

Financial Statements  
(Expressed in thousands of dollars)

**CHILDREN'S & WOMEN'S HEALTH  
CENTRE OF BRITISH COLUMBIA BRANCH**

Year ended March 31, 2007



**KPMG LLP**  
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## **AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF CHILDREN'S & WOMEN'S HEALTH CENTRE OF BRITISH COLUMBIA BRANCH**

We have audited the statement of financial position of Children's & Women's Health Centre of British Columbia Branch as at March 31, 2007 and the statements of revenue and expenses, 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, 2007 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 4, 2007

# CHILDREN'S & WOMEN'S HEALTH CENTRE OF BRITISH COLUMBIA BRANCH

Statement of Financial Position  
(Expressed in thousands of dollars)

March 31, 2007, with comparative figures for 2006

	2007	2006
<b>Assets</b>		
Current assets:		
Cash	\$ 2,381	\$ 3,422
Restricted cash	4	3
Short-term investments (note 3)	62	61
Accounts receivable (note 4)	38,048	42,285
Inventory	5,386	4,925
Prepaid expenses	873	751
	<u>46,754</u>	<u>51,447</u>
Long-term investments	5	-
Capital assets, net (notes 5 and 13)	400,118	375,772
	<u>\$ 446,877</u>	<u>\$ 427,219</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 49,515	\$ 47,671
Deferred contributions for designated purposes (note 7)	4,264	9,324
Current portion of obligations under capital leases	-	247
	<u>53,779</u>	<u>57,242</u>
Accrued sick and severance liabilities (note 8(a))	21,876	20,930
Long-term obligation (note 13)	660	-
Deferred capital contributions (note 9)	292,937	268,415
	<u>369,252</u>	<u>346,587</u>
Net assets:		
Invested in capital assets (note 10(a))	107,181	107,225
Internally restricted	448	448
Unrestricted	(30,004)	(27,041)
	<u>77,625</u>	<u>80,632</u>
	<u>\$ 446,877</u>	<u>\$ 427,219</u>

Commitments and contingencies (note 11)

See accompanying notes to financial statements.

Approved on behalf of the Board:

  
\_\_\_\_\_  
Director and Chair of the Board

  
\_\_\_\_\_  
Director

# CHILDREN'S & WOMEN'S HEALTH CENTRE OF BRITISH COLUMBIA BRANCH

Statement of Revenue and Expenses  
(Expressed in thousands of dollars)

Year ended March 31, 2007, with comparative figures for 2006

	2007	2006
Revenue:		
Provincial Health Services Authority operating grants	\$ 231,577	\$ 226,786
Ministry of Health Services operating grants	27	117
BC Health Authority operating grants	41	-
Patient/client revenue (note 12)	29,577	30,768
Medical Services Commission	32,348	30,816
Other	17,704	18,936
<u>Contributions for designated purposes (note 7)</u>	<u>23,974</u>	<u>21,919</u>
	335,248	329,342
Expenses:		
Compensation and benefits	254,495	247,202
Supplies	38,108	39,206
Sundry	10,729	12,246
Equipment and building services	7,225	6,922
Referred-out/contracted services	2,773	2,350
Accretion of asset retirement obligations	78	-
<u>Expenses for designated purposes (note 7)</u>	<u>23,974</u>	<u>21,919</u>
	337,382	329,845
Deficiency of revenue over expenses before amounts related to capital assets	(2,134)	(503)
Amounts related to capital assets:		
Amortization of deferred capital contributions	18,613	19,126
<u>Amortization of capital assets</u>	<u>(19,486)</u>	<u>(20,610)</u>
	(873)	(1,484)
<u>Deficiency of revenue over expenses</u>	<u>\$ (3,007)</u>	<u>\$ (1,987)</u>

See accompanying notes to financial statements.

# CHILDREN'S & WOMEN'S HEALTH CENTRE OF BRITISH COLUMBIA BRANCH

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

Year ended March 31, 2007, with comparative figures for 2006

	Invested in capital assets	Internally restricted	Unrestricted	Total	
				2007	2006
Balance, beginning of year	\$ 107,225	\$ 448	\$ (27,041)	\$ 80,632	\$ 82,619
Deficiency of revenue over expenses	(873)	-	(2,134)	(3,007)	(1,987)
Net change in capital assets (note 10(c))	829	-	(829)	-	-
Balance, end of year	\$ 107,181	\$ 448	\$ (30,004)	\$ 77,625	\$ 80,632

See accompanying notes to financial statements.

