

Consolidated Financial Statements of

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

Year ended March 31, 2015



June 22, 2015

Independent Auditor's Report

To the Board of Children's & Women's Health Centre of British Columbia Branch

We have audited the accompanying consolidated financial statements of Children's & Women's Health Centre of British Columbia Branch, which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of these consolidated financial statements in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**Opinion**

In our opinion, the consolidated financial statements which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and the related notes, are prepared, in all material respects, in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia.

Emphasis of matter

Without modifying our opinion, we draw your attention to note 1 to the consolidated financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards. Note 19 to the consolidated financial statements discloses the impact of these differences.

PricewaterhouseCoopers LLP

Chartered Accountants

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

Consolidated Statement of Financial Position
(Amounts expressed in thousands of dollars)

As at March 31, 2015

	2015	2014
Financial assets		
Cash and cash equivalents	\$ 1,301	\$ 338
Accounts receivable (note 2)	58,198	58,618
Inventories held for sale (note 3)	471	467
	59,970	59,423
Liabilities		
Accounts payable and accrued liabilities (note 4)	68,573	68,303
Deferred operating contributions (note 5)	215	297
Deferred research and designated contributions (note 6)	4,449	5,948
Asset retirement obligations (note 7)	71	1,792
Debt (note 8)	49,334	-
Retirement allowance (note 9(a))	26,344	25,664
Deferred capital contributions (note 10)	356,635	321,566
	505,621	423,570
Net debt	\$ (445,651)	\$ (364,147)
Non-financial assets		
Tangible capital assets (note 11)	\$ 519,870	\$ 439,557
Inventories held for use (note 12)	5,075	4,601
Prepaid expenses	1,441	627
	526,386	444,785
Accumulated surplus	\$ 80,735	\$ 80,638

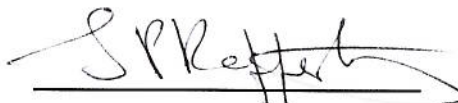
Commitments and contingencies (note 13)

See accompanying notes to consolidated 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

Consolidated Statement of Operations and Accumulated Surplus
(Amounts expressed in thousands of dollars)

Year ended March 31, 2015

	2015 Budget (note 1(n))	2015	2014
Revenues:			
Provincial Health Services			
Authority contributions	\$ 302,952	\$ 324,267	\$ 321,350
Medical Services Plan	83,439	84,485	82,502
Amortization of deferred capital			
contributions (note 10)	18,617	20,775	21,443
Other (note 14(a))	11,862	14,542	10,605
Other contributions (note 14(b))	17,745	14,133	14,574
Patients, clients and residents (note 14(c))	8,907	13,026	12,012
Research and designated			
contributions (note 6)	13,725	12,382	17,298
Recoveries from other health authorities			
and BC government reporting entities	4,859	9,813	8,372
Pharmacare	5,550	5,879	6,390
Investment income	-	30	55
	<u>467,656</u>	<u>499,332</u>	<u>494,601</u>
Expenses (note 14(d)):			
Acute	418,729	446,614	445,704
Mental health and substance use	28,559	33,347	28,766
Population health and wellness	11,044	9,321	10,141
Community care	8,736	8,546	9,343
Corporate	518	1,337	546
Residential care	70	70	70
	<u>467,656</u>	<u>499,235</u>	<u>494,570</u>
Annual surplus	\$ -	\$ 97	\$ 31
Accumulated surplus, beginning of year	80,638	80,638	80,607
Accumulated surplus, end of year	\$ 80,638	\$ 80,735	\$ 80,638

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Changes in Net Debt
(Amounts expressed in thousands of dollars)

Year ended March 31, 2015

	2015 Budget (note 1(n))	2015	2014
Annual surplus	\$ -	\$ 97	\$ 31
Acquisition of tangible capital assets	(112,791)	(101,061)	(46,258)
Transfer of tangible capital assets to (from) other Agencies	-	934	(141)
Asset retirement obligations	-	(259)	23
Amortization of tangible capital assets	19,107	20,120	22,381
Net book value of disposed tangible capital assets	-	1,766	-
Capitalized interest	-	(1,813)	-
	(93,684)	(80,216)	(23,964)
Acquisition of inventories held for use	-	(35,999)	(32,764)
Acquisition of prepaid expenses	-	(3,011)	(1,889)
Consumption of inventories held for use	-	35,525	32,655
Use of prepaid expenses	-	2,197	2,096
	-	(1,288)	98
Increase in net debt	(93,684)	(81,504)	(23,866)
Net debt, beginning of year	(364,147)	(364,147)	(340,281)
Net debt, end of year	\$ (457,831)	\$ (445,651)	\$ (364,147)

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Cash Flows
(Amounts expressed in thousands of dollars)

Year ended March 31, 2015

	2015	2014
Cash flows from (used in) operating activities:		
Annual surplus	\$ 97	\$ 31
Items not involving cash:		
Amortization of deferred capital contributions	(20,775)	(21,443)
Accretion of asset retirement obligations	1	10
Amortization of tangible capital assets	20,120	22,381
Net book value of disposed tangible capital assets	1,766	-
Retirement allowance expense	2,457	8,922
Interest income	(30)	(55)
	3,636	9,846
Net change in non-cash operating items (note 15(a))	(2,183)	(10,203)
Interest received	30	55
Net change in cash from operating activities	1,483	(302)
Capital activities:		
Asset retirement costs paid	(1,981)	(83)
Acquisition of tangible capital assets (note 15(b))	(53,540)	(39,654)
Net change in cash from capital activities	(55,521)	(39,737)
Financing activities:		
Retirement allowance benefits paid	(1,777)	(1,115)
Capital contributions	56,778	39,656
Net change in cash from financing activities	55,001	38,541
Increase (decrease) in cash and cash equivalents	963	(1,498)
Cash and cash equivalents, beginning of year	338	1,836
Cash and cash equivalents, end of year	\$ 1,301	\$ 338

Supplementary cash flow information (note 15)

See accompanying notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2015

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 (the "Ministry") and is one of six health authorities in British Columbia ("BC"). The Branch is dependent on the Ministry 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* and, as such, is exempt from income and capital taxes.

