

Financial Statements
(Expressed in thousands of dollars)

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

Year ended March 31, 2011



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of British Columbia Centre for Disease Control and Prevention Society Branch which comprise the statement of financial position as at March 31, 2011, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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 generally accepted accounting principles, 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.

Auditors' Responsibility

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 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 our 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, we consider 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 audit 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 British Columbia Centre for Disease Control and Prevention Society Branch as at March 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

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.

KPMG LLP

Chartered Accountants

June 23, 2011
Vancouver, Canada

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Statement of Financial Position
(Expressed in thousands of dollars)

March 31, 2011, with comparative figures for 2010

	2011	2010
Assets		
Current assets:		
Cash	\$ 41	\$ 19
Accounts receivable (note 2)	7,460	12,110
Inventories of materials and supplies (note 3)	31,150	42,241
Prepaid expenses	27	5
	<u>38,678</u>	<u>54,375</u>
Capital assets (note 4)	7,884	8,028
	<u>\$ 46,562</u>	<u>\$ 62,403</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 8,528	\$ 11,710
Deferred operating contributions (note 6)	6,608	19,332
Deferred contributions for designated purposes (note 7)	3,396	3,287
Current portion of obligations under capital leases (note 8)	174	223
Current portion of retirement allowance (note 9(a))	165	120
	<u>18,871</u>	<u>34,672</u>
Long-term obligations under capital leases (note 8)	-	174
Retirement allowance (note 9(a))	1,295	1,325
Asset retirement obligations (note 12(d))	27	26
Deferred capital contributions (note 10)	7,785	7,693
	<u>27,978</u>	<u>43,890</u>
Net assets:		
Invested in capital assets (note 11(a))	5	6
Unrestricted	18,579	18,507
	<u>18,584</u>	<u>18,513</u>
	<u>\$ 46,562</u>	<u>\$ 62,403</u>

Commitments and contingencies (note 12)

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, 2011, with comparative figures for 2010

	2011	2010
Revenues:		
Provincial Health Services Authority contributions	\$ 94,380	\$ 100,444
Other contributions (note 13(a))	7,186	15,723
Other (note 13(b))	1,698	1,801
Medical Services Plan	1,086	1,404
Pharmacare	731	647
Patients, clients and residents (note 13(c))	597	404
Amortization of deferred capital contributions	570	670
Research and designated contributions	2,620	3,000
	<u>108,868</u>	<u>124,093</u>
Expenses:		
Supplies (note 13(e))	61,681	76,192
Compensation and benefits	29,956	30,524
Referred-out and contracted services (note 13(d))	5,764	4,049
Equipment and building services	5,597	5,012
Sundry (note 13(f))	2,372	4,260
Amortization of capital assets	806	904
Accretion of asset retirement obligations (note 12(d))	1	1
Research and designated expenses	2,620	3,000
	<u>108,797</u>	<u>123,942</u>
Excess of revenues over expenses	\$ 71	\$ 151

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, 2011, with comparative figures for 2010

	Invested in capital assets	Unrestricted	Total	
			2011	2010
Balance, beginning of year	\$ 6	\$ 18,507	\$ 18,513	\$ 18,362
Excess (deficiency) of revenues over expenses	(236)	307	71	151
Transfer to invested in capital assets (note 11(c))	235	(235)	-	-
Balance, end of year	\$ 5	\$ 18,579	\$ 18,584	\$ 18,513

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, 2011, with comparative figures for 2010

	2011	2010
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 71	\$ 151
Items not involving cash:		
Amortization of capital assets	806	904
Amortization of deferred capital contributions	(570)	(670)
Accretion of asset retirement obligations	1	1
Retirement allowance expense	33	8
Net change in non-cash operating items (note 14(a))	(78)	(127)
	263	267
Cash flows from investing activities:		
Purchase of capital assets	(662)	(369)
Cash flows from financing activities:		
Capital contributions	662	369
Repayment of capital leases	(223)	(231)
Retirement allowance benefits paid	(18)	(41)
	421	97
Increase (decrease) in cash	22	(5)
Cash, beginning of year	19	24
Cash, end of year	\$ 41	\$ 19

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, 2011

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 and is one of six Health Authorities in British Columbia ("BC"). 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* 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;
- Health Shared Services BC;
- 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, the Mental Health and Addictions Research Institute, and Health Shared Services BC 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.

