

Financial Statements
(Expressed in thousands of dollars)

**BRITISH COLUMBIA CENTRE
FOR DISEASE CONTROL AND
PREVENTION SOCIETY BRANCH**

Year ended March 31, 2010



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AUDITORS' REPORT

To the Board of British Columbia Centre for Disease Control and Prevention Society Branch

We have audited the statement of financial position of the British Columbia Centre for Disease Control and Prevention Society Branch as at March 31, 2010 and the statement of operations, changes in net assets 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, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding period.

Chartered Accountants

Vancouver, Canada

April 30, 2010

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Statement of Financial Position
(Expressed in thousands of dollars)

March 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Current assets:		
Cash	\$ 19	\$ 24
Accounts receivable (note 3)	12,110	24,382
Inventories (note 4)	42,241	22,709
Prepaid expenses	5	-
	<u>54,375</u>	<u>47,115</u>
Capital assets (note 5)	8,028	8,563
	<u>\$ 62,403</u>	<u>\$ 55,678</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 11,710	\$ 13,641
Deferred operating contributions (note 7)	19,332	10,375
Deferred contributions for designated purposes (note 8)	3,287	3,175
Current portion of obligations under capital leases (note 9)	223	218
Current portion of retirement allowance (note 10(a))	120	58
	<u>34,672</u>	<u>27,467</u>
Long-term obligations under capital leases (note 9)	174	410
Retirement allowance (note 10(a))	1,325	1,420
Asset retirement obligations (note 13(c))	26	25
Deferred capital contributions (note 11)	7,693	7,994
	<u>43,890</u>	<u>37,316</u>
Net assets:		
Invested in capital assets (note 12(a))	6	9
Unrestricted	18,507	18,353
	<u>18,513</u>	<u>18,362</u>
	<u>\$ 62,403</u>	<u>\$ 55,678</u>

Commitments and contingencies (note 13)

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director and Chair of the Board



Director

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Statement of Operations
(Expressed in thousands of dollars)

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Revenues:		
Provincial Health Services Authority contributions	\$ 100,444	\$ 90,738
Medical Services Plan	1,404	901
Other contributions (note 14)	15,723	-
Amortization of deferred capital contributions	670	648
Other (note 15)	1,801	1,648
Patients, clients and residents (note 16)	404	294
Pharmacare	647	584
Research and designated contributions	3,000	4,143
	<u>124,093</u>	<u>98,956</u>
Expenses:		
Compensation and benefits	30,524	27,898
Referred-out and contracted services (note 17)	4,049	3,373
Supplies (note 18)	76,192	52,687
Amortization of capital assets	904	883
Equipment and building services	5,012	4,591
Sundry (note 19)	4,260	3,864
Accretion of asset retirement obligations (note 13(c))	1	1
Research and designated expenses	3,000	4,143
	<u>123,942</u>	<u>97,440</u>
Excess of revenues over expenses	\$ 151	\$ 1,516

See accompanying notes to financial statements.

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

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

Year ended March 31, 2010, with comparative figures for 2009

	Invested in capital assets	Unrestricted	Total	
			2010	2009
Balance, beginning of year	\$ 9	\$ 18,353	\$ 18,362	\$ 16,846
Excess (deficiency) of revenues over expenses	(234)	385	151	1,516
Net change in capital assets (note 12(c))	231	(231)	-	-
Balance, end of year	\$ 6	\$ 18,507	\$ 18,513	\$ 18,362

See accompanying notes to financial statements.

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Statement of Cash Flows
(Expressed in thousands of dollars)

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 151	\$ 1,516
Items not involving cash:		
Amortization of capital assets	904	883
Amortization of deferred capital contributions	(670)	(648)
Accretion of asset retirement obligations	1	1
Retirement allowance expense	8	5
<u>Net change in non-cash operating items (note 20)</u>	<u>(127)</u>	<u>(1,433)</u>
	267	324
Cash flows from investing activities:		
Purchase of capital assets	(369)	(406)
Cash flows from financing activities:		
Capital contributions	369	498
Repayment of capital leases	(231)	(207)
Retirement allowance benefits paid	(41)	(194)
	97	97
Increase (decrease) in cash	(5)	15
Cash, beginning of year	24	9
<u>Cash, end of year</u>	<u>\$ 19</u>	<u>\$ 24</u>

See accompanying notes to financial statements.