# CHILDREN'S & WOMEN'S HEALTH CENTRE OF BRITISH COLUMBIA BRANCH

Statement of Cash Flows  
(Expressed in thousands of dollars)

Year ended March 31, 2007, with comparative figures for 2006

	2007	2006
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (3,007)	\$ (1,987)
Items not involving cash:		
Amortization of capital assets	19,486	20,610
Amortization of deferred capital contributions	(18,613)	(19,126)
	(2,134)	(503)
<u>Changes in non-cash operating items (note 17)</u>	<u>1,383</u>	<u>3,492</u>
	(751)	2,989
Financing:		
Additions to deferred capital contributions	43,136	35,092
Additions to other long-term liabilities	660	
Repayment of capital lease obligation	(247)	(461)
Unamortized deferred capital contributions relating to assets transferred to PHSA	(1)	(54)
	<u>43,548</u>	<u>34,577</u>
Investments:		
Purchase of capital assets (note 10(c))	(43,833)	(35,379)
Net addition of short-term investments	(1)	-
Net addition of long-term investments	(5)	
<u>Net book value of capital assets transferred to PHSA</u>	<u>1</u>	<u>60</u>
	(43,838)	(35,319)
Increase (decrease) in cash	(1,041)	2,247
Cash, beginning of year	3,422	1,175
<u>Cash, end of year</u>	<u>\$ 2,381</u>	<u>\$ 3,422</u>

See accompanying notes to financial statements.

# CHILDREN'S & WOMEN'S HEALTH CENTRE OF BRITISH COLUMBIA BRANCH

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2007

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## 1. Operations:

The Children's & Women's Health Centre of British Columbia Branch (the Branch) is a member of the Provincial Health Services Authority (PHSA), which was established on December 12, 2001 to manage the quality, coordination, accessibility, and cost of certain province-wide health care programs and services. The following members are also included in PHSA:

- British Columbia Cancer Agency Branch;
- 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;
- Forensic Psychiatric Services Commission;
- Women's Health and Research Institute; and
- Red Cross Outpost Hospitals (until December 15, 2005)

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 serves as the major children's and women's health resource centre of the Province, providing leadership in the areas of clinical services, research, education, and health promotion and is dependent on the Ministry of Health Services, through the PHSA, to provide sufficient funding to continue operations, replace equipment and complete capital projects.

The Branch financial statements include the operations of the Child and Family Research Institute which undertakes research activities spanning a wide range of children's and women's health concerns.

The Branch is exempt from federal and provincial income and capital taxes.

## 2. Significant accounting policies:

### (a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. In preparing these financial statements, management has made estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent assets and liabilities. Significant areas requiring the use of management estimates include the determination of useful lives of capital assets, the fair value of asset retirement obligations and the estimation of amounts which may become payable to retiring employees. These financial statements do not include the assets, liabilities, revenue, and expenses of the Foundations, Auxiliaries and Societies of the Branch (note 15).

# CHILDREN'S & WOMEN'S HEALTH CENTRE OF BRITISH COLUMBIA BRANCH

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2007

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## 2. Significant accounting policies (continued):

### (a) Basis of presentation (continued):

From time to time, the Board of Directors may impose certain restrictions on fund balances. These amounts are presented in the statements of financial position and changes in net assets (deficiency) as internally restricted funds. To date, these funds consist of amounts set aside by the Board of Directors for specific programs and capital expenditures. These internally restricted amounts are not available for other purposes without approval by the Board of Directors.

### (b) Revenue recognition:

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

Operating grants are recorded as revenue in the year to which they relate. Grants approved but not yet received at the end of the year are accrued. Where a portion of a grant relates to a future year, it is deferred and recognized in the subsequent year.

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 year in which the related expenses are incurred. Contributions externally restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Other revenue is recognized when the goods are sold or the service is provided.