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011

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 grants.

Under the *Hospital 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.

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. Contributions restricted for the purchase of non-depreciable capital assets are recognized as a direct increase in net assets.

(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 of materials and supplies:

Inventories, consisting of biological, pharmaceutical, and other materials and supplies are recorded at the lower of weighted average cost and replacement cost.

(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
Equipment under capital lease	5 - 7 years

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011

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 (2010 - 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 CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011

1. Significant accounting policies (continued):

(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 de-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.

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.

The Branch has elected not to apply the 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.

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011

1. Significant accounting policies (continued):

(j) Future accounting framework:

Effective April 1, 2012, the Branch will be transitioning to Public Sector Accounting Standards ("PSAB") on a retrospective basis. The Branch is reviewing the impact of this change on the financial statements.

2. Accounts receivable:

	2011	2010
Provincial Health Services Authority	\$ 5,806	\$ 10,739
Other health authorities and BC government reporting entities	62	23
Patients, clients and agencies	585	814
Ministry of Health	324	75
Federal and provincial sales taxes	328	46
Other	390	433
	7,495	12,130
Less allowance for doubtful accounts	(35)	(20)
	\$ 7,460	\$ 12,110

3. Inventories of materials and supplies:

The Branch's inventories of \$31,150 (2010 - \$42,241) 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, \$59,267 (2010 - \$71,970) of inventories were expensed by the Branch.

At March 31, 2011, inventories includes \$3,996 (2010 - \$18,438) of pandemic biologicals inventory which expire between fiscal years 2012 to 2013 and \$21,863 (2010 - \$17,908) which expire between fiscal years 2014 to 2017.

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011

4. Capital assets:

2011	Cost	Accumulated depreciation	Net book value
Building service equipment	\$ 105	\$ 31	\$ 74
Construction in progress	95	-	95
Leasehold improvements	8,229	2,333	5,896
Equipment	6,570	4,914	1,656
Equipment under capital lease	1,076	983	93
Equipment in progress	70	-	70
	\$ 16,145	\$ 8,261	\$ 7,884

2010	Cost	Accumulated depreciation	Net book value
Building service equipment	\$ 105	\$ 24	\$ 81
Leasehold improvements	8,229	2,024	6,205
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

5. Accounts payable and accrued liabilities:

	2011	2010
Trade accounts payable and accrued liabilities	\$ 6,193	\$ 9,775
Salaries and benefits payable	1,534	1,158
Accrued vacation pay	801	777
	\$ 8,528	\$ 11,710

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011

6. Deferred operating contributions:

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

	2011	2010
Deferred operating contributions, beginning of year	\$ 19,332	\$ 10,375
Less amount recognized as revenue in the year	(12,921)	(3,767)
Add amount received for future periods	197	12,724
Deferred operating contributions, end of year	\$ 6,608	\$ 19,332

7. 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.

	2011	2010
Deferred contributions for designated purposes, beginning of year	\$ 3,287	\$ 3,175
Less amount recognized as revenue in the year	(2,620)	(3,000)
Add amount received for future periods	2,729	3,112
Deferred contributions for designated purposes, end of year	\$ 3,396	\$ 3,287

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011

8. 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.

