

Financial Statements of

**BRITISH COLUMBIA EMERGENCY
HEALTH SERVICES**

Year ended March 31, 2020



Independent auditor's report

To the Board of Directors of British Columbia Emergency Health Services

Our opinion

In our opinion, the accompanying financial statements of British Columbia Emergency Health Services (the Corporation) as at March 31, 2020 and for the year then ended are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

What we have audited

The Corporation's financial statements comprise:

- the statement of financial position as at March 31, 2020;
 - the statement of operations and accumulated deficit for the year then ended;
 - the statement of changes in net debt for the year then ended;
 - the statement of cash flows for the year then ended;
 - the notes to the financial statements, which include a summary of significant accounting policies.
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Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - basis of accounting

We draw attention to note 1 to the financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards. Note 12 to the financial statements discloses the impact of these differences. Our opinion is not modified in respect of this matter.

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Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements in accordance with the accounting requirements of 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 29, 2020

BRITISH COLUMBIA EMERGENCY HEALTH SERVICES

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

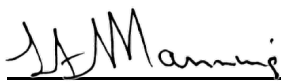
As at March 31, 2020

	2020	2019
Financial assets		
Cash and cash equivalents	\$ 3,950	\$ 1,587
Accounts receivable (note 2)	42,023	59,063
	45,973	60,650
Liabilities		
Accounts payable and accrued liabilities (note 3)	52,343	61,876
Retirement allowance (note 4(a))	3,238	3,232
Deferred capital contributions (note 5)	54,309	50,397
	109,890	115,505
Net debt	\$ (63,917)	\$ (54,855)
Non-financial assets		
Tangible capital assets (note 6)	\$ 57,936	\$ 53,097
Prepaid expenses	5,719	1,496
	63,655	54,593
Accumulated deficit	\$ (262)	\$ (262)


Commitments and contingencies (note 7)

See accompanying notes to financial statements.

Approved on behalf of the Board:

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Director and Chair of the Board

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Director

BRITISH COLUMBIA EMERGENCY HEALTH SERVICES

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

Year ended March 31, 2020

	2020 Budget (note 1(j))	2020	2019
Revenues:			
Provincial Health Services Authority contributions	\$ 455,950	\$ 470,444	\$ 462,458
Recoveries from other health authorities and BC government reporting entities	22,623	22,759	22,282
Amortization of deferred capital contributions (note 5)	11,259	11,611	11,738
Other (note 8(a))	3,484	17,181	5,839
Other contributions	-	415	67
	<u>493,316</u>	<u>522,410</u>	<u>502,384</u>
Expenses (note 8(b)):			
Acute	451,404	479,679	460,884
Corporate	17,577	19,802	20,758
Community care	24,335	22,929	20,742
	<u>493,316</u>	<u>522,410</u>	<u>502,384</u>
Annual surplus	\$ -	\$ -	\$ -
Accumulated deficit, beginning of year	(262)	(262)	(262)
Accumulated deficit, end of year	\$ (262)	\$ (262)	\$ (262)

See accompanying notes to financial statements.

BRITISH COLUMBIA EMERGENCY HEALTH SERVICES

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

Year ended March 31, 2020

	2020 Budget (note 1(j))	2020	2019
Annual surplus	\$ -	\$ -	\$ -
Acquisition of tangible capital assets	(11,000)	(16,884)	(12,785)
Amortization of tangible capital assets	11,259	11,890	11,617
Net book value of disposed tangible capital assets	-	155	383
	259	(4,839)	(785)
Acquisition of prepaid expenses	-	(54,579)	(44,663)
Use of prepaid expenses	-	50,356	44,506
	-	(4,223)	(157)
Increase in net debt	259	(9,062)	(942)
Net debt, beginning of year	(54,855)	(54,855)	(53,913)
Net debt, end of year	\$ (54,596)	\$ (63,917)	\$ (54,855)

See accompanying notes to financial statements.