The following agencies/programs (collectively referred to as "Agencies") are also included in PHSA:

- British Columbia Cancer Agency Branch;
- British Columbia Centre for Disease Control and Prevention Society Branch;
- British Columbia Emergency Health Services Corporation;
- British Columbia Mental Health Society Branch;
- British Columbia Provincial Renal Agency;
- British Columbia Transplant Society Branch;
- Cardiac Services British Columbia;
- Forensic Psychiatric Services Commission; and
- Health Shared Services BC.

Effective December 31, 2001, the above-noted branch societies except for Health Shared Services BC and British Columbia Emergency Health Services Corporation were amalgamated with, and continue the operations of, their respective former societies under bylaws and constitutions consistent with 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 of BC, 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 ("CFRI"), 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 Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2015

1. Significant accounting policies:

(a) Basis of accounting:

The consolidated financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of BC supplemented by Regulations 257/2010 and 198/2011 issued by the Province of BC Treasury Board, referred to as the financial reporting framework (the "framework").

The *Budget Transparency and Accountability Act* requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards ("PSAS") issued by the Public Sector Accounting Board ("PSAB") without any PS 4200 series.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

- (i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset, in each case for use in providing services, are recorded and referred to as deferred capital contributions, and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal periods during which the tangible capital asset is used to provide services. If the depreciable tangible capital asset funded by a deferred contribution is written down, a proportionate share of the deferred capital contribution is recognized as revenue during the same period.
- (ii) Contributions externally restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred operating contributions or deferred research and designated contributions, and recognized in revenue in the year in which the stipulation or restriction on the contributions has been met by the Branch.

For BC tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

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

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2015

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of PSAS which require that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with PS 3410, *Government Transfers*;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified, in accordance with PS 3100, *Restricted Assets and Revenues*; and
- deferred contributions meet liability criteria in accordance with PS 3200, *Liabilities*.

As a result, revenue recognized in the consolidated statement of operations and certain deferred capital contributions would be recorded differently under PSAS. The impact of accounting for restricted contributions in accordance with Regulation 198/2011 is disclosed in note 19.

(b) Basis of consolidation:

Prior to April 1, 2014, the consolidated financial statements reflected the assets, liabilities, revenues and expenses of the CFRI, an entity controlled by the Branch. The CFRI was fully consolidated in these financial statements. Inter-entity transactions, balances and activities have been eliminated on consolidation. On April 1, 2014, pursuant to the Succession Agreement between the CFRI, the Branch and the Authority, beneficial title to all the CFRI assets and liabilities was transferred to the Branch.

The Branch has collaborative relationships with certain foundations and auxiliaries, which support the activities of the Branch and/or provide services under contracts. As the Branch does not control these organizations, the consolidated financial statements do not include the assets, liabilities, and results of operations of these entities (see note 16(a)).

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, demand deposits and highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

(d) Accounts receivable:

Accounts receivable are recorded at amortized cost less an amount for valuation allowance. Valuation allowances are made to reflect accounts receivable at the lower of amortized cost and the net recoverable value when risk of loss exists. Changes in valuation allowance are recognized in the consolidated statement of operations.

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

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2015

1. Significant accounting policies (continued):

(e) Inventories held for sale:

Inventories held for sale are recorded at the lower of weighted average cost or net realizable value. Cost includes the purchase price, import duties and other taxes, transport, handling and other costs directly attributable to the acquisition. Net realizable value is the estimated selling price less any costs to sell.

(f) Asset retirement obligations:

The Branch recognizes an asset retirement obligation in the period in which it incurs a legal or constructive obligation associated with the retirement of a tangible capital asset, including leasehold improvements resulting from the acquisition, construction, development, and/or normal use of the asset.

The obligation is measured at the best estimate of the future cash flows required to settle the liability, discounted at estimated credit-adjusted risk-free discount rates. The estimated amount of the asset retirement cost is capitalized as part of the carrying value of the related tangible capital asset and is amortized over the life of the asset.

The liability is accreted to reflect the passage of time. At each reporting date, the Branch reviews its asset retirement obligations to reflect current best estimates. Asset retirement obligations are adjusted for changes in factors such as the amount or timing of the expected underlying cash flows, or discount rates, with the offsetting amount recorded to the carrying amount of the related asset.

(g) Employee benefits:

(i) Defined benefit obligations, including multiple employer benefit plans:

Liabilities, net of plan assets, are recorded for employee retirement allowance benefits and multiple employer defined long-term disability and health and welfare benefits plans 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. Plan assets are measured at fair value.

The cumulative unrecognized actuarial gains and losses on retirement allowance benefits are amortized over the expected average remaining service period of active employees covered under the plan. The expected average remaining service period of the active covered employees entitled to retirement allowance benefits is 10 years (2014 – 10 years). Actuarial gains and losses on event-driven benefits such as long-term disability and health and welfare benefits that do not vest or accumulate are recognized immediately.

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

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2015

1. Significant accounting policies (continued):

(g) Employee benefits (continued):

(i) Defined benefit obligations, including multiple employer benefit plans (continued):

The discount rate used to measure the obligations is based on the Province of BC's cost of borrowing if there are no plan assets. Where there are plan assets, the discount rate is the rate of return on plan assets. The cost of a plan amendment or the crediting of past service is accounted for entirely in the year that the plan change is implemented.

