

Financial Statements
(Expressed in thousands of dollars)

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

Year ended March 31, 2010



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AUDITORS' REPORT

To the Board 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, 2010 and the statement of operations, changes in net assets (deficiency) and cash flows for the year then ended. These financial statements are the responsibility of the Branch's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Branch as at March 31, 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

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

Statement of Financial Position
(Expressed in thousands of dollars)

March 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Current assets:		
Cash	\$ 5,791	\$ 8,112
Accounts receivable (note 3)	29,549	34,662
Inventories (note 4)	4,900	5,002
Prepaid expenses	1,282	2,185
	<u>41,522</u>	<u>49,961</u>
Long-term investments	5	5
Capital assets (note 5)	419,735	417,049
	<u>\$ 461,262</u>	<u>\$ 467,015</u>

Liabilities and Net Assets (Deficiency)

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 56,659	\$ 66,902
Deferred operating contributions (note 7)	52	50
Deferred contributions for designated purposes (note 8)	5,665	4,537
Current portion of retirement allowance (note 9(a))	2,340	1,537
	<u>64,716</u>	<u>73,026</u>
Retirement allowance (note 9(a))	22,661	23,169
Asset retirement obligations (note 12(c))	569	575
Deferred capital contributions (note 10)	300,107	297,063
	<u>388,053</u>	<u>393,833</u>
Net assets (deficiency):		
Invested in capital assets (note 11(a))	119,628	119,986
Internally restricted	448	448
Unrestricted	(46,867)	(47,252)
	<u>73,209</u>	<u>73,182</u>
	<u>\$ 461,262</u>	<u>\$ 467,015</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

CHILDREN'S & WOMEN'S HEALTH CENTRE OF BRITISH COLUMBIA 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	\$ 272,663	\$ 247,671
Medical Services Plan	82,256	75,409
Other contributions (note 13)	17,164	17,556
Amortization of deferred capital contributions	20,648	19,890
Other (note 14)	17,162	16,946
Patients, clients and residents (note 15)	8,339	6,850
Pharmacare	4,864	5,127
Research and designated contributions	14,176	14,990
	<u>437,272</u>	<u>404,439</u>
Expenses:		
Compensation and benefits	310,373	285,905
Referred-out and contracted services (note 16)	18,933	12,895
Supplies (note 17)	49,549	48,967
Amortization of capital assets	21,154	20,507
Equipment and building services	10,453	10,200
Sundry (note 18)	12,581	13,748
Accretion of asset retirement obligations (note 12(c))	26	31
Research and designated expenses	14,176	14,990
	<u>437,245</u>	<u>407,243</u>
Excess (deficiency) of revenues over expenses	\$ 27	\$ (2,804)

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, 2010, with comparative figures for 2009

	Invested in capital assets	Internally restricted	Unrestricted	Total	
				2010	2009
Balance, beginning of the year	\$ 119,986	\$ 448	\$ (47,252)	\$ 73,182	\$ 75,986
Excess (deficiency) of revenues over expenses	(506)	-	533	27	(2,804)
Net change in capital assets (note 11(c))	148	-	(148)	-	-
Balance, end of year	\$ 119,628	\$ 448	\$ (46,867)	\$ 73,209	\$ 73,182

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, 2010, with comparative figures for 2009

	2010	2009
Cash flows from operating activities:		
Excess (deficiency) of revenues over expenses	\$ 27	\$ (2,804)
Items not involving cash:		
Amortization of capital assets	21,154	20,507
Amortization of deferred capital contributions	(20,648)	(19,890)
Accretion of asset retirement obligations	26	31
Retirement allowance expense	1,096	1,444
<u>Net change in non-cash operating items (note 19)</u>	<u>(2,995)</u>	<u>10,109</u>
	(1,340)	9,397
Cash flows from investing activities:		
Proceeds on redemption of investments	-	64
<u>Purchase of capital assets (note 11(c))</u>	<u>(23,872)</u>	<u>(22,098)</u>
	(23,872)	(22,034)
Cash flows from financing activities:		
Capital contributions	23,692	20,590
<u>Retirement allowance benefits paid</u>	<u>(801)</u>	<u>(892)</u>
	22,891	19,698
Increase (decrease) in cash	(2,321)	7,061
Cash, beginning of year	8,112	1,051
<u>Cash, end of year</u>	<u>\$ 5,791</u>	<u>\$ 8,112</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, 2010

The Children's & Women's Health Centre of British Columbia 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 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 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 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.