### (c) Short-term investments:

Short-term investments are recorded at the lower of cost and market value.

### (d) Inventory:

Inventory, consisting of materials, supplies and pharmaceuticals, is recorded at the lower of weighted average cost and market value. Certain specific inventory items are purchased on consignment and are not included in inventory.



# CHILDREN'S & WOMEN'S HEALTH CENTRE OF BRITISH COLUMBIA BRANCH

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2007

## 2. Significant accounting policies (continued):

### (e) Capital assets:

Capital assets are recorded at cost. Amortization is calculated on a straight-line basis over the assets' estimated useful lives at the following rates:

Asset	Rate
Buildings	10 - 50 years
Leasehold improvements	Lease term to a maximum of 10 years
Equipment	3 - 15 years

Assets acquired under capital leases are amortized over the lesser of the estimated lives of the assets and the lease terms.

The Branch operates facilities on Oak Street and Slocan Street. The Branch is the beneficiary of the Slocan Street property, which is held in trust by the Sunny Hill Foundation for Children, the trustee. The branch is subject to certain conditions imposed by the trustee.

### (f) Employee future benefits:

Liabilities are recorded for employee sick and severance benefits as employees render services to earn the benefits. The actuarial determination of the accrued benefit obligations for employee sick and severance benefits 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). 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 is 10 years (2006 - 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 Authority recognizes an asset retirement obligation liability 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 at the end of each period to reflect the passage of time and changes in the initial fair value assessment of the retirement obligation.

# CHILDREN'S & WOMEN'S HEALTH CENTRE OF BRITISH COLUMBIA BRANCH

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2007

### 3. Short-term investments:

The carrying value of the short term investments is \$62 (2006 - \$61), which approximates the market value.

### 4. Accounts receivable:

	2007	2006
Provincial Health Services Authority	\$ 9,668	\$ 20,090
Medical Services Commission	7,302	5,138
Medical Services Plan	1,126	1,377
Foundations (note 15(a))	14,084	9,328
Other	7,593	8,167
	39,773	44,100
Allowance for doubtful accounts	(1,725)	(1,815)
	\$ 38,048	\$ 42,285

### 5. Capital assets:

2007	Cost	Accumulated amortization	Net book value
Land	\$ 106,100	\$ -	\$ 106,100
Buildings	255,880	34,012	221,868
Leasehold improvements	49,411	42,908	6,503
Equipment	129,571	97,396	32,175
Construction-in-progress	33,472	-	33,472
	\$ 574,434	\$ 174,316	\$ 400,118

2006	Cost	Accumulated amortization	Net book value
Land	\$ 106,100	\$ -	\$ 106,100
Buildings	228,836	25,511	203,325
Leasehold improvements	48,830	39,897	8,933
Equipment	120,476	88,712	31,764
Equipment under capital leases	1,715	1,675	40
Construction-in-progress	25,610	-	25,610
	\$ 531,567	\$ 155,795	\$ 375,772

# CHILDREN'S & WOMEN'S HEALTH CENTRE OF BRITISH COLUMBIA BRANCH

Notes to Financial Statements  
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Year ended March 31, 2007

## 5. Capital assets (continued):

The Branch began construction of the Child and Family Research Institute Building during 2006 with a total estimated construction cost of \$42,000 of which \$22,383 (2006 - \$4,412) is included in capital assets as construction in progress. Funding for this project has been committed by the PHSA and the British Columbia's Children's Hospital Foundation.

In fiscal 2005, the Branch began construction of the Child, Adolescent & Women's Mental Health Building with a total estimated construction cost of \$20,500 of which \$19,595 has been capitalized to buildings during the year and \$317 (2006 - \$14,355) is included in capital assets as construction in progress. Funding for this project has been committed by the PHSA and the British Columbia's Children's Hospital Foundation.

## 6. Accounts payable and accrued liabilities:

	2007	2006
Trade accounts payable and accrued liabilities	\$ 24,757	\$ 18,957
Accrued salaries and benefits payable	11,942	16,857
Accrued vacation payable	11,362	10,500
Current portion of accrued sick and severance liabilities (note 8(a))	1,450	1,354
Patient trust funds	4	3
	<b>\$ 49,515</b>	<b>\$ 47,671</b>

## 7. Deferred contributions for designated purposes:

Deferred contributions for designated purposes represent unspent grants and donations 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.