(ii) Defined contribution plans and multi-employer benefit plans:

Defined contribution plan accounting is applied to multi-employer defined benefit plans and, accordingly, contributions are expensed when they become payable.

(iii) Accumulating, non-vesting benefit plans:

Benefits that accrue to employees, which do not vest, such as sick leave banks for certain employee groups, are accrued as the employees render services to earn the benefits, based on estimates of the expected future settlements.

(iv) Non-accumulating, non-vesting benefit plans:

For benefits that do not vest or accumulate, a liability is recognized when an event that obligates the Branch to pay benefits occurs.

(h) Non-financial assets:

(i) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset and overhead directly attributable to construction and development. Interest is capitalized over the development period whenever external debt is issued to finance the construction and development of tangible capital assets.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Basis
Land improvements	20 years
Buildings	15 – 50 years
Equipment	3 – 20 years
Information systems	3 – 5 years
Leasehold improvements	Lease term to a maximum of 20 years
Vehicles	4 – 7 years

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

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2015

1. Significant accounting policies (continued):

(h) Non-financial assets (continued):

(i) Tangible capital assets (continued):

Assets under construction or development are not amortized until the asset is available for productive use.

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

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Branch's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. The write-downs of tangible capital assets are recorded in the consolidated statement of operations. Write-downs are not subsequently reversed.

Contributed tangible capital assets are recorded at their fair value on the date of contribution. Such fair value becomes the cost of the contributed asset. When fair value of a contributed asset cannot be reliably determined, the asset is recorded at nominal value.

(ii) Inventories held for use:

Inventories held for use are recorded at the lower of weighted average cost and replacement cost. Cost includes the purchase price, import duties and other taxes, transport, handling and other costs directly attributable to the acquisition. Replacement cost is the estimated current price to replace the items.

Certain specific inventory items are purchased on consignment and are not included in inventory.

(iii) Prepaid expenses:

Prepaid expenses are recorded at cost and amortized over the period during which the service benefits are received.

(i) Revenue recognition:

Under the *Hospital Insurance Act* and *Regulation* thereto, the Branch is funded primarily by the Province of BC in accordance with budget management plans and performance agreements established and approved by the Ministry.

Revenues are recognized on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues, the amounts are considered to be collectible and can be reasonably estimated.

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

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2015

1. Significant accounting policies (continued):

(i) Revenue recognition (continued):

Revenues related to fees or services received in advance of the fees being earned or the services being performed are deferred and recognized when the fees are earned or services are performed.

Unrestricted contributions are recognized as revenue when receivable if the amounts can be estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue depending on the nature of the restrictions on the use of the funds by the contributors as described in note 1(a).

Volunteers contribute a significant amount of their 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 consolidated 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 fair value can be reasonably determined.

Contributions for the acquisition of land, or contributions of land, are recorded as revenue in the period of acquisition or transfer of title.

(j) Measurement uncertainty:

The preparation of consolidated 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.

Significant areas requiring the use of estimates include the valuation of accounts receivable, the estimated useful lives of tangible capital assets, amounts to settle asset retirement obligations, contingent liabilities, the future costs to settle employee benefit obligations and certain amounts in public-private partnership projects.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from the estimates.

(k) Foreign currency translation:

The Branch's functional currency is the Canadian dollar. The Branch does not have significant transactions denominated in foreign currencies.

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

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2015

1. Significant accounting policies (continued):

(l) Financial instruments:

Financial instrument classification is determined upon inception and financial instruments are not reclassified into another measurement category for the duration of the period they are held.

Financial assets and financial liabilities, other than derivatives, equity instruments quoted in an active market and financial instruments designated at fair value, are measured at cost or amortized cost upon their inception and subsequent to initial recognition. Cash and cash equivalents are measured at cost. Accounts receivable are recorded at cost less any amount for valuation allowance. Portfolio investments, other than equity investments quoted in an active market, are reported at cost less any write-downs associated with a loss in value that is other than a temporary decline. All other financial liabilities are recorded using cost or amortized cost.

Interest and dividends attributable to financial instruments are reported in the consolidated statement of operations.

All financial assets recorded at amortized cost are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

Transaction costs for financial instruments measured using cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs for financial instruments measured at fair value are expensed when incurred.

A financial liability or its part is derecognized when it is extinguished.

Management evaluates contractual obligations for the existence of embedded derivatives and elects to either designate the entire contract for fair value measurement or separately measure the value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself. Contracts to buy or sell non-financial items for the Branch's normal purchase, sale or usage requirements are not recognized as financial assets or financial liabilities.

(m) Capitalization of public-private partnership projects:

Public-private partnership ("P3") projects are delivered by private sector partners selected to design, build, finance, and maintain the assets. The cost of the assets under construction is estimated at fair value, based on construction progress billings verified by an independent certifier, and also includes other costs incurred by the Branch.

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

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2015

1. Significant accounting policies (continued):

(m) Capitalization of public-private partnership projects (continued):

The asset cost includes development and financing fees estimated at fair value, which requires the extraction of cost information from the financial model embedded in the project agreement. Interest during construction is also included in the asset cost and is calculated on the P3 asset value, less contributions received and amounts repaid, during the construction term. The interest rate used is the project internal rate of return. When available for operations, the project assets are amortized over their estimated useful lives.

Correspondingly, an obligation for the cost of capital and financing received to date, net of contributions received, is recorded as a liability and included in debt. Upon substantial completion, the private sector partner receives monthly payments over the term of the project agreement to cover the partner's operating costs, financing costs and a return of their capital.