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.

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

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

1. Significant accounting policies:

(a) Basis of presentation:

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

(b) Revenue recognition:

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

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

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

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

(e) Inventories:

Inventories, consisting of 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. 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, 2010

1. Significant accounting policies (continued):

(f) 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:

Land improvements	20 years
Buildings	20 - 50 years
Leasehold improvements	Lease term to a maximum of 20 years
Building service equipment	15 - 20 years
Equipment	3 - 20 years
Software licence fees	3 - 5 years
Assets under capital lease	5 - 7 years

The Branch operates facilities on Oak Street and Slocan Street in Vancouver, British Columbia. 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.

(g) Internally restricted net assets:

The Branch has internally restricted certain funds for capital asset acquisitions. Use of these funds is limited to the related terms of reference as approved by the Board.

(h) 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.

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

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

1. Significant accounting policies (continued):

(i) 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.

(j) 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.

(k) 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 and investments 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.
- Held to maturity investments and 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 held to maturity investments, receivables, and other liabilities are incorporated in the fair value of the instrument and are amortized to operations using the effective interest rate method.

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

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

1. Significant accounting policies (continued):

(k) Financial instruments (continued):

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.

The Branch has elected to defer applying 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.

(l) 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.

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

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

1. Significant accounting policies (continued):

(m) 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, long-term investments, 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
Patients, clients and agencies	\$ 3,477	\$ 3,064
Ministry of Health Services	14,662	13,474
Hospital foundations	6,598	12,440
Goods and services tax	811	850
Other	4,001	4,834
	<u>\$ 29,549</u>	<u>\$ 34,662</u>

4. Inventories:

The Branch's inventories of \$4,900 (2009 - \$5,002) are recorded at the lower of weighted average cost and replacement cost and consist of pharmaceutical and other materials and supplies. During the year, \$37,973 (2009 - \$34,248) of inventories were expensed by the Branch. 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, 2010

5. Capital assets:

2010	Cost	Accumulated depreciation	Net book value
Land	\$ 106,100	\$ -	\$ 106,100
Land improvements	2,040	1,996	44
Buildings	318,852	59,533	259,319
Building service equipment	14,996	5,005	9,991
Construction in progress	3,669	-	3,669
Leasehold improvements	47,195	44,949	2,246
Equipment	139,172	100,878	38,294
Software licence fees	12,566	12,494	72
	\$ 644,590	\$ 224,855	\$ 419,735

2009	Cost	Accumulated depreciation	Net book value
Land	\$ 106,100	\$ -	\$ 106,100
Land improvements	2,040	1,995	45
Buildings	303,142	49,253	253,889
Building service equipment	12,107	4,359	7,748
Construction in progress	14,169	-	14,169
Leasehold improvements	47,228	44,233	2,995
Equipment	127,879	95,888	31,991
Software licence fees	12,597	12,485	112
	\$ 625,262	\$ 208,213	\$ 417,049

Entities that are related to the Branch (Child and Family Research Institute, British Columbia's Children's Hospital Foundation, Mental Health and Addictions Research Institute, and British Columbia Mental Health Society (Riverview) Branch) commenced occupying space within the Child and Family Research Institute Building in 2008. These related parties have committed to make lease payments related to the premises of \$12,500 over a period of 10 years. The Branch received \$890 (2009 - \$790) in lease payments from the related parties in 2010.