	2007	2006
Balance, beginning of year	\$ 9,324	\$ 12,399
Amount received for designated purposes	18,914	18,844
Amount recognized as revenue	(23,974)	(21,919)
Deferred contributions for designated purposes	<b>\$ 4,264</b>	<b>\$ 9,324</b>

# CHILDREN'S & WOMEN'S HEALTH CENTRE OF BRITISH COLUMBIA BRANCH

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2007

## 8. Employee benefits:

### (a) Employee sick and severance benefits:

Certain employees with ten years of service who have reached a certain age are entitled to receive special payments upon retirement or as specified by 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 employee sick and severance benefits is as follows:

	2007	2006
Accrued benefit obligation:		
Sick leave benefits	\$ 5,824	\$ 7,367
Severance benefits	10,890	11,478
Total unfunded obligation	16,714	18,845
Balance of unamortized amounts	6,612	3,439
Accrued sick and severance liabilities	23,326	22,284
Current portion of sick and severance liabilities	1,450	1,354
Long-term portion of sick and severance liabilities	\$ 21,876	\$ 20,930
Sick and severance plan expense	\$ 2,072	\$ 1,874
Benefits paid	1,031	1,270

The significant actuarial assumptions adopted in measuring the Branch's accrued sick and severance liabilities are as follows:

	2007	2006
Accrued benefit obligation as at March 31:		
Discount rate	5.00%	5.00%
Rate of compensation increase	3.25%	3.25%
Benefit costs for the year ended March 31:		
Discount rate	5.00%	5.50%
Rate of compensation increase	3.25%	3.25%

# CHILDREN'S & WOMEN'S HEALTH CENTRE OF BRITISH COLUMBIA BRANCH

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2007

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## 8. Employee benefits:

### (b) Employee healthcare 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. Contributions to the Trust of \$7,370 (2006 - \$6,860) were expensed during the year.

The Trust was restructured on March 31, 2004 from a multi-employer to a multiple-employer plan only 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 individual branches of the PHSA. Accordingly, the Branch participates in a multi-employer defined benefit plan for long-term disability benefits that is now restricted to members of the PHSA. The most recent actuarial valuation for the PHSA plan at December 31, 2006 indicated a net asset of \$40. The PHSA plan covers approximately 4,150 active employees of which approximately 1,900 are employees of the Branch. The next required valuation will be as of December 31, 2007.

The group life insurance, accidental death and dismemberment, extended health, dental, and pre-October 1, 1997 long-term disability claims administered by the Trust continue to be structured as a multi-employer plan. The most recent actuarial valuation for the plan at December 31, 2006 indicated a surplus of \$25,564. The plan covers 74,724 active employees of which approximately 2,350 (2006 - 2,360) are employees of the Branch. The next required valuation will be as of December 31, 2007.

### (c) Employee pension benefits:

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

Employer contributions to the Municipal Pension Plan of \$11,341 (2006 - \$10,201) 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, 2003 indicated an unfunded liability of \$789,000 for basic pension benefits. The actuary does not attribute portions of the deficit to individual employers. The plan covers approximately 140,000 active employees of which approximately 1,930 are employees of the Branch. The next required valuation will be as of December 31, 2006 with results available in 2007.

# CHILDREN'S & WOMEN'S HEALTH CENTRE OF BRITISH COLUMBIA BRANCH

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2007

## 9. Deferred capital contributions:

Deferred capital contributions represent the unamortized amounts and unspent amounts of grants and donations received for the purchase of capital assets. Amortization of deferred capital contributions is recorded as revenue in the Statements of Revenue and Expenses.