(n) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the Branch's Fiscal 2014/2015 Budget approved by the Board of Directors on June 26, 2014. The budget is reflected in the consolidated statement of operations and accumulated surplus and the consolidated statement of changes in net debt.

(o) Future accounting standards:

(i) In March 2015, PSAB issued PS 2200, *Related Party Disclosures*. PS 2200 defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when the transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and the transactions have, or could have, a material financial effect on the financial statements. PS 2200 applies to fiscal years beginning on or after April 1, 2017. Management is in the process of assessing the impact of adoption of PS 2200 on the consolidated financial statements of the Branch.

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

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2015

1. Significant accounting policies (continued):

(o) Future accounting standards (continued):

(ii) In March 2015, PSAB issued PS 3420, *Inter-entity Transactions*. PS 3420 establishes standards of how to account for and report transactions between public sector entities that comprise a government reporting entity from both a provider and a recipient perspective. The main features of the standard are as follows:

- Under a policy of cost allocation, revenues and expenses are recognized on a gross basis;
- Transactions are measured at the carrying amount, except in specific circumstances;
- A recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure or budget practice; and
- The transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value.

Requirements of this standard are considered in conjunction with requirements of PS 2200. PS 3420 applies to fiscal years beginning on or after April 1, 2017. Management is in the process of assessing the impact of adoption of PS 3420 on the consolidated financial statements of the Branch.

2. Accounts receivable:

	2015	2014
Provincial Health Services Authority	\$ 28,248	\$ 26,456
Medical Services Plan	12,644	17,341
Foundations and auxiliaries	9,224	7,830
Patients, clients and residents	5,704	5,667
Ministry of Health	2,330	1,263
Other health authorities and BC government reporting entities	1,926	2,013
Federal government	1,117	848
Other grantors	79	185
Other	1,928	1,479
	63,200	63,082
Allowance for doubtful accounts	(5,002)	(4,464)
	\$ 58,198	\$ 58,618

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

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2015

3. Inventories held for sale:

Inventories held for sale consist of pharmaceutical supplies. During the year, \$7,594 (2014 – \$8,085) of inventories were sold by the Branch.

4. Accounts payable and accrued liabilities:

	2015	2014
Trade accounts payable and accrued liabilities	\$ 27,241	\$ 27,450
Salaries and benefits payable	23,932	23,293
Accrued vacation pay	17,400	17,560
	\$ 68,573	\$ 68,303

5. Deferred operating contributions:

Deferred operating contributions represent government transfers from the Ministry of Children and Family Development in the form of externally restricted operating funding received for the purpose of the Suspected Child Abuse Neglect initiative.

	2015	2014
Deferred operating contributions, beginning of year	\$ 297	\$ 298
Contributions received during the year	-	28
Amounts recognized as revenue in the year	(82)	(29)
Deferred operating contributions, end of year	\$ 215	\$ 297

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

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2015

6. Deferred research and designated contributions:

Deferred research and designated contributions represent unspent contributions received to fund research and other activities. Contributions are received from foundations, pharmaceutical companies and other donors, for various research projects in the fields of diagnostics, treatment and prevention, clinical trials, health promotion, and other special purpose initiatives.

Government transfers	2015	2014
Deferred research and designated contributions, beginning of year	\$ 1,184	\$ 809
Contributions received during the year	2,005	2,176
Amounts recognized as revenue in the year	(2,095)	(1,801)
Amounts to be received in future periods	11	-
Deferred research and designated contributions, end of year	\$ 1,105	\$ 1,184
Other contributions	2015	2014
Deferred research and designated contributions, beginning of year	\$ 4,764	\$ 6,457
Contributions received during the year	9,689	14,298
Amounts transferred to deferred capital contributions	(901)	(679)
Amounts recognized as revenue in the year	(10,287)	(15,497)
Amounts to be received in future periods	79	185
Deferred research and designated contributions, end of year	\$ 3,344	\$ 4,764
	2015	2014
Government transfers	\$ 1,105	\$ 1,184
Other contributions	3,344	4,764
Balance, end of year	\$ 4,449	\$ 5,948

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

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7. Asset retirement obligations:

	2015	2014
Asset retirement obligations, beginning of year	\$ 1,792	\$ 1,888
New obligations	-	66
Incurred costs	(1,981)	(83)
Change in estimates	259	(89)
Accretion	1	10
Asset retirement obligations, end of year	\$ 71	\$ 1,792

The Branch has accrued asset retirement obligations representing the estimated cost to settle obligations related to removal of hazardous materials during demolitions of parts of the Children's and Women's Hospital and to settle obligations related to leased premises at future dates. The settlement of these obligations will occur as demolitions occur and hazardous materials are removed, or at the expiry of the leases.

The value of the obligations is management's best estimate of the obligations, determined by discounting the estimated cash outflows of \$74 (2014 – \$1,801) over the term to expected settlement, at a credit-adjusted risk-free rate of 0.56% (2014 – 1.50%). Estimated future cash flows are adjusted for an inflation factor of 2.00% (2014 – 2.00%).

The asset retirement obligations have been capitalized as part of related tangible capital assets.

The Branch has certain asset retirement obligations relating to several of its facilities that may contain asbestos which may require special handling procedures. The Branch has not recognized asset retirement obligations where there are no current approved plans and the timing of the future demolition or renovation of the facilities is unknown and therefore the value of the future obligations cannot be reasonably estimated. These asset retirement obligations will be recognized as a liability in the period when their value can be reasonably estimated.