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

The British Columbia Centre for Disease Control and Prevention Society Branch (the Branch) is a branch society of the Provincial Health Services Authority (PHSA or the Authority) which was created under the *Society Act of British Columbia* on December 12, 2001 with a Board of Directors appointed by the Ministry of Health Services and is one of six Health Authorities in British Columbia. The Branch is dependent on the Ministry of Health Services 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* of Canada, and as such is exempt from income and capital taxes.

The following agencies/programs are also included in PHSA:

- British Columbia Cancer Agency 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;
- Women's Health Research Institute Society;
- Mental Health and Addictions Research Institute; and
- Cardiac Services British Columbia.

Effective December 31, 2001, the above noted branch societies except for the Women's Health and Research Institute and the Mental Health and Addictions 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 was formed for the purpose of detection, prevention and control of disease in the province of British Columbia and the provision of specialty health support services in the province. Activities of the Branch include ongoing surveillance and analysis of communicable diseases within the province; development of immunization programs and distribution of vaccines and pharmaceuticals; operation of clinics for testing of communicable diseases; provision of diagnostic and consultative services to other health care providers in the province; and provision of training and education to healthcare providers and the public.

1. Significant accounting policies:

(a) Basis of presentation:

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

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

1. Significant accounting policies (continued):

(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 Services.

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:

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:

Inventories, consisting of biological, pharmaceutical and other materials and supplies are recorded at the lower of weighted average cost and replacement cost. If there is any subsequent increase in the value of inventories following a write-down, a reversal of the previous write-down will be recorded.

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

1. Significant accounting policies (continued):

(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
Leasehold improvements	Lease term to a maximum of 20 years
Building service equipment	15 - 20 years
Equipment	3 - 20 years
Assets under capital lease	5 - 7 years

(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 (2009 - 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.

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

1. Significant accounting policies (continued):

(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.

(i) Financial instruments:

The Branch has designated all non-derivative financial assets and liabilities as held for trading with the exception of certain obligations designated as other liabilities and receivables which are designated as held to maturity.

- The Branch initially records all non-derivative financial assets and liabilities at fair value.
- Assets and liabilities classified as held for trading are measured at fair value and changes in fair value are recognized in the statement of operations.
- Receivables are measured at amortized cost using the effective interest rate method.
- Other liabilities which include the Branch's accrued retirement allowance liabilities are recorded at amortized cost.
- All transaction costs incurred on receivables and other liabilities are incorporated in the fair value of the instrument and are amortized to operations using the effective interest rate method

Assets and liabilities classified as available for sale are measured at fair value and changes in fair value are recorded in the statement of changes in net assets until the financial instruments are re-recognized or other than temporarily impaired at which time the amounts are recorded in the statement of operations. The Branch has not classified any assets or liabilities as available for sale.

Derivative instruments are recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. All changes in the fair value of derivatives are recognized as earnings unless specific hedge criteria are met, which require that an entity must formally document, designate and assess the effectiveness of the transaction that received hedge accounting.

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Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

1. Significant accounting policies (continued):

(i) Financial instruments (continued):

The Branch has elected to defer applying Canadian Institute of Chartered Accountants (CICA) Handbook Sections 3862, *Financial Instruments - Disclosure* and 3863, *Financial Instruments - Presentation*. Sections 3862 and 3863 place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how an entity manages those risks. The Branch has elected to continue to apply the financial instrument disclosure and presentation standards in accordance with Section 3861.

(j) Changes in accounting standards:

(i) Revisions to Not-for-Profit accounting standards:

Effective April 1, 2009, the Branch adopted the amendments to CICA Handbook Sections 4400, *Financial Statement Presentation by Not-for-Profit Organizations*, and 4470, *Disclosure of Allocated Expenses by Not-for-Profit Organizations*. The amendments remove the requirement to disclose net assets invested in capital assets, clarify capital asset recognition criteria and amortization, and add a requirement for disclosure of allocated fundraising and general support expenses by not-for-profit organizations, and a requirement to follow CICA Handbook Section 1540, *Cash Flow Statements*. The implementation of these amendments did not have any significant impact on the Branch's financial statements.