	2007	2006
Deferred capital contributions, beginning of year	\$ 268,415	\$ 252,503
Additional contributions received:		
Provincial Health Services Authority	16,741	20,484
Foundations	15,950	10,077
Research grants	188	672
Special purpose	10,179	3,579
Other	78	280
	43,136	35,092
Less:		
Unamortized deferred capital contributions relating to assets transferred to PHSA	1	54
Amount amortized to revenue	18,613	19,126
	18,614	19,180
<b>Deferred capital contributions, end of year</b>	<b>\$ 292,937</b>	<b>\$ 268,415</b>

The balance of deferred capital contributions related to capital assets consists of the following:

	2007	2006
Unamortized deferred capital contributions used to purchase capital assets	\$ 292,937	\$ 268,300
Unspent contributions	-	115
	\$ 292,937	\$ 268,415

## 10. Invested in capital assets:

(a) The amount invested in capital assets is calculated as follows:

	2007	2006
Capital assets	\$ 400,118	\$ 375,772
Amounts financed by:		
Deferred capital contributions	(292,937)	(268,300)
Obligations under capital leases	-	(247)
	\$ 107,181	\$ 107,225

# CHILDREN'S & WOMEN'S HEALTH CENTRE OF BRITISH COLUMBIA BRANCH

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2007

## 10. Invested in capital assets (continued):

(b) The deficiency of revenue over expenses related to capital assets is calculated as follows:

	2007	2006
Amortization of deferred capital contributions	\$ 18,613	\$ 19,126
Amortization of capital assets	(19,486)	(20,610)
	\$ (873)	\$ (1,484)

(c) The net change in the amount invested in capital assets for the year is calculated as follows:

	2007	2006
Purchase of capital assets	\$ 43,251	\$ 35,379
Net book value of capital assets transferred to PHSA	(1)	(60)
Asset retirement obligation	582	-
	43,832	35,319
Amount funded by deferred capital contributions	(43,251)	(35,389)
Unamortized deferred capital contribution relating to assets transferred to PHSA	1	54
Payment of obligation under capital leases	247	461
	(43,003)	(34,874)
	\$ 829	\$ 445

## 11. Commitments and contingencies:

(a) Operating lease commitments:

The Branch leases premises and equipment under operating leases. Minimum lease payments for each of the next five years and in total are as follows:

2008	\$ 101
2009	37
2010	11
2011	-
2012	-
	\$ 149

# CHILDREN'S & WOMEN'S HEALTH CENTRE OF BRITISH COLUMBIA BRANCH

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2007

## 11. Commitments and contingencies (continued):

### (b) Legal contingencies:

In the ordinary course of the Branch's activities and the nature of these activities, there is potential or pending litigation at any given time. As at March 31, 2007, management believes the Branch has valid defenses and appropriate insurance coverage in place for all unsettled claims. Risk management and insurance services are provided by the BC Health Care Risk Management Society under the Health Care Protection Program. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Branch's financial position.

Specifically, in 2002, unions challenged the constitutionality of the *Health and Social Services Delivery Improvement Act* under which the Branch entered into contracts for services. The challenge was dismissed by the BC Supreme Court and an appeal of that decision was dismissed by the BC Court of Appeal. An appeal of the BC Court of Appeal decision was heard by the Supreme Court of Canada in early 2006 and as of this date, no decision has been rendered by that Court. Management believes that the risk of substantial damages arising from this litigation is relatively minimal and with appropriate specific defenses and insurance coverage, this litigation is not expected to have a material effect on the Branch's financial position.

## 12. Patient/client revenue:

	2007	2006
Patient/client revenue consists of:		
Medical Services Plan	\$ 17,401	\$ 17,662
Other Provincial Government	6,656	6,295
Non-residents of British Columbia	2,368	2,703
Non-residents of Canada	420	1,595
Self paying residents of British Columbia	2,016	1,855
Other	716	658
	<b>\$ 29,577</b>	<b>\$ 30,768</b>



# CHILDREN'S & WOMEN'S HEALTH CENTRE OF BRITISH COLUMBIA BRANCH

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2007

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## **13. Asset retirement obligations:**

The Branch has previously acquired certain buildings, some of which contain asbestos. At the acquisition dates, environmental regulations were in place, which required special procedures to be undertaken in the handling and disposal of the asbestos if the buildings underwent a major renovation or were demolished.