8. Debt:

Debt is represented by the P3 arrangement with Affinity Partnerships for the Phase 2 of BC Children's and BC Women's Redevelopment Project. The debt is payable over the term of 30 years to June 2047, in monthly payments of \$1,195, including annual interest of 6.61%. Debt payments commence upon completion of Phase 2 Redevelopment in calendar 2017.

Required principal repayments on P3 debt for years ending March 31 are disclosed in note 13(c).

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

Notes to Consolidated Financial Statements
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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 collective or employee 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 the early measurement date of December 31, 2012 and extrapolated to March 31, 2015 from which the service cost and interest cost components of expense for the fiscal year ended March 31, 2015 are derived. The next expected valuation will be as of December 31, 2015.

Information about retirement allowance benefits is as follows:

	2015	2014
Accrued benefit obligation:		
Severance benefits	\$ 15,099	\$ 15,601
Sick leave benefits	8,421	8,644
	23,520	24,245
Unamortized actuarial gain	2,824	1,419
Accrued benefit liability	\$ 26,344	\$ 25,664

The accrued benefit liability for retirement allowance reported on the consolidated statement of financial position is as follows:

	2015	2014
Accrued benefit liability, beginning of year	\$ 25,664	\$ 17,857
Net benefit expense:		
Current service cost	1,584	1,508
Interest expense	1,043	1,017
Amortization of actuarial gain	(170)	(102)
Net benefit expense	2,457	2,423
Benefits paid	(1,777)	(1,115)
Accrued benefit obligation transferred from other Agencies	-	6,499
Accrued benefit liability, end of year	\$ 26,344	\$ 25,664

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

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9. Employee benefits (continued):

(a) Retirement allowance (continued):

The significant actuarial assumptions adopted in measuring the Branch's accrued retirement benefit obligation are as follows:

	2015	2014
Accrued benefit obligation as at March 31:		
Discount rate	3.98%	4.26%
Rate of compensation increase	2.50%	2.50%
Benefit costs for years ended March 31:		
Discount rate	4.26%	4.41%
Rate of compensation increase	2.50%	2.50%
Expected future inflationary increases	2.00%	2.00%

(b) Healthcare Benefit Trust benefits:

The Healthcare Benefit Trust (the "Trust") administers long-term disability benefits and group life insurance, accidental death and dismemberment, extended health and dental claims ("health and welfare benefits") for certain employee groups of the Branch and other provincially funded organizations.

(i) Long-term disability and health and welfare benefits:

The Trust is a multiple employer plan with respect to long-term disability benefits initiated after September 30, 1997 and health and welfare benefits after December 31, 2014. The assets and liabilities for these long-term disability and health and welfare benefits have been segregated for PHSA, but not for individual branches of PHSA. Accordingly, the Branch participates in a multi-employer defined benefit plan for long-term disability and health and welfare benefits that is now restricted to members of PHSA.

The most recent actuarial valuation for the PHSA plan at December 31, 2014 extrapolated to March 31, 2015 indicated a surplus of \$9,860 (March 31, 2014 – \$20,299). Contributions of \$5,600 (2014 – \$3,892) were expensed during the year. The PHSA plan covers approximately 12,000 active employees, of which approximately 2,400 are employees of the Branch. The next expected valuation will be as of December 31, 2015.

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

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9. Employee benefits (continued):

(b) Healthcare Benefit Trust benefits (continued):

(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 were structured as a multi-employer plan prior to December 31, 2014. Contributions to this pool for the nine month period ended December 31, 2014 of \$5,197 (twelve months ended March 31, 2014 – \$6,072) were expensed during the year. From January 1, 2015, the Branch no longer participates in this pool. Starting January 1, 2015, the contributions are made to and benefits are provided through the long-term disability and health and welfare benefit plan.

(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 \$19,775 (2014 – \$18,353) 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, 2012 indicated an unfunded liability of \$1,370,000. The actuary does not attribute portions of the unfunded liability to individual employers. The plan covers approximately 179,000 active members, of which approximately 3,100 are employees of the Branch (2014 – 3,100). The next expected valuation will be as of December 31, 2015.

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

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10. Deferred capital contributions:

Deferred capital contributions represent externally restricted contributions and other funding received for the purchase of tangible capital assets.

	2015	2014
Deferred capital contributions, beginning of year	\$ 321,566	\$ 296,608
Capital contributions received:		
Provincial Health Services Authority	44,206	45,460
Foundations and auxiliaries	11,124	854
Other	1,448	87
	56,778	46,401
Transfer of tangible capital assets to other Agencies	(934)	-
Amortization for the year	(20,775)	(21,443)
Deferred capital contributions, end of year	\$ 356,635	\$ 321,566

Deferred capital contributions comprise the following:

	2015	2014
Contributions used to purchase tangible capital assets	\$ 353,350	\$ 321,521
Unspent contributions	3,285	45
	\$ 356,635	\$ 321,566

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

Notes to Consolidated Financial Statements
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Year ended March 31, 2015

11. Tangible capital assets:

Cost	2014	Additions	Disposals	Transfers	2015
Land	\$ 106,100	\$ -	\$ -	\$ -	\$ 106,100
Land improvements	2,040	-	-	-	2,040
Buildings	419,388	16	(21,355)	26,574	424,623
Equipment	139,377	6,533	(3,076)	879	143,713
Information systems	18,556	161	(11)	-	18,706
Leasehold improvements	3,322	260	-	512	4,094
Vehicles	3,817	-	-	-	3,817
Construction in progress	40,682	95,810	-	(28,548)	107,944
Equipment and information systems in progress	238	353	-	(98)	493
Total	\$ 733,520	\$ 103,133	\$ (24,442)	\$ (681)	\$ 811,530