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

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

6. Accounts payable and accrued liabilities:

	2010	2009
Trade accounts payable and accrued liabilities	\$ 22,452	\$ 19,965
Provincial Health Services Authority	2,736	19,186
Salaries and benefits payable	15,227	13,009
Accrued vacation pay	16,244	14,742
	\$ 56,659	\$ 66,902

7. Deferred operating contributions:

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

	2010	2009
Deferred operating contributions, beginning of year	\$ 50	\$ 50
Add amount received for future periods	2	-
Deferred operating contributions, end of year	\$ 52	\$ 50

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	\$ 4,537	\$ 5,019
Less amount recognized as revenue in the year	(14,176)	(14,990)
Add amount received for future periods	15,304	14,508
Deferred contributions for designated purposes, end of year	\$ 5,665	\$ 4,537

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

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

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 actuarial valuation as at December 31, 2009. The next required valuation will be as of December 31, 2012.

Information about retirement allowance benefits is as follows:

	2010	2009
Accrued benefit obligation:		
Sick leave benefits	\$ 5,720	\$ 5,085
Severance benefits	11,781	9,497
Total unfunded obligation	17,501	14,582
Balance of unamortized amounts	7,500	10,124
Accrued retirement allowance benefits	25,001	24,706
Less current portion	2,340	1,537
Long-term portion	\$ 22,661	\$ 23,169
Retirement allowance expense	\$ 1,096	\$ 1,444
Benefits paid	801	892

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%

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

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

9. 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 \$3,374 (2009 - \$2,948) were expensed during the year. The PHSA plan covers approximately 5,288 active employees of which 2,408 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 \$6,077 (2009 - \$5,153) 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 2,613 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 a multi-employer defined benefit pension plan governed by the *BC Public Sector Pension Plans Act*.

Employer contributions to the Municipal Pension Plan of \$15,058 (2009 - \$13,531) 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 3,424 are employees of the Branch. The next required valuation will be as at December 31, 2009. The results are not yet available.

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

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

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.

	2010	2009
Deferred capital contributions, beginning of year	\$ 297,063	\$ 296,363
Provincial Health Services Authority	15,430	9,756
Foundations	3,431	3,883
Other	4,831	6,951
	23,692	20,590
Less amortization for the year	(20,648)	(19,890)
Deferred capital contributions, end of year	\$ 300,107	\$ 297,063

11. Invested in capital assets:

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

	2010	2009
Capital assets	\$ 419,735	\$ 417,049
Amounts financed by:		
Deferred capital contributions	(300,107)	(297,063)
	\$ 119,628	\$ 119,986

(b) Deficiency of revenues over expenses:

	2010	2009
Amortization of deferred capital contributions	\$ 20,648	\$ 19,890
Amortization of capital assets	(21,154)	(20,507)
	\$ (506)	\$ (617)

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

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

11. Invested in capital assets (continued):

(c) Transfer to invested in capital assets:

	2010	2009
Purchase of capital assets	\$ 23,872	\$ 22,098
Asset retirement obligations (note 12(c))	(32)	(73)
Amounts funded by:		
Deferred capital contributions	(23,692)	(20,590)
	\$ 148	\$ 1,435

12. Commitments and contingencies:

(a) Operating leases:

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

2011	\$ 190
2012	179
2013	71
2014	17
	\$ 457

(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.

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

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

12. Commitments and contingencies (continued):

(c) 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.

The Branch has accrued asset retirement obligations of \$569 (2009 - \$575) representing the fair value of the legal obligations related to owned premises after charges for accretion and depreciation. The settlement of these obligations will occur at the expiry of the leases and as owned premises undergo renovations. The fair value of the legal obligation was determined by discounting the estimated cash outflows of \$598 (2009 - \$636) over the respective lease terms and until renovations are undertaken 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 and over the time period until 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.