As at March 31, 2007, the Branch has accrued asset retirement obligations of \$660 representing the fair value of the legal obligations related to owned premises. The fair value of the legal obligation was determined by discounting the estimated cash outflows of \$713 over the time until renovations are undertaken at a credit-adjusted risk free rate of 5.26%. The asset retirement obligations have been capitalized as part of capital assets and will be amortized over the time period until planned renovations are completed.

The Branch has not accrued asset retirement obligations for buildings that were previously acquired and may contain asbestos that require special handling procedures where there is no current plan for significant renovation, as the fair value of the retirement obligations cannot be reasonably estimated until there is a reasonably determinate settlement date for the major renovation or demolition of the buildings. These asset retirement obligations will be recognized as a liability in the period when the fair value can be reasonably estimated.

## **14. Financial instruments:**

The Branch's financial instruments include cash, short-term investments, accounts receivable, accounts payable and accrued liabilities, accrued sick and severance liabilities, and obligations under capital leases. 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 sick and severance liabilities which is disclosed in note 8(a).

## **15. Related entities:**

The Branch has an economic interest in the following Foundations, Auxiliaries and Societies whose operations are not included in the financial statements of the Branch:

### **(a) Foundations:**

The British Columbia's Children's Hospital Foundation and the Sunny Hill Foundation for Children were established to promote child development and health care at the Branch. The British Columbia's Women's Hospital and Health Centre Foundation was established to further the mission of health care for women, newborns and families.

# CHILDREN'S & WOMEN'S HEALTH CENTRE OF BRITISH COLUMBIA BRANCH

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2007

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## 15. Related entities (continued):

### (a) Foundations (continued):

At March 31, 2007, the Foundations held net assets of \$121,219 (2006 - \$110,055) to be used for research, patient care, education, and capital expenditures at the Branch. During the year, the Foundations granted \$37,514 (2006 - \$27,376) to the Branch to fund such expenditures.

In addition to the net assets held by the Foundations, at March 31, 2007 \$24,152 (2006 - \$21,553) of funds which the Foundations have reflected as donations to the Branch for the year ended March 31, 2006, but which the Foundations have not yet transferred to the Branch. These funds are externally restricted, and as the Branch has not yet received the funds or met the external restrictions, they have not been reflected in these financial statements.

### (b) Auxiliaries:

The Auxiliary to British Columbia's Children's Hospital, the British Columbia's Women's Hospital and Health Centre Auxiliary and the Auxiliary to Sunny Hill Centre for Children were established to provide additional comfort and welfare to patients of the Branch. At March 31, 2007, the Auxiliaries held net assets of approximately \$515 (2006 - \$258) to be used for patient care and capital expenditures at the Branch.

(c) B.C. Women's Institute for Research and Evaluation Society (WIRES) was established on September 13, 2004 to provide coordination and leadership for women's health research in B.C. and Canada. On August 3, 2005, WIRES changed its name to the Women's Health and Research Institute (WHRI). At March 31, 2007, WHRI held cash and deferred contributions of approximately \$1,689 to be used for research activities.

(d) The Women's Health Research and Policy of C.E.W.H Society (WHRS) was incorporated on March 27, 2006 to facilitate and engage in research, evaluation and knowledge exchange for the purpose of improving women's health in B.C and Canada. At March 31, 2007, WHRS held deferred contributions of approximately \$991 to be used for these activities.

# CHILDREN'S & WOMEN'S HEALTH CENTRE OF BRITISH COLUMBIA BRANCH

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2007

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## 16. Related party transactions:

Certain administrative, finance and accounting, and human resource services are provided to the Branch by the 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 the other PHSA members listed in note 1:

For the year ended March 31, 2007, revenue includes \$9,874 (2006 - \$2,583) resulting from transactions with other PHSA members.

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

## 17. Cash flow supplemental information:

	2007	2006
Changes in non-cash operating items:		
Restricted cash	\$ (1)	\$ -
Accounts receivable	4,237	3,067
Inventory	(461)	536
Prepaid expenses	(122)	74
Accounts payable and accrued liabilities	1,844	2,424
Accrued sick and severance liabilities	946	466
Deferred contributions for designated purposes	(5,060)	(3,075)
	<hr/>	<hr/>
	\$ 1,383	\$ 3,492

## 18. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.