Accumulated amortization	2014	Amortization	Disposals	Transfers	2015
Land improvements	\$ 2,000	\$ 1	\$ -	\$ -	\$ 2,001
Buildings	158,498	11,567	(19,634)	(11)	150,420
Equipment	111,640	6,930	(3,032)	253	115,791
Information systems	17,696	348	(10)	-	18,034
Leasehold improvements	2,074	967	-	11	3,052
Vehicles	2,055	307	-	-	2,362
Total	\$ 293,963	\$ 20,120	\$ (22,676)	\$ 253	\$ 291,660

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

Notes to Consolidated Financial Statements
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Year ended March 31, 2015

11. Tangible capital assets (continued):

Cost	2013	Additions	Disposals	Transfers	2014
Land	\$ 106,100	\$ -	\$ -	\$ -	\$ 106,100
Land improvements	2,040	-	-	-	2,040
Buildings	405,145	1	-	14,242	419,388
Equipment	133,756	5,480	(1,666)	1,807	139,377
Information systems	18,286	236	-	34	18,556
Leasehold improvements	2,372	66	(89)	973	3,322
Vehicles	3,778	39	-	-	3,817
Construction in progress	16,871	40,272	-	(16,461)	40,682
Equipment and information systems in progress	8	230	-	-	238
Total	\$ 688,356	\$ 46,324	\$ (1,755)	\$ 595	\$ 733,520

Accumulated amortization	2013	Amortization	Disposals	Transfers	2014
Land improvements	\$ 1,999	\$ 1	\$ -	\$ -	\$ 2,000
Buildings	145,609	12,889	-	-	158,498
Equipment	105,254	7,632	(1,666)	420	111,640
Information systems	16,842	820	-	34	17,696
Leasehold improvements	1,429	645	-	-	2,074
Vehicles	1,661	394	-	-	2,055
Total	\$ 272,794	\$ 22,381	\$ (1,666)	\$ 454	\$ 293,963

Net book value	2015	2014
Land	\$ 106,100	\$ 106,100
Land improvements	39	40
Buildings	274,203	260,890
Equipment	27,922	27,737
Information systems	672	860
Leasehold improvements	1,042	1,248
Vehicles	1,455	1,762
Construction in progress	107,944	40,682
Equipment and information systems in progress	493	238
Total	\$ 519,870	\$ 439,557

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

Notes to Consolidated Financial Statements
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Year ended March 31, 2015

11. Tangible capital assets (continued):

During the year, \$1,813 (2014 – \$-) of interest on P3 debt has been capitalized to construction in progress.

Contributed tangible capital assets total \$- (2014 – \$6,604).

Tangible capital assets are funded as follows:

	2015	2014
Deferred capital contributions	\$ 353,350	\$ 321,521
Internally funded	117,186	118,036
Debt	49,334	-
Tangible capital assets	\$ 519,870	\$ 439,557

12. Inventories held for use:

	2015	2014
Medical supplies	\$ 3,095	\$ 3,055
Pharmaceuticals	1,980	1,546
	\$ 5,075	\$ 4,601

13. Commitments and contingencies:

(a) Construction, equipment and information systems in progress:

As at March 31, 2015, the Branch had outstanding commitments for construction, equipment and information systems in progress of \$435,929 (2014 – \$555,556).

(b) Contractual obligations:

The Branch has entered into various contracts for services within the normal course of operations. The estimated contractual obligations under these contracts are as follows:

	Contract term	2016
Physician service	2016	\$ 6,418
Housekeeping	2010-2016	2,419
Food	2010-2016	1,334
Other	2016	81
		\$ 10,252

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Year ended March 31, 2015

13. Commitments and contingencies (continued):

(c) Public-private partnerships commitments:

The Branch entered into a multi-year P3 contract with the private sector partner Affinity Partnerships. Under the agreement, Affinity Partnerships will design, construct, partially finance and maintain the Teck Acute Care Centre until the end of the term of the agreement in June 2047. Payment guarantees have been provided by the Province of BC for the payment obligations to Affinity Partnerships.

The information presented below shows the anticipated cash outflow for future obligations under this contract for the capital cost and financing of the asset, the facility maintenance ("FM") and the lifecycle costs. The asset values are recorded as tangible capital assets and the corresponding liabilities are recorded as debt and disclosed in note 8. FM and lifecycle payments to the private partner are contingent on specified performance criteria and include an estimation of inflation, where applicable.

	Capital and financing	FM and lifecycle	Total payments
2018	\$ 10,758	\$ 6,441	\$ 17,199
2019	14,343	8,803	23,146
2020	14,343	9,385	23,728
Thereafter	172,888	472,793	645,681
	\$ 212,332	\$ 497,422	\$ 709,754

Required principal repayments on P3 debt for the years ending March 31 included in capital and financing commitments above are as follows:

2018	\$ 1,518
2019	2,156
2020	2,270
Thereafter	43,390
	\$ 49,334

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

Notes to Consolidated Financial Statements
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13. Commitments and contingencies (continued):

(d) Operating leases:

The aggregate minimum future annual rentals under operating leases for the years ending March 31 are as follows:

2016	\$	941
2017		784
2018		782
2019		631
2020		465
Thereafter		1,016
	\$	4,619

(e) Litigation and claims:

Risk management and insurance services for all health authorities in BC are provided by the Risk Management and Government Security Branch of the Ministry of Finance.

The nature of the Branch's activities is such that there is litigation pending or in progress at any time. With respect to unsettled claims at March 31, 2015, management is of the opinion that the Branch 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.

