

Financial Statements
(Expressed in thousands of dollars)

**BRITISH COLUMBIA TRANSPLANT
SOCIETY BRANCH**

Years ended March 31, 2004 and 2003



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AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF BRITISH COLUMBIA TRANSPLANT SOCIETY BRANCH

We have audited the statement of financial position of British Columbia Transplant Society Branch as at March 31, 2004 and the statements 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, 2004 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 year.

KPMG LLP

Chartered Accountants

Vancouver, Canada
May 10, 2004



BRITISH COLUMBIA TRANSPLANT SOCIETY BRANCH

Statements of Financial Position
(Expressed in thousands of dollars)

March 31, 2004 and 2003

	2004	2003
Assets		
Current assets:		
Cash	\$ 111	\$ 3,492
Short-term investments (note 3)	4,348	4,184
Accounts receivable (note 4)	2,583	349
Prepaid expenses	8	62
	<u>7,050</u>	<u>8,087</u>
Capital assets, net (note 5)	400	491
	<u>\$ 7,450</u>	<u>\$ 8,578</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 6,042	\$ 6,862
Deferred contributions for designated purposes (note 7)	877	723
Current portion of long-term obligation (note 8)	3	3
	<u>6,922</u>	<u>7,588</u>
Long-term obligation (note 8)	8	11
Deferred capital contributions (note 9)	223	233
	<u>7,153</u>	<u>7,832</u>
Net assets:		
Invested in capital assets (note 10(a))	166	244
Unrestricted	131	502
	<u>297</u>	<u>746</u>
	<u>\$ 7,450</u>	<u>\$ 8,578</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

BRITISH COLUMBIA TRANSPLANT SOCIETY BRANCH

Statements of Operations

(Expressed in thousands of dollars)

Years ended March 31, 2004 and 2003

	2004	2003
Revenues:		
Provincial Health Services Authority operating grants	\$ 30,429	\$ 32,171
Medical Services Commission	1,088	692
Investment income	125	236
Other	266	294
Contributions for designated purposes	647	702
	<u>32,555</u>	<u>34,095</u>
Expenses:		
Compensation and benefits	7,022	8,197
Supplies	14,920	13,934
Sundry	1,371	1,436
Equipment and building services	115	124
Referred-out / contracted services	8,862	9,078
Expenses for designated purposes	647	702
	<u>32,937</u>	<u>33,471</u>
Excess (deficiency) of revenues over expenses before amounts related to capital assets	(382)	624
Amounts related to capital assets:		
Amortization of deferred capital contributions	26	42
Amortization of capital assets	(93)	(201)
	<u>(67)</u>	<u>(159)</u>
Excess (deficiency) of revenues over expenses	\$ (449)	\$ 465

See accompanying notes to financial statements.

BRITISH COLUMBIA TRANSPLANT SOCIETY BRANCH

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

Years ended March 31, 2004 and 2003

	Invested in capital assets	Unrestricted	Total	
			2004	2003
Balance, beginning of year	\$ 244	\$ 502	\$ 746	\$ 281
Excess (deficiency) of revenues over expenses	(67)	(382)	(449)	465
Net change in capital assets (note 10(c))	(11)	11	-	-
Balance, end of year	\$ 166	\$ 131	\$ 297	\$ 746

See accompanying notes to financial statements.

BRITISH COLUMBIA TRANSPLANT SOCIETY BRANCH

Statements of Cash Flows

(Expressed in thousands of dollars)

Years ended March 31, 2004 and 2003

	2004	2003
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenses	\$ (449)	\$ 465
Items not involving cash:		
Amortization of capital assets	93	201
Amortization of deferred capital contributions	(26)	(42)
	(382)	624
Changes in non-cash operating items (note 12)	(2,846)	2,054
	(3,228)	2,678
Investments:		
Purchase of capital assets	(2)	(57)
Net purchase of short-term investments	(164)	(1,388)
	(166)	(1,445)
Financing:		
Additions of deferred capital contributions	16	-
Repayment of long-term obligation	(3)	(3)
	13	(3)
Increase (decrease) in cash	(3,381)	1,230
Cash, beginning of year	3,492	2,262
Cash, end of year	\$ 111	\$ 3,492

See accompanying notes to financial statements.

BRITISH COLUMBIA TRANSPLANT SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Years ended March 31, 2004 and 2003

1. Organization and purpose of the Branch:

British Columbia Transplant Society Branch (the "Branch") is a member of the Provincial Health Service 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. PHSA also includes the following members:

- 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;
- Children's & Women's Health Centre of British Columbia Branch;
- Forensic Psychiatric Services Commission; and
- Red Cross Outpost Hospitals

Effective December 31, 2001, the above noted branch societies 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 planning, coordinating, managing and publicizing the human organ donor activities in British Columbia. The Branch also acts as the custodian of funds received from various private agencies for research and other related projects.

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

The Branch is dependent on the Ministry of Health Services, through the Provincial Health Services Authority, to provide sufficient funding to continue operations, replace equipment and complete capital projects.

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. A significant area requiring the use of management estimates is the determination of useful lives of capital assets. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

BRITISH COLUMBIA TRANSPLANT SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Years ended March 31, 2004 and 2003

2. Significant accounting policies (continued):

(b) Revenue recognition:

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

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.

(c) Short-term investments:

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

(d) 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:

Assets	Rate
Leasehold improvements	Over the terms of the leases being 7 - 10 years
Equipment	3 - 10 years

(e) Employee future benefits:

Required contributions to multiemployer defined benefit plans are expensed.