BRITISH COLUMBIA EMERGENCY HEALTH SERVICES

Statement of Cash Flows

(Amounts expressed in thousands of dollars)

Year ended March 31, 2020

	2020	2019
Cash flows from (used in) operating activities:		
Annual surplus	\$ -	\$ -
Items not involving cash:		
Amortization of deferred capital contributions	(11,611)	(11,738)
Amortization of tangible capital assets	11,890	11,617
Net book value of disposed tangible capital assets	155	383
Retirement allowance expense	236	132
	670	394
Net change in non-cash operating items (note 9)	3,284	(5,084)
Retirement allowance benefits paid	(230)	(184)
Net change in cash from (used in) operating activities	3,724	(4,874)
Capital activities:		
Acquisition of tangible capital assets	(16,884)	(12,785)
Net change in cash used in capital activities	(16,884)	(12,785)
Financing activities:		
Capital contributions	15,523	11,267
Net change in cash from financing activities	15,523	11,267
Increase (decrease) in cash and cash equivalents	2,363	(6,392)
Cash and cash equivalents, beginning of year	1,587	7,979
Cash and cash equivalents, end of year	\$ 3,950	\$ 1,587

Supplementary cash flow information (note 9)

See accompanying notes to financial statements.

BRITISH COLUMBIA EMERGENCY HEALTH SERVICES

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

Year ended March 31, 2020

The British Columbia Emergency Health Services (the "Corporation"), formerly the Emergency and Health Services Commission ("EHSC"), was established as a corporation on April 1, 2013 by Bill 7 – 2013, *Emergency and Health Services Amendment Act, 2013*.

The Corporation is a member 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"). PHSA is one of six health authorities in British Columbia ("BC"). Effective April 1, 2011, the financial operations of the EHSC were transferred to the Authority to align BC's pre-hospital services with the healthcare system.

The Corporation is dependent on the Ministry to provide sufficient funds to continue operations, replace essential equipment and complete its capital projects. The Corporation is a not-for-profit organization under the *Income Tax Act* and, as such, is exempt from income and capital taxes.

The Corporation has a mandate of providing provincial ambulance and emergency health services. The Corporation oversees BC Ambulance Service, BC Patient Transfer Network and Community Paramedicine.

1. Significant accounting policies:

(a) Basis of accounting:

The 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.

BRITISH COLUMBIA EMERGENCY HEALTH SERVICES

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

Year ended March 31, 2020

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

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 Corporation.

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

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 statement of operations and accumulated deficit 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 12.

BRITISH COLUMBIA EMERGENCY HEALTH SERVICES

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

Year ended March 31, 2020

1. Significant accounting policies (continued):

(b) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand.

(c) 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 statement of operations and accumulated deficit.

(d) 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 11 years (2019 – 11 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.

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.

BRITISH COLUMBIA EMERGENCY HEALTH SERVICES

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

Year ended March 31, 2020

1. Significant accounting policies (continued):

(d) Employee benefits (continued):

(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 Corporation to pay benefits occurs.

(e) 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
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

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

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation'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 statement of operations and accumulated deficit. Write-downs are not subsequently reversed.

BRITISH COLUMBIA EMERGENCY HEALTH SERVICES

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

Year ended March 31, 2020

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

(i) Tangible capital assets (continued):

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) Prepaid expenses:

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

(f) Revenue recognition:

Under the *Hospital Insurance Act and Regulation* thereto, the Corporation 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.

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 Corporation 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 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.

BRITISH COLUMBIA EMERGENCY HEALTH SERVICES

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

Year ended March 31, 2020

1. Significant accounting policies (continued):

(g) 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.

Significant areas requiring the use of estimates include the valuation of accounts receivable, the estimated useful lives of tangible capital assets, contingent liabilities and the future costs to settle employee benefit obligations.

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

(h) Foreign currency translation:

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

(i) 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. All other financial liabilities are recorded using cost or amortized cost.

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

All financial assets recorded at amortized cost are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations and accumulated deficit.

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.

BRITISH COLUMBIA EMERGENCY HEALTH SERVICES

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

Year ended March 31, 2020

1. Significant accounting policies (continued):

(i) Financial instruments (continued):

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 Corporation's normal purchase, sale or usage requirements are not recognized as financial assets or financial liabilities.