(ii) Amendments to Section 1000, Financial Statement Concepts:

Effective April 1, 2009, the Branch adopted the amendments in CICA Handbook Section 1000, *Financial Statement Concepts*. The amendments clarify the relationship between incurring expenditures and creating assets, and clarifies that items which do not meet the definition of assets or liabilities are not eligible for recognition. The implementation of the amendments did not have any impact on the Branch's financial statements.

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
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Year ended March 31, 2010

1. Significant accounting policies (continued):

(k) Future accounting framework:

The Branch is currently classified as a government not-for-profit (NPO) organization. Under the direction of the Public Sector Accounting Standards Board (PSAB), the Branch adheres to the standards for NPO organizations in the CICA Handbook.

PSAB proposes to incorporate into the PSAB Handbook, the current NPO Sections (4400 standards) of the CICA Handbook to deal with areas not currently addressed by the PSAB framework. PSAB has decided not to make any further substantive changes to the Sections at this time. The exposure draft proposes to amend the Introduction so that the PSAB standards will be applicable to all government NPO organizations, for fiscal periods beginning on or after January 1, 2012.

The Branch intends to continue applying the existing NPO standards and is awaiting the finalization of the new standards. Once the new standards are finalized, the Branch will determine the impact on the financial statements.

2. Financial instruments:

The Branch's financial instruments include cash, accounts receivable and accounts payable and accrued liabilities. 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.

3. Accounts receivable:

	2010	2009
Provincial Health Services Authority	\$ 10,739	\$ 23,194
Patients, clients and agencies	837	629
Ministry of Health Services	75	105
Goods and services tax	45	152
Other	414	302
	<u>\$ 12,110</u>	<u>\$ 24,382</u>

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Notes to Financial Statements
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Year ended March 31, 2010

4. Inventories:

The Branch's inventories of \$42,241 (2009 - \$22,709) are recorded at the lower of weighted average cost and replacement cost and consist of biological, pharmaceutical and other materials and supplies. During the year, \$71,970 (2009 - \$50,168) of inventories were expensed by the Branch.

At March 31, 2010, inventories includes \$18,438 (2009 - \$17,106) of pandemic biologicals inventory which expire between fiscal years 2011 to 2012 and \$17,908 (2009 - \$367) which expire between fiscal years 2013 to 2017.

5. Capital assets:

2010	Cost	Accumulated depreciation	Net book value
Buildings	\$ 5,334	\$ 686	\$ 4,648
Building service equipment	105	24	81
Leasehold improvements	2,895	1,338	1,557
Equipment	5,855	4,658	1,197
Equipment under capital lease	1,076	749	327
Equipment in progress	218	-	218
	\$ 15,483	\$ 7,455	\$ 8,028

2009	Cost	Accumulated depreciation	Net book value
Buildings	\$ 5,335	\$ 521	\$ 4,814
Building service equipment	105	17	88
Leasehold improvements	2,894	1,172	1,722
Equipment	5,834	4,596	1,238
Equipment under capital lease	1,076	516	560
Equipment in progress	141	-	141
	\$ 15,385	\$ 6,822	\$ 8,563

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Notes to Financial Statements
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Year ended March 31, 2010

6. Accounts payable and accrued liabilities:

	2010	2009
Trade accounts payable and accrued liabilities	\$ 9,775	\$ 11,874
Salaries and benefits payable	1,158	1,058
Accrued vacation pay	777	709
	\$ 11,710	\$ 13,641

7. Deferred operating contributions:

Deferred operating contributions represent externally restricted operating funding received for specific purposes.

	2010	2009
Deferred operating contributions, beginning of year	\$ 10,375	\$ 10,112
Less amount recognized as revenue in the year	(3,767)	-
Add amount received for future periods	12,724	263
Deferred operating contributions, end of year	\$ 19,332	\$ 10,375

8. 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.

	2010	2009
Deferred contributions for designated purposes, beginning of year	\$ 3,175	\$ 2,885
Less amount recognized as revenue in the year	(3,000)	(4,143)
Add amount received for future periods	3,112	4,433
Deferred contributions for designated purposes, end of year	\$ 3,287	\$ 3,175

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Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

9. Obligations under capital leases:

Certain agencies lease equipment over terms which expire fiscal year 2012. The following is a schedule of minimum lease payments under fixed rate capital leases, together with the balance of the obligations.