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

Notes to Consolidated Financial Statements
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Year ended March 31, 2015

14. Statement of operations:

(a) Other revenues:

	2015	2014
Recoveries from sales of goods and services	\$ 10,205	\$ 6,522
Parking	2,969	2,817
Drug sales	1,119	1,182
Other	249	84
	\$ 14,542	\$ 10,605

(b) Other contributions:

	2015	2014
Foundations and auxiliaries	\$ 10,686	\$ 11,195
Other ministries	3,440	3,301
Other	7	78
	\$ 14,133	\$ 14,574

(c) Patients, clients and residents:

	2015	2014
Non-residents of BC	\$ 6,161	\$ 5,870
Non-residents of Canada	2,891	1,929
Preferred accommodation	2,324	2,499
Residents of BC self pay	364	515
Federal government	192	191
Other	1,094	1,008
	\$ 13,026	\$ 12,012

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

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2015

14. Statement of operations (continued):

(d) The following is a summary of expenses by object:

	2015	2014
Compensation:		
Compensation	\$ 296,137	\$ 286,172
Employee benefits	49,094	53,488
	345,231	339,660
Supplies:		
Drugs and medical gases	17,513	17,239
Medical and surgical	15,478	14,122
Diagnostic	7,545	6,582
Food and dietary	2,408	2,275
Printing, stationery and office	1,152	1,236
Laundry and linen	527	434
Housekeeping	177	146
Other	7,528	6,254
	52,328	48,288
Referred-out and contracted services:		
Other health authorities and BC government reporting entities	22,174	20,988
Health and support services providers	18,209	19,559
	40,383	40,547
Amortization of tangible capital assets	20,120	22,381
Equipment and building services:		
Equipment	7,214	6,404
Plant operations (utilities)	4,809	5,033
Building and grounds service contracts	2,274	1,925
Rent	550	341
	14,847	13,703
Research and designated expenses	12,382	17,131
Sundry:		
Professional fees	2,687	2,571
Travel	1,430	1,400
Communication and data processing	328	703
Patient transport	111	60
Other	7,621	8,116
	12,177	12,850
Net book value of disposed tangible capital assets	1,766	-
Accretion of asset retirement obligations	1	10
	\$ 499,235	\$ 494,570

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

Notes to Consolidated Financial Statements
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Year ended March 31, 2015

15. Supplementary cash flow information:

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

	2015	2014
Accounts receivable	\$ 420	\$ (9,363)
Inventories held for sale	(4)	103
Accounts payable and accrued liabilities	270	278
Deferred operating contributions	(82)	(1)
Deferred research and designated contributions	(1,499)	(1,318)
Inventories held for use	(474)	(109)
Prepaid expenses	(814)	207
	<u>\$ (2,183)</u>	<u>\$ (10,203)</u>

(b) Acquisition of tangible capital assets:

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

	2015	2014
Tangible capital assets funded through P3 debt	\$ 49,334	\$ -
Additions to (reductions in) asset retirement obligations (note 7)	259	(23)
Transfer of tangible capital assets from other Agencies	-	141
Contributed tangible capital assets	-	6,604
	<u>\$ 49,593</u>	<u>\$ 6,722</u>

16. Related entities:

(a) BC government reporting entities:

The Branch is related through common control to all Province of BC ministries, agencies, Crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, are considered to be in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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

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16. Related entities (continued):

(a) BC government reporting entities (continued):

The financial statements include transactions and balances with these parties in the following amounts:

	2015	2014
Revenues:		
Medical Services Plan	\$ 84,485	\$ 82,502
Recoveries from other health authorities and BC government reporting entities	9,813	8,372
Patients, clients and residents	6,161	5,870
Pharmacare	5,879	6,390
Other contributions	3,440	3,301
Research and designated contributions	1,205	1,063
Ministry of Health contributions	-	90
	\$ 110,983	\$ 107,588
Expenses:		
Referred-out and contracted services	\$ 22,174	\$ 20,988
Equipment and building services	13,751	139
Research and designated expenses	5,083	4,757
Supplies	3,310	3,089
Compensation and benefits	2,913	19,878
Sundry	1,621	1,506
	\$ 48,852	\$ 50,357
Accounts receivable:		
Medical Services Plan	\$ 12,644	\$ 17,341
Ministry of Health	2,330	1,263
Other health authorities and BC government reporting entities	1,926	2,013
	\$ 16,900	\$ 20,617
Accounts payable and accrued liabilities	\$ 5,045	\$ 5,769
Deferred operating contributions	215	297
Deferred research and designated contributions	70	44
	\$ 5,330	\$ 6,110

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16. Related entities (continued):

(b) Foundations and auxiliaries:

The Branch has economic relationships with the following foundations, auxiliaries, and societies whose net assets and results from operations are not included in the consolidated financial statements of the Branch:

(i) Foundations:

The British Columbia's Children's Hospital Foundation and the Sunny Hill Foundation for Children (the "Foundations") 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 Branch received the following contributions from the Foundations:

	2015	2014
Operations, net	\$ 23,817	\$ 21,063
Research	9,886	9,711
Other designated purposes	23,461	26,005
Capital	2,965	3,853
	<u>\$ 60,129</u>	<u>\$ 60,632</u>

\$184,256 (2014 – \$165,428) of funds which the Foundations have reflected as donations to the Branch for the year ended March 31, 2015 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 consolidated financial statements.

(ii) 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 (the "Auxiliaries") were established to provide additional comfort and welfare to patients of the Branch. During 2015 and 2014, the Branch did not receive contributions from the Auxiliaries.

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

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16. Related entities (continued):

(b) Foundations and auxiliaries (continued):

(iii) British Columbia Centre of Excellence for Women's Health Society ("BCCEWHS"):

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 BC and Canada. WHRS changed its name to BCCEWHS on March 22, 2010. At March 31, 2015, BCCEWHS has an amount receivable from the Branch of \$3,059 (2014 – \$2,621).