13. Other contributions:

	2010	2009
Other Ministries	\$ 3,083	\$ 3,182
Foundations	12,425	11,280
Other	1,656	3,094
	<hr/>	<hr/>
	\$ 17,164	\$ 17,556

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

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

14. Other revenues:

	2010	2009
Recoveries from other Health Authorities and government reporting entities	\$ 5,827	\$ 5,594
Recoveries within PHSA	45	760
Recoveries from sales of goods and services	7,092	6,270
Parking	2,727	2,641
Drug sales	1,470	1,626
Other	1	55
	\$ 17,162	\$ 16,946

15. Patients, clients and residents revenue:

	2010	2009
Federal government	\$ 150	\$ 110
Non-residents of British Columbia	3,477	3,872
Non-residents of Canada	790	472
Residents of British Columbia - self pay	862	410
Preferred accommodation	2,481	1,387
Other	579	599
	\$ 8,339	\$ 6,850

16. Referred out and contracted services:

	2010	2009
Other Health Authorities and government reporting entities	\$ 1,995	\$ 3,640
Private contractors	16,938	9,255
	\$ 18,933	\$ 12,895

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

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

17. Supplies:

	2010	2009
Drugs and medical gases	\$ 17,549	\$ 17,742
Food and dietary	2,786	3,022
Medical and surgical	10,724	9,947
Diagnostic	7,666	6,402
Printing, stationery and office	2,053	2,402
Housekeeping	617	565
Laundry and linen	330	275
Plant operation	4,180	5,027
Other	3,644	3,585
	\$ 49,549	\$ 48,967

18. Sundry:

	2010	2009
Communication and data processing	\$ 607	\$ 319
Travel	1,531	2,063
Professional fees	4,263	4,149
Other	6,180	7,217
	\$ 12,581	\$ 13,748

19. Statement of cash flows:

Net change in non-cash operating items:

	2010	2009
Changes to non-cash operating items:		
Accounts receivable	\$ 5,113	\$ (5,607)
Inventories	102	215
Prepaid expenses	903	(1,100)
Accounts payable and accrued liabilities	(10,243)	17,083
Deferred contributions for operating purposes	2	-
Deferred contributions for designated purposes	1,128	(482)
	\$ (2,995)	\$ 10,109
Non-cash transactions:		
Reductions to asset retirement obligations	\$ (32)	\$ (73)

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

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

20. Related entities:

The Branch has an economic interest in the following foundations, auxiliaries and societies whose net assets and results from 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.

The foundations are separate legal entities incorporated under the *Society Act of British Columbia* and are registered charities under the provisions of the *Income Tax Act* of Canada. During the year, the British Columbia's Women's Hospital and Health Centre Foundation received an infrastructure contribution of \$450 (2009 - \$200) from the Branch.

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

	2010	2009
Operations	\$ 2,380	\$ 2,352
Research	10,122	10,649
Other designated purposes	21,985	28,451
Capital	2,398	1,926
	<u>\$ 36,885</u>	<u>\$ 43,378</u>

At March 31, 2010, the foundations held net assets of \$114,549 (2009 - \$92,664) to be used for research, patient care, education, and capital expenditures at the Branch.

In addition to the net assets held by the foundations, at March 31, 2010, \$58,864 (2009 - \$50,072) of funds which the foundations have reflected as donations to the Branch for the year ended March 31, 2009 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, 2010, the auxiliaries held net assets of approximately \$487 (2009 - \$415) to be used for patient care and capital expenditures at the Branch.

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

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

20. Related entities (continued):

- c) The Women's Health and Research Institute (WHRI) was established on September 13, 2004 to provide coordination and leadership for women's health research in British Columbia and Canada. At March 31, 2010, WHRI held unrestricted assets and deferred contributions of approximately \$544 (2009 - \$969) 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 British Columbia and Canada. At March 31, 2010, WHRS held deferred contributions of approximately \$751 (2009 - \$691) to be used for these activities.

21. 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 other PHSA members:

For the year ended March 31, 2010, revenues include \$3,144 (2009 - \$6,024) resulting from transactions with other PHSA members.

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

22. 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.

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

Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2010

23. Comparative figures:

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