(j) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the Corporation's Fiscal 2019/2020 Budget approved by the Board of Directors on September 26, 2019. The budget is reflected in the statement of operations and accumulated deficit and the statement of changes in net debt.

2. Accounts receivable:

	2020	2019
Provincial Health Services Authority	\$ 34,817	\$ 53,861
Other health authorities and BC government reporting entities	8,567	17,366
Federal government	1,842	817
Ministry of Health	25	66
Other	971	869
	46,222	72,979
Allowance for doubtful accounts	(4,199)	(13,916)
	\$ 42,023	\$ 59,063

3. Accounts payable and accrued liabilities:

	2020	2019
Trade accounts payable and accrued liabilities	\$ 16,525	\$ 29,165
Salaries and benefits payable	27,993	24,572
Accrued vacation pay	7,825	8,139
	\$ 52,343	\$ 61,876

BRITISH COLUMBIA EMERGENCY HEALTH SERVICES

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

Year ended March 31, 2020

4. 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 Corporation's liabilities are based on an actuarial valuation as at the early measurement date of December 31, 2018 and extrapolated to March 31, 2020 from which the service cost and interest cost components of expense for the fiscal year ended March 31, 2020 are derived. The next expected valuation will be as of December 31, 2021.

Information about retirement allowance benefits is as follows:

	2020	2019
Accrued benefit obligation:		
Severance benefits	\$ 2,409	\$ 2,272
Sick leave benefits	725	695
	3,134	2,967
Unamortized actuarial gain	104	265
Accrued benefit liability	\$ 3,238	\$ 3,232

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

	2020	2019
Accrued benefit liability, beginning of year	\$ 3,232	\$ 3,284
Net benefit expense:		
Current service cost	193	160
Interest expense	117	96
Amortization of actuarial gain	(74)	(124)
Net benefit expense	236	132
Benefits paid	(230)	(184)
Accrued benefit liability, end of year	\$ 3,238	\$ 3,232

BRITISH COLUMBIA EMERGENCY HEALTH SERVICES

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

Year ended March 31, 2020

4. Employee benefits (continued):

(a) Retirement allowance (continued):

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

	2020	2019
Accrued benefit obligation as at March 31:		
Discount rate	3.79%	4.01%
Rate of compensation increase	2.50%	2.50%
Benefit costs for years ended March 31:		
Discount rate	4.01%	4.01%
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 Corporation and other provincially funded organizations.

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 programs and services of PHSA. Accordingly, the Corporation 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, 2019 extrapolated to March 31, 2020 indicated a deficit of \$9,503 (2019 – deficit of \$10,349). Contributions of \$9,235 (2019 – \$8,846) were expensed during the year. The PHSA plan covers approximately 5,500 active employees, of which approximately 300 are employees of the Corporation (2019 – 300). The next expected valuation will be as of December 31, 2020.

BRITISH COLUMBIA EMERGENCY HEALTH SERVICES

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

Year ended March 31, 2020

4. Employee benefits (continued):

(c) Employee pension benefits:

The Corporation and its employees contribute to the Municipal Pension Plan and the Public Service Pension Plan, multi-employer defined benefit pension plans governed by the *BC Public Sector Pension Plans Act*, and to the Ambulance Paramedics of British Columbia – C.U.P.E. Local 873 Supplemental Pension Plan.

Employer contributions to the Municipal Pension Plan of \$2,234 (2019 – \$2,178) 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, 2018 indicated a funding surplus of approximately \$2,866 million. The actuary does not attribute portions of the surplus to individual employers. The plan covers approximately 205,000 active members, of which approximately 370 are employees of the Corporation (2019 – 340). The next expected valuation will be as of December 31, 2021, with results available in 2022.

Employer contributions to the Public Service Pension Plan of \$22,041 (2019 – \$19,230) were expensed during the year. Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent actuarial valuation for the plan at March 31, 2017 indicated a funding surplus of approximately \$1,896 million. The actuary does not attribute portions of the surplus to individual employers. The plan covers approximately 64,000 active members, of which approximately 3,900 are employees of the Corporation (2019 – 3,600). The next actuarial valuation will be as of March 31, 2020, with results available in 2021.