(c) 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 consolidated 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, 2015, revenues include \$6,694 (2014 – \$4,738) resulting from transactions with other PHSA members.

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

17. Risk management:

The Branch is exposed to credit risk, liquidity risk and foreign exchange risk from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Branch's financial instruments is provided below by type of risk.

(a) Credit risk:

Credit risk primarily arises from the Branch's cash and cash equivalents and accounts receivable. The risk exposure is limited to their varying amounts at the date of the consolidated statement of financial position.

The Branch manages credit risk by holding balances of cash and cash equivalents with a reputable top rated financial institution. The Branch periodically reviews its investments and is satisfied with the credit rating of the financial institution and the investment grade of its portfolio investments.

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

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17. Risk management (continued):

(a) Credit risk (continued):

Accounts receivable primarily consist of amounts receivable from the Ministry, PHSA, other health authorities and BC government reporting entities, patients, clients and agencies, hospital foundations and auxiliaries, grantors, etc. To reduce the risk, the Branch periodically reviews the collectibility of its accounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. As at March 31, 2015, the amount of allowance for doubtful accounts was \$5,002 (2014 – \$4,464).

The Branch is not exposed to significant credit risk with respect to the amounts receivable from the Ministry, PHSA, other health authorities and BC government reporting entities. At March 31, the following accounts receivable were past due but not impaired:

	2015		2014	
30 days	\$	137	\$	95
60 days		39		167
90 days		44		262
Over 120 days		85		-

(b) Liquidity risk:

Liquidity risk is the risk that the Branch will not be able to meet its financial obligations as they become due. It is the Branch's intention to meet its financial obligations through the collection of current accounts receivable, cash on hand and future funding from the Ministry.

The Branch's principal source of funding is from the Ministry. 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 or grant documentation. The Branch has complied with the external restrictions on the funding provided.

The tables below show when various financial assets and liabilities mature:

2015 Financial assets	Up to 1 year	1 to 5 years	Over 5 years	Total
Cash and cash equivalents	\$ 1,301	\$ -	\$ -	\$ 1,301
Accounts receivable	58,116	82	-	58,198
Total financial assets	\$ 59,417	\$ 82	\$ -	\$ 59,499

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

Notes to Consolidated Financial Statements
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Year ended March 31, 2015

17. Risk management (continued):

(b) Liquidity risk (continued):

2015				
Financial liabilities	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 68,240	\$ 333	\$ -	\$ 68,573
Debt	-	5,944	43,390	49,334
Total financial liabilities	\$ 68,240	\$ 6,277	\$ 43,390	\$ 117,907

2014				
Financial assets	Up to 1 year	1 to 5 years	Over 5 years	Total
Cash and cash equivalents	\$ 338	\$ -	\$ -	\$ 338
Accounts receivable	56,493	2,125	-	58,618
Total financial assets	\$ 56,831	\$ 2,125	\$ -	\$ 58,956

2014				
Financial liabilities	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 68,238	\$ 65	\$ -	\$ 68,303
Total financial liabilities	\$ 68,238	\$ 65	\$ -	\$ 68,303

(c) Foreign exchange risk:

The Branch's operating results and financial position are reported in Canadian dollars. As the Branch operates in an international environment, some of the Branch's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Branch's operations are subject to currency transaction and translation risks.

The Branch makes and receives payments denominated in US dollars and other currencies. The currency most contributing to the foreign exchange risk is the US dollar.

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

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2015

17. Risk management (continued):

(c) Foreign exchange risk (continued):

Comparative foreign exchange rates as at March 31 are as follows:

	2015	2014
US dollar per Canadian dollar	\$ 0.790	\$ 0.905

The Branch has not entered into any agreements or purchased any foreign currency hedging arrangements to hedge possible currency risks, as management believes that the foreign exchange risk derived from currency conversions is not significant. The foreign currency financial instruments are short term in nature and do not give rise to significant foreign currency risk.

The carrying amounts of the Branch's foreign currency denominated financial liabilities and financial assets as at March 31 are as follows:

	2015 US dollar	2014 US dollar
Cash and cash equivalents	\$ 56	\$ 4
Accounts receivable	471	-
Total financial assets	\$ 527	\$ 4

	2015 US dollar	2014 US dollar
Accounts payable and accrued liabilities	\$ 26	\$ 131

18. Comparative figures:

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

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

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19. Impact of accounting for restricted contributions in accordance with Restricted Contributions Regulation 198/2011:

As disclosed in the significant accounting policies note 1(a), Regulation 198/2011 requires the Branch to recognize revenue from restricted contributions for the purpose of acquiring or developing a depreciable tangible capital asset on the same basis as the related amortization expense of the tangible capital asset. As these transfers do not contain stipulations or restrictions creating a liability over the term of the expected useful life of a related tangible capital asset, PSAS would require these contributions to be recognized in revenue as a tangible capital asset is acquired or development and construction of a tangible capital asset is complete.

The impact of the departure from PSAS on the consolidated financial statements of the Branch is as follows:

As at March 31, 2013		
Increase in accumulated surplus	\$	296,563
Decrease in deferred capital contributions		(296,563)
For the year ended March 31, 2014		
Increase in annual surplus		24,958
As at March 31, 2014		
Increase in accumulated surplus		321,521
Decrease in deferred capital contributions		(321,521)
For the year ended March 31, 2015		
Increase in annual surplus		31,829
As at March 31, 2015		
Increase in accumulated surplus		353,350
Decrease in deferred capital contributions		(353,350)