	2011	2010
2011	\$ -	\$ 239
2012	178	178
Total minimum lease payments	178	417
Amount representing interest at a weighted average rate of 5.26%	(4)	(20)
Present value of capital lease payments	174	397
Current portion of obligations under capital leases	174	223
Long-term portion of obligations under capital leases	\$ -	\$ 174

9. 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 independent actuarial valuation performed as at the early measurement date of December 31, 2009 from which the service cost and interest cost components of expense for the fiscal year ended March 31, 2011 are derived, and an extrapolation of the valuation performed as at December 31, 2009, from which the March 31, 2011 accrued benefit obligations are derived. 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, 2011

9. Employee benefits (continued):

(a) Retirement allowance (continued):

Information about retirement allowance benefits is as follows:

	2011	2010
Accrued benefit obligation:		
Sick leave benefits	\$ 243	\$ 226
Severance benefits	442	433
Total unfunded obligation	685	659
Balance of unamortized amounts	775	786
Accrued retirement allowance benefits	1,460	1,445
Current portion	165	120
Long-term portion	\$ 1,295	\$ 1,325
Retirement allowance expense	\$ 33	\$ 8
Benefits paid	18	41

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

	2011	2010
Accrued benefit obligation as at March 31:		
Discount rate	5.25%	6.25%
Rate of compensation increase	2.50%	2.50%
Benefit costs for years ended March 31:		
Discount rate	6.25%	7.25%
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, 2011

9. Employee benefits (continued):

(b) Healthcare Benefit Trust 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.

(i) Long-term disability benefits:

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, 2010 indicated a net liability of \$8,342 (2009 - \$4,723). Contributions of \$237 (2010 - \$188) were expensed during the year. The PHSA plan covers approximately 6,671 active employees of which approximately 159 are employees of the Branch. The next required valuation will be as of December 31, 2011.

(ii) Other Trust benefits:

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 \$371 (2010 - \$338) were expensed during the year. The most recent actuarial valuation for the plan at December 31, 2010 indicated a surplus of \$17,300 (December 31, 2009 - \$42,133). The plan covers approximately 85,000 active employees of which 167 are employees of the Branch. The next required valuation will be as of December 31, 2011.

(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 \$1,163 (2010 - \$1,069) 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, 2009 indicated an unfunded liability of \$1,024,000. The actuary does not attribute portions of the surplus to individual employers. The plan covers approximately 163,000 active members of which 173 are employees of the Branch. The next required valuation will be as at December 31, 2012 with results available in 2013.

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011

9. Employee benefits (continued):

(c) Employee pension benefits (continued):

Employer contributions to the Public Service Pension Plan of \$629 (2010 - \$650) 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 26 are employees of the Branch. The next valuation will be as at March 31, 2011 with results available in early 2012.

10. 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.

	2011	2010
Deferred capital contributions, beginning of year	\$ 7,693	\$ 7,994
Provincial Health Services Authority Foundations	662	353
	-	16
	662	369
Amortization for the year	(570)	(670)
Deferred capital contributions, end of year	\$ 7,785	\$ 7,693

Deferred capital contributions are comprised of the following:

	2011	2010
Contributions used to purchase capital assets	\$ 7,705	\$ 7,625
Unspent contributions	80	68
	\$ 7,785	\$ 7,693

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011

11. Invested in capital assets:

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

	2011	2010
Capital assets	\$ 7,884	\$ 8,028
Amounts financed by:		
Deferred capital contributions	(7,705)	(7,625)
Obligations under capital leases	(174)	(397)
	(7,879)	(8,022)
	\$ 5	\$ 6

(b) Deficiency of revenue over expenses:

	2011	2010
Amortization of deferred capital contributions	\$ 570	\$ 670
Amortization of capital assets	(806)	(904)
	\$ (236)	\$ (234)

(c) Transfer to invested in capital assets:

	2011	2010
Purchase of capital assets	\$ 662	\$ 369
Amounts funded by:		
Deferred capital contributions	(650)	(369)
Principal payments of obligations under capital leases	223	231
	\$ 235	\$ 231

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011

12. Commitments and contingencies:

(a) Operating leases:

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

2012	\$	939
2013		63
2014		52
2015		26
2016		2
	\$	1,082

The Branch leases land and buildings through an operating lease with Shared Services BC ("SSBC") of the Ministry of Labour, Citizens' Services and Open Government. Lease payments shown are for base rent. The terms and conditions are negotiated annually. Included in the above is \$867 for lease payments to SSBC for the year ending March 31, 2012.