The Ambulance Paramedics of British Columbia – C.U.P.E. Local 873 Supplemental Pension Plan is a single employer defined contribution plan. Employer contributions to the Ambulance Paramedics of British Columbia – C.U.P.E. Local 873 Supplemental Pension Plan of \$3,495 were expensed during the year (2019 – \$3,392). As at March 31, 2020, the plan covered approximately 1,700 (2019 – 1,700) active members, all of which are employees of the Corporation.

BRITISH COLUMBIA EMERGENCY HEALTH SERVICES

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

Year ended March 31, 2020

5. Deferred capital contributions:

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

	2020	2019
Deferred capital contributions, beginning of year	\$ 50,397	\$ 50,868
Capital contributions received:		
Provincial Health Services Authority	15,095	10,831
Other	428	436
	15,523	11,267
Amortization for the year	(11,611)	(11,738)
Deferred capital contributions, end of year	\$ 54,309	\$ 50,397

Deferred capital contributions comprise the following:

	2020	2019
Contributions used to purchase tangible capital assets	\$ 53,829	\$ 49,571
Unspent contributions	480	826
	\$ 54,309	\$ 50,397

6. Tangible capital assets:

Cost	2019	Additions	Disposals	Transfers	2020
Land	\$ 1,837	\$ -	\$ -	\$ -	\$ 1,837
Buildings	8,911	-	-	-	8,911
Equipment	15,851	6,830	(8)	-	22,673
Information systems	16,714	610	-	3,115	20,439
Leasehold improvements	17,173	-	-	-	17,173
Vehicles	77,920	8,692	(7,098)	2,599	82,113
Equipment and information systems in progress	5,044	752	-	(5,714)	82
Total	\$ 143,450	\$ 16,884	\$ (7,106)	\$ -	\$ 153,228

BRITISH COLUMBIA EMERGENCY HEALTH SERVICES

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

Year ended March 31, 2020

6. Tangible capital assets (continued):

Accumulated amortization	2019	Amortization	Disposals	Transfers	2020
Buildings	\$ 2,438	\$ 421	\$ -	\$ -	\$ 2,859
Equipment	14,444	540	(8)	-	14,976
Information systems	14,330	1,839	-	-	16,169
Leasehold improvements	12,673	822	-	-	13,495
Vehicles	46,468	8,268	(6,943)	-	47,793
Total	\$ 90,353	\$ 11,890	\$ (6,951)	\$ -	\$ 95,292

Cost	2018	Additions	Disposals	Transfers	2019
Land	\$ 1,837	\$ -	\$ -	\$ -	\$ 1,837
Buildings	8,911	-	-	-	8,911
Equipment	15,606	9	(12)	248	15,851
Information systems	14,672	1,799	-	243	16,714
Leasehold improvements	17,094	-	-	79	17,173
Vehicles	82,729	7,721	(12,625)	95	77,920
Construction in progress	79	-	-	(79)	-
Equipment and information systems in progress	2,374	3,256	-	(586)	5,044
Total	\$ 143,302	\$ 12,785	\$ (12,637)	\$ -	\$ 143,450

Accumulated amortization	2018	Amortization	Disposals	Transfers	2019
Buildings	\$ 2,016	\$ 422	\$ -	\$ -	\$ 2,438
Equipment	13,809	638	(2)	(1)	14,444
Information systems	13,105	1,226	-	(1)	14,330
Leasehold improvements	11,258	1,415	-	-	12,673
Vehicles	50,802	7,916	(12,252)	2	46,468
Total	\$ 90,990	\$ 11,617	\$ (12,254)	\$ -	\$ 90,353

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Notes to Financial Statements
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Year ended March 31, 2020

6. Tangible capital assets (continued):

Net book value	2020	2019
Land	\$ 1,837	\$ 1,837
Buildings	6,052	6,473
Equipment	7,697	1,407
Information systems	4,270	2,384
Leasehold improvements	3,678	4,500
Vehicles	34,320	31,452
Equipment and information systems in progress	82	5,044
Total	\$ 57,936	\$ 53,097

Tangible capital assets are funded as follows:

	2020	2019
Deferred capital contributions	\$ 53,829	\$ 49,571
Internally funded	4,107	3,526
Tangible capital assets	\$ 57,936	\$ 53,097

7. Commitments and contingencies:

(a) Construction in progress:

As at March 31, 2020, the Corporation had outstanding commitments for construction in progress of \$90 (2019 – \$843).