	2010	2009
2010	\$ -	\$ 246
2011	239	246
2012	178	184
Total minimum lease payments	417	676
Amount representing interest at a weighted average rate of 5.26%	(20)	(48)
Present value of capital lease payments	397	628
Current portion of obligations under capital leases	223	218
Long-term portion of obligations under capital leases	\$ 174	\$ 410

10. Employee benefits:

(a) Retirement allowance:

Certain employees with ten or more 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, 2009. The next required valuation will be as of December 31, 2012.

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

10. Employee benefits (continued):

(a) Retirement allowance (continued):

Information about retirement allowance benefits is as follows:

	2010	2009
Accrued benefit obligation:		
Sick leave benefits	\$ 226	\$ 231
Severance benefits	433	344
Total unfunded obligation	659	575
Balance of unamortized amounts	786	903
Accrued retirement allowance benefits	1,445	1,478
Less current portion	120	58
Long-term portion	\$ 1,325	\$ 1,420
Retirement allowance expense	\$ 8	\$ 5
Benefits paid	41	194

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

	2010	2009
Accrued benefit obligation as at March 31:		
Discount rate	6.25%	7.25%
Rate of compensation increase	2.50%	2.50%
Benefit costs for years ended March 31:		
Discount rate	7.25%	5.50%
Rate of compensation increase	2.50%	2.50%

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

10. 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, 2009 indicated a net liability of \$4,723. Contributions of \$188 (2009 - \$135) were expensed during the year. The PHSA plan covers approximately 5,288 active employees of which approximately 165 are employees of the Branch. The next required valuation will be as of December 31, 2010.

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 \$338 (2009 - \$277) were expensed during the year. The most recent actuarial valuation for the plan at December 31, 2009 indicated a surplus of \$42,133 (December 31, 2008 - \$30,294). The plan covers approximately 80,000 active employees of which 166 are employees of the Branch. The next required valuation will be as of December 31, 2010.

(c) Employee pension benefits:

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

Employer contributions to the Municipal Pension Plan of \$1,069 (2009 - \$942) 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 valuation as 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 157,000 active members of which 174 are employees of the Branch. The next required valuation will be as at December 31, 2009. The results are not yet available.

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

10. Employee benefits (continued):

(c) Employee pension benefits (continued):

Employer contributions to the Public Service Pension Plan of \$650 (2009 - \$667) 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 March 31, 2008 indicated an actuarial surplus of \$487,000. The actuary does not attribute portions of the surplus to individual employers. The plan covers approximately 58,000 active members of which 29 are employees of the Branch. The next valuation will be as at March 31, 2011 with results available in early 2012.

11. 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.

	2010	2009
Deferred capital contributions, beginning of year	\$ 7,994	\$ 8,144
Provincial Health Services Authority	353	481
Foundations	16	14
Other	-	3
	369	498
Less amortization for the year	(670)	(648)
Deferred capital contributions, end of year	\$ 7,693	\$ 7,994

Deferred capital contributions are comprised of the following:

	2010	2009
Contributions used to purchase capital assets	\$ 7,625	\$ 7,926
Unspent contributions	68	68
	\$ 7,693	\$ 7,994

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

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Year ended March 31, 2010

12. Invested in capital assets:

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

	2010	2009
Capital assets	\$ 8,028	\$ 8,563
Amounts financed by:		
Deferred capital contributions	(7,625)	(7,926)
Obligations under capital leases	(397)	(628)
	(8,022)	(8,554)
	\$ 6	\$ 9

(b) Deficiency of revenue over expenses:

	2010	2009
Amortization of deferred capital contributions	\$ 670	\$ 648
Amortization of capital assets	(904)	(883)
	\$ (234)	\$ (235)

(c) Transfer to invested in capital assets:

	2010	2009
Purchase of capital assets	\$ 369	\$ 406
Asset retirement obligation (note 13(c))	-	(4)
Amounts funded by:		
Deferred capital contributions	(369)	(430)
Principal payments of obligations under capital leases	231	207
	\$ 231	\$ 179

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
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Year ended March 31, 2010

13. Commitments and contingencies:

(a) Operating leases:

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

2011	\$	887
2012		3
2013		3
	\$	893

The Branch leases land and buildings through an operating lease with the Accommodation of Real Estate Services (ARES) of the Ministry of Labour and Citizens' Services of British Columbia. Lease payments shown are for base rent. The terms and conditions are negotiated annually. Included in the above is \$869 for lease payments to ARES for the year ending March 31, 2011.