(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, 2011, 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.

(c) Risk management:

Risk management and insurance services for all Health Authorities in British Columbia are provided by the Risk Management Branch of the Ministry of Finance.

(d) Asset retirement obligations:

The Branch has accrued asset retirement obligations of \$27 (2010 - \$26) 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 (2010 - \$31) over the respective lease terms at a credit-adjusted risk free rate of 5.26% for existing obligations and 4.81% for new obligations (2010 - 4.02%). The asset retirement obligations have been capitalized as part of capital assets and will be amortized over the respective premise lease terms.

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011

13. Statement of operations:

(a) Other contributions:

	2011	2010
Federal government	\$ 7,186	\$ 15,722
Other	-	1
	<u>\$ 7,186</u>	<u>\$ 15,723</u>

(b) Other revenues:

	2011	2010
Recoveries from sales of goods and services	\$ 962	\$ 1,018
Recoveries from other health authorities and BC government reporting entities	581	632
Parking	135	142
Recoveries within PHSA	20	-
Other	-	9
	<u>\$ 1,698</u>	<u>\$ 1,801</u>

(c) Patients, clients, and residents revenue:

	2011	2010
Federal government	\$ 579	\$ 400
Other	18	4
	<u>\$ 597</u>	<u>\$ 404</u>

(d) Referred out and contracted services:

	2011	2010
Private contractors	\$ 4,884	\$ 2,826
Other health authorities and BC government reporting entities	880	1,223
	<u>\$ 5,764</u>	<u>\$ 4,049</u>

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011

13. Statement of operations (continued):

(e) Supplies:

	2011	2010
Drugs and medical gases	\$ 52,395	\$ 64,821
Diagnostic	6,846	8,361
Medical and surgical	1,908	2,277
Printing, stationery and office	233	266
Housekeeping	34	29
Laundry and linen	25	41
Plant operation	22	18
Food and dietary	15	22
Other	203	357
	<u>\$ 61,681</u>	<u>\$ 76,192</u>

(f) Sundry:

	2011	2010
Travel	\$ 283	\$ 251
Communication and data processing	249	195
Professional fees	206	364
Other	1,634	3,450
	<u>\$ 2,372</u>	<u>\$ 4,260</u>

14. Statement of cash flows:

(a) Net change in non-cash operating items:

	2011	2010
Net change in non-cash operating items:		
Accounts receivable	\$ 4,650	\$ 12,272
Inventories	11,091	(19,532)
Prepaid expenses	(22)	(5)
Accounts payable and accrued liabilities	(3,182)	(1,931)
Deferred operating contributions	(12,724)	8,957
Deferred contributions for designated purposes	109	112
	<u>\$ (78)</u>	<u>\$ (127)</u>

BRITISH COLUMBIA CENTRE FOR DISEASE CONTROL AND PREVENTION SOCIETY BRANCH

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Year ended March 31, 2011

14. Statement of cash flows:

(b) Purchase of capital assets:

Assets purchased or acquired through debt or other non-cash transactions are excluded from purchase of capital assets on the statement of cash flows.

	2011	2010
Purchase of capital assets (note 11(c))	\$ 662	\$ 369
Supplementary information:		
Cash paid for interest on capital leases	\$ 16	\$ 29

15. Related entity:

(a) Foundations and auxiliaries:

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, 2011, the Foundation held net assets of \$2,595 (2010 - \$425) to be used for activities relating to the prevention, detection and control of infectious diseases and environmental hazards.

(b) Related party transactions with PHSA and members:

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, 2011, expenses include \$2,120 (2010 - \$619) resulting from transactions with other PHSA members.

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

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16. Capital management:

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

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 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.

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.

17. Comparative figures:

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