branch's liabilities are based on an actuarial valuation as at December 31, 2006. The next required valuation will be as of December 31, 2009.

Information about retirement allowance benefits is as follows:

	2008	2007
Accrued benefit obligation:		
Sick leave benefits	\$ 2,803	\$ 2,722
Severance benefits	9,230	9,104
Total unfunded obligation	12,033	11,826
Balance of unamortized amounts	3,213	2,365
Accrued retirement allowance benefits	15,246	14,191
Less current portion	932	920
Long-term portion	\$ 14,314	\$ 13,271
Retirement allowance expense	\$ 1,524	\$ 1,653
Benefits paid	468	920

The significant actuarial assumptions adopted in measuring the Branch's retirement allowance liabilities are as follows:

	2008	2007
Accrued benefit obligation as at March 31:		
Discount rate	5.50%	5.00%
Rate of compensation increase	3.25%	3.25%
Benefit costs for years ended March 31:		
Discount rate	5.50%	5.00%
Rate of compensation increase	3.25%	3.25%

BRITISH COLUMBIA CANCER AGENCY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2008

7. Employee benefits (continued):

(b) Long-term disability benefits:

The Healthcare Benefit Trust (the Trust) administers long-term disability, group life insurance, accidental death and dismemberment, extended health, and dental claims for certain employee groups of the Branch and other provincially-funded organizations.

The Trust is a multiple-employer plan with respect to long-term disability benefits initiated after September 30, 1997. The assets and liabilities for these long-term disability benefits have been segregated for PHSA, but not for the individual branches of PHSA. Accordingly, the Branch participates in a multi-employer defined benefit plan for long-term disability benefits that is now restricted to members of PHSA.

The most recent actuarial valuation for the PHSA plan at December 31, 2007 indicated a net liability of \$765. Contributions of \$1,385 (2007 - \$1,168) were expensed during the year. The PHSA plan covers approximately 4,173 active employees of which approximately 1,020 are employees of the Branch. The next required valuation will be as of December 31, 2008.

The group life insurance, accidental death and dismemberment, extended health, dental, and pre-October 1, 1997 long-term disability claims administered by the Trust are structured as a multi-employer plan. Contributions to the Trust of \$2,930 (2007 - \$2,948) were expensed during the year. The most recent actuarial valuation for the plan at December 31, 2007 indicated a surplus of \$41,089 (December 31, 2007 - \$25,564). The plan covers 77,289 active employees of which 1,075 (2007 - 1,100) are employees of the Branch. The next required valuation will be as of December 31, 2008.

(c) Employee pension benefits:

The Branch and its employees contribute to the Municipal Pension Plan, a multi-employer defined benefit pension plans governed by the *BC Public Sector Pension Plans Act*.

Employer contributions to the Municipal Pension Plan of \$8,858 (2007 - \$8,347) were expensed during the year. Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent actuarial valuation for the plan at December 31, 2006 indicated a surplus of \$438,000. The actuary does not attribute portions of the surplus to individual employers. The plan covers approximately 145,000 active employees of which approximately 1,770 are employees of the Branch. The next required valuation will be as of December 31, 2009 with results available in 2010.

BRITISH COLUMBIA CANCER AGENCY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2008

8. Deferred capital contributions:

Deferred capital contributions represent externally restricted contributions and other funding received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the Statement of Operations.

	2008	2007
Deferred capital contributions, beginning of year	\$ 246,194	\$ 252,873
Provincial Health Services Authority	5,560	4,489
Foundations	1,576	2,172
Other	3,737	4,705
	10,873	11,366
Less amortization for the year	(19,659)	(18,045)
Deferred capital contributions, end of year	\$ 237,408	\$ 246,194

9. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2008	2007
Capital assets	\$ 239,076	\$ 246,213
Amounts financed by:		
Deferred capital contributions	(237,408)	(246,194)
	\$ 1,668	\$ 19

(b) Deficiency of revenues over expenses:

	2008	2007
Amortization of deferred capital contributions	\$ 19,659	\$ 18,045
Depreciation of capital assets	(19,688)	(18,066)
	\$ (29)	\$ (21)

(c) Transfer to invested in capital assets:

	2008	2007
Purchase of capital assets	\$ 12,449	\$ 12,659
Asset retirement obligation (note 10(d))	102	10
Amounts funded by:		
Deferred capital contributions	(10,873)	(12,659)
	\$ 1,678	\$ 10

BRITISH COLUMBIA CANCER AGENCY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2008

10. Commitments and contingencies:

(a) Operating leases:

The aggregate minimum future annual rentals under operating leases are as follows:

2009	\$	819
2010		790
2011		790
2012		536
2013		298
Thereafter		819
	\$	4,052

(b) Litigation and claims:

The nature of the Branch's activities is such that there will be litigation pending or in progress at any time. With respect to claims at March 31, 2008, management is of the opinion that it has valid defenses and appropriate insurance coverage in place, or if there is unfunded risk, such claims are not expected to have a material effect on the Branch's financial position. Outstanding contingencies are reviewed on an ongoing basis and are provided for based on management's best estimate of the ultimate settlement. Risk management and insurance services for all Health Authorities in British Columbia are provided by the Risk Management Branch of the Ministry of Finance.