(f) Financial instruments:

The Branch's financial instruments include accounts receivable, accounts payable and accrued liabilities and the long-term obligation. It is management's opinion that the Branch is not exposed to significant interest or credit risks arising from these financial instruments. The fair values of these instruments approximate their carrying values.

BRITISH COLUMBIA TRANSPLANT SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Years ended March 31, 2004 and 2003

3. Short-term investments:

The carrying value of the short-term investments is \$4,348 (2003 - \$4,184). These investments have a market value at March 31, 2004 of \$4,682 (2003 - \$4,324).

4. Accounts receivable:

	2004	2003
Provincial Health Services Authority	\$ 1,764	\$ 32
Medical Services Commission	434	-
Other	385	317
	\$ 2,583	\$ 349

5. Capital assets:

2004	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 558	\$ 300	\$ 258
Equipment	661	519	142
	\$ 1,219	\$ 819	\$ 400

2003	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 558	\$ 237	\$ 321
Equipment	1,719	1,549	170
	\$ 2,277	\$ 1,786	\$ 491

BRITISH COLUMBIA TRANSPLANT SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Years ended March 31, 2004 and 2003

6. Accounts payable and accrued liabilities:

	2004	2003
Trade accounts payable and accrued liabilities	\$ 5,558	\$ 6,289
Accrued salaries and benefits payable	206	161
Accrued vacation payable	103	69
Medical Services Commission	175	343
	\$ 6,042	\$ 6,862

7. Deferred contributions for designated purposes:

Deferred contributions for designated purposes represent unspent grants and donations received for specific research projects. These deferred contributions will be recorded as revenue in the statement of operations when they are spent.

	2004	2003
Balance, beginning of year	\$ 723	\$ 558
Amount received for designated purposes	801	867
Amount recognized as revenue	(647)	(702)
Balance, end of year	\$ 877	\$ 723

8. Long-term obligation:

The long-term obligation of \$11 (2003 - \$14) consists of an unsecured loan bearing interest at 10.285% per annum and repayable in monthly installments of interest and principal until March 2007.

BRITISH COLUMBIA TRANSPLANT SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Years ended March 31, 2004 and 2003

9. Deferred capital contributions:

Deferred capital contributions represent the unamortized amounts of grants and donations received for the purchase of capital assets. Amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2004	2003
Deferred capital contributions, beginning of year	\$ 233	\$ 275
Additional contributions received	16	-
Amount amortized to revenue	(26)	(42)
Deferred capital contributions, end of year	\$ 223	\$ 233

10. Invested in capital assets:

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

	2004	2003
Capital assets	\$ 400	\$ 491
Amounts financed by:		
Deferred capital contributions	(223)	(233)
Long-term obligation	(11)	(14)
	\$ 166	\$ 244

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

	2004	2003
Amortization of deferred capital contributions	\$ 26	\$ 42
Amortization of capital assets	(93)	(201)
	\$ (67)	\$ (159)

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

	2004	2003
Purchase of capital assets	\$ 2	\$ 57
Amount funded by deferred capital contributions	(16)	-
Repayment of long-term obligation	3	3
	\$ (11)	\$ 60

BRITISH COLUMBIA TRANSPLANT SOCIETY BRANCH

Notes to Financial Statements
(Expressed in thousands of dollars)

Years ended March 31, 2004 and 2003

11. Commitments and contingencies:

(a) Operating lease commitments:

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

2005	\$	278
2006		265
2007		259
2008		223
2009		167
		<hr/>
	\$	1,192

(b) Employee pension benefits:

The Branch and its employees contribute to the Municipal Pension Plan, a multiemployer defined benefit pension plan governed by the *BC Public Sector Pension Plans Act*. Employer contributions to the Municipal Pension Plan of \$158 (2003 - \$167) were expensed during the year. The most recent actuarial valuation for the plan at December 31, 2000 indicated a surplus of \$436,000. The plan covers approximately 127,000 active employees of which approximately 40 are employees of the Branch.

(c) Legal contingencies:

The nature of the Branch's activities is such that there is litigation pending or in prospect at any time. With respect to unsettled claims at March 31, 2004, management believes the Branch has valid defenses and appropriate insurance coverage in place. 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.

Risk management and insurance services are provided by the BC Health Care Risk Management Society under the Health Care Protection Program.

BRITISH COLUMBIA TRANSPLANT SOCIETY BRANCH

Notes to Financial Statements
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Years ended March 31, 2004 and 2003

12. Supplementary information:

	2004	2003
Changes in non-cash operating items:		
Accounts receivable	\$ (2,234)	\$ 367
Prepaid expenses	54	(7)
Accounts payable and accrued liabilities	(820)	1,529
Deferred contributions for designated purposes	154	165
	\$ (2,846)	\$ 2,054

13. Related entity:

The Branch has an economic interest in the British Columbia Transplant Foundation (the "Foundation"). The Foundation is responsible for fundraising activities of the Branch.

The assets, liabilities, revenues and expenses of the Foundation are not included in the financial statements of the Branch.

As at March 31, 2004, the Foundation held net assets of \$703 (2003 - \$740) to be used for research, patient care, education, and capital expenditures at the Branch.

14. 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:

- (a) For the year ended March 31, 2004, expenses include \$785 (2003 - \$1,030) resulting from transactions with other PHSA members.
- (b) At March 31, 2004, accounts payable include nil (2003 - \$218) resulting from transactions with other PHSA members.

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