(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, 2010, 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 \$26 (2009 - \$25) representing the fair value of the legal obligations related to leased premises after charges for accretion and depreciation. The settlement of these obligations will occur at the expiry of the leases. The fair value of the legal obligation was determined by discounting the estimated cash outflows of \$31 (2009 - \$31) over the respective lease terms at a credit-adjusted risk free rate of 5.26% for existing obligations and 4.02% for new obligations in 2010 (2009 - 4.90%). The asset retirement obligations have been capitalized as part of capital assets and will be amortized over the respective premise lease terms.

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14. Other contributions:

	2010	2009
Federal government	\$ 15,722	\$ -
Other	1	-
	\$ 15,723	\$ -

15. Other revenues:

	2010	2009
Recoveries from other Health Authorities and government reporting entities	\$ 632	\$ 540
Recoveries from sales of goods and services	1,018	899
Parking	142	152
Recoveries within PHSA	-	50
Other	9	7
	\$ 1,801	\$ 1,648

16. Patients, clients and residents revenue:

	2010	2009
Federal government	\$ 400	\$ 283
Other	4	11
	\$ 404	\$ 294

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

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(Expressed in thousands of dollars)

Year ended March 31, 2010

17. Referred out and contracted services:

	2010	2009
Other Health Authorities and government reporting entities	\$ 1,223	\$ 779
Private contractors	2,826	2,594
	\$ 4,049	\$ 3,373

18. Supplies:

	2010	2009
Drugs and medical gases	\$ 64,821	\$ 43,358
Food and dietary	22	24
Medical and surgical	2,277	1,753
Diagnostic	8,361	6,888
Printing, stationery and office	266	281
Housekeeping	29	23
Laundry and linen	41	31
Plant operation	18	5
Other	357	324
	\$ 76,192	\$ 52,687

19. Sundry:

	2010	2009
Communication and data processing	\$ 195	\$ 215
Travel	251	541
Professional fees	364	664
Other	3,450	2,444
	\$ 4,260	\$ 3,864

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

20. Statement of cash flows:

	2010	2009
Changes to non-cash operating items:		
Accounts receivable	\$ 12,272	\$ (6,170)
Inventories	(19,532)	(2,577)
Prepaid expenses	(5)	-
Accounts payable and accrued liabilities	(1,931)	6,761
Deferred operating contributions	8,957	263
Deferred contributions for designated purposes	112	290
	<u>\$ (127)</u>	<u>\$ (1,433)</u>
Supplementary information:		
Cash paid for interest on capital leases	\$ 29	\$ 40
Non-cash transactions:		
Reductions to asset retirement obligations	-	(4)

21. Related entity:

The Branch has an economic interest in the BCCDC Foundation for Population and Public Health (the foundation) which is responsible for fundraising activities of the Branch. 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, 2010, the foundation held net assets of \$432 (2009 - \$500) to be used for activities relating to the prevention, detection and control of infectious diseases and environmental hazards.

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

22. 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, 2010, expenses include \$619 (2009 - \$118) resulting from transactions with other PHSA members.

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

23. Capital management:

The Branch receives its principal source of capital through funding received from the Ministry of Health Services. The Branch defines capital to be net assets.

The Branch's objective when managing capital is to fund its operations and capital asset additions, and to conduct research in the field of health care. The Branch manages the capital structure in conjunction with the Ministry of Health Services and makes adjustments based on available government funding and economic conditions. Currently, the Branch's strategy is to monitor expenditures to preserve capital in accordance with budgeted funding granted by the Ministry of Health Services.

The Branch is not subject to debt covenants or any other capital requirements with respect to operating funding. Funding received for designated purposes must be used for the purpose outlined in the funding letter. The Branch has complied with the external restrictions on the funding provided.

24. Comparative figures:

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