(c) Asset retirement obligations:

The Branch has accrued asset retirement obligations of \$151 (2007 - \$47) representing the fair value of the legal obligations related to leased and owned premises after charges for accretion and depreciation. The settlement of these obligations will occur at the expiry of the leases and as owned premises undergo renovations. The fair value of the legal obligation was determined by discounting the estimated cash outflows of \$176 (2007 - \$63) over the respective lease terms and until renovations are undertaken at a credit-adjusted risk free rate of 5.26% (2007 - 5.26%). The asset retirement obligations have been capitalized as part of capital assets and will be amortized over the respective premise lease terms and over the time period until renovations are completed.

11. Other contributions:

	2008	2007
Other ministries	\$ 113	\$ 687
Foundations	8,952	8,858
Other	59	71
	\$ 9,124	\$ 9,616

BRITISH COLUMBIA CANCER AGENCY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2008

12. Other revenue:

	2008	2007
Recoveries from other Health Authorities and government reporting entities	\$ 574	\$ 43
Recoveries from sales of goods and services	2,566	2,332
Parking	758	774
Drug sales	224	198
Other	2,279	10
	\$ 6,401	\$ 3,357

13. Patients, clients and residents revenue:

	2008	2007
Federal government	\$ 147	\$ 126
Non-residents of British Columbia	1,128	1,247
Non-residents of Canada	317	4
Residents of British Columbia - self pay	11	4
	\$ 1,603	\$ 1,381

14. Referred out and contracted services:

	2008	2007
Other Health Authorities and government reporting entities	\$ 75,780	\$ 71,812
Private contractors	9,876	9,346
	\$ 85,656	\$ 81,158

15. Supplies:

	2008	2007
Drugs and medical gases	\$ 55,975	\$ 52,630
Food and dietary	155	130
Medical and surgical	1,937	1,814
Diagnostic	6,447	5,886
Printing, stationery and office	1,246	1,181
Housekeeping	132	103
Laundry and linen	140	63
Plant operation	2,104	2,213
Other	1,027	700
	\$ 69,163	\$ 64,720

BRITISH COLUMBIA CANCER AGENCY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2008

16. Sundry:

	2008	2007
Communication and data processing	\$ 232	\$ 72
Travel	2,005	1,702
Professional fees	1,576	1,491
Other	2,958	1,688
	<u>\$ 6,771</u>	<u>\$ 4,953</u>

17. Statement of cash flows:

Net change in non-cash operating items:

	2008	2007
Changes to non-cash operating items:		
Accounts receivable	\$ (4,894)	\$ 37,172
Inventories of materials and supplies	(947)	(505)
Prepays	44	(1)
Accounts payable and accrued liabilities	9,440	(21,837)
Deferred contributions for designated purposes	(3,739)	(7,214)
Retirement allowance	1,055	770
	<u>\$ 959</u>	<u>\$ 8,385</u>

18. Abbotsford Regional Hospital and Cancer Centre (ARHCC) project:

Partnerships British Columbia, Inc. (PBC), an entity controlled by the Province of British Columbia, is responsible for the construction of the ARHCC project through their wholly owned subsidiary, Abbotsford Regional Hospital and Cancer Center Inc. (ARHCC Inc.).

ARHCC Inc. entered into a project agreement with Access Health Abbotsford Ltd. (AHA) in December, 2004. Under the agreement, AHA will design, construct, finance, and maintain the facilities until the end of the term of the agreement in May 2038. All payment obligations of ARHCC Inc. to AHA, under the agreement, are supported by a payment guarantee from the Province to AHA.

Subsequent to year-end, on May 6, 2008, PBC transferred the ownership of ARHCC Inc. to the Branch and the Fraser Health Authority in accordance with Share Transfer Agreement whereby 102 common shares of ARHCC Inc. were transferred to the Fraser Health Authority and 18 common shares were transferred to the Branch for one dollar per share.

BRITISH COLUMBIA CANCER AGENCY BRANCH

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(Expressed in thousands of dollars)

Year ended March 31, 2008

19. Related entity:

The Branch has an economic interest in the BC Cancer Foundation (the foundation) which is responsible for fundraising activities of the Branch, the British Columbia Cancer Research Centre facility (the Research Centre), and the Genome Sciences Centre. The foundation is a separate legal entity incorporated under the Society Act of British Columbia and is a registered charity under the provisions of the Income Tax Act of Canada.

The net assets and results from operations of the foundation are not included in the financial statements of the Branch. At March 31, 2008, the foundation held net assets of \$56,336 (2007 - \$37,858) to be used for research, patient care, education, and capital expenditures at the Branch, the Research Centre and the Genome Sciences Centre.

During the year, the Branch received the following contributions from the foundation:

	2008	2007
Operations	\$ 473	\$ 313
Research	8,999	8,852
Other designated purposes	8,696	5,776
Capital	1,523	2,029
	<u>\$ 19,691</u>	<u>\$ 16,970</u>

20. Related party transactions:

Certain administrative, finance and accounting, and human resource services are provided to the Branch by PHSA without charge. The costs of these services have not been recorded in the financial statements of the Branch.

During the year, the Branch was involved in the following related party transactions with other PHSA members:

For the year ended March 31, 2008, expenses includes \$2,807 (2007 - \$1,787) resulting from transactions with other PHSA members.

The above amounts exclude transactions with PHSA which are disclosed elsewhere in these financial statements.

21. Comparative figures:

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.