(b) Contractual obligations:

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

2021	\$ 25,073
2022	8,897
2023	8,897
2024	8,125
2025	8,125
Thereafter	216,169
	\$ 275,286

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Year ended March 31, 2020

7. Commitments and contingencies (continued):

(c) Operating leases:

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

2021	\$	12,270
2022		9,236
2023		7,032
2024		3,694
2025		2,370
Thereafter		23,612
	\$	58,214

(d) 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 Corporation's activities is such that there is litigation pending or in progress at any time. With respect to unsettled claims at March 31, 2020, management is of the opinion that the Corporation 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 Corporation'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.

8. Statement of operations:

(a) Other revenues:

	2020	2019
Related party settlement	\$ 10,107	\$ -
Recoveries from sales of goods and services	5,833	3,956
Other	1,241	1,883
	\$ 17,181	\$ 5,839

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8. Statement of operations (continued):

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

	2020	2019
Compensation:		
Compensation	\$ 278,560	\$ 267,937
Employee benefits	90,396	79,855
	368,956	347,792
Equipment and building services:		
Equipment	74,878	70,118
Rent	18,206	16,369
Building and grounds service contracts	1,516	1,904
Plant operations (utilities)	1,264	1,291
	95,864	89,682
Supplies:		
Medical and surgical	7,359	7,705
Drugs and medical gases	1,850	1,779
Laundry and linen	1,017	1,642
Housekeeping	587	461
Printing, stationery and office	247	396
Other	9,186	9,054
	20,246	21,037
Sundry:		
Travel	3,165	4,806
Professional fees	2,868	3,671
Communication and data processing	2,523	2,836
Other	1,541	6,405
	10,097	17,718
Referred-out and contracted services:		
Other health authorities and BC government reporting entities	10,901	10,244
Health and support services providers	4,301	3,911
	15,202	14,155
Amortization of tangible capital assets	11,890	11,617
Net book value of disposed tangible capital assets	155	383
	\$ 522,410	\$ 502,384

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9. Supplementary cash flow information:

Net change in non-cash operating items:

	2020	2019
Accounts receivable	\$ 17,040	\$ (7,245)
Accounts payable and accrued liabilities	(9,533)	2,318
Prepaid expenses	(4,223)	(157)
	\$ 3,284	\$ (5,084)

10. Related parties:

(a) BC government reporting entities:

The Corporation 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.

Referred out and contracted services expenses, as outlined in note 8(b) are measured at the exchange amount, which is the amount established and agreed to by the related parties, and differs from fair market value.

The health authorities provide various services to each other relating to the provision of healthcare and other support services. The related revenues and expenses are reflected in the statement of operations and accumulated deficit and are recorded on a cost recovery basis, as the entities would have otherwise delivered the services themselves. As a result, the values recorded in the financial statements approximate fair value.

(b) Related party transactions with PHSA:

Certain administrative, finance and accounting, and human resource services are provided to the Corporation by PHSA without charge. The costs of these services have not been recorded in the financial statements of the Corporation.

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11. Risk management:

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

(a) Credit risk:

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

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

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 Corporation periodically reviews the collectability of its accounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. As at March 31, 2020, the amount of allowance for doubtful accounts was \$4,199 (2019 – \$13,916).

The Corporation 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.

(b) Liquidity risk:

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

The Corporation's principal source of funding is from the Ministry. The Corporation 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 Corporation has complied with the external restrictions on the funding provided.

All financial assets and liabilities of the Corporation have maturities within one year.

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12. 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 Corporation 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 financial statements of the Corporation is as follows:

As at March 31, 2018		
Increase in accumulated surplus	\$	50,294
Decrease in deferred capital contributions		(50,294)
For the year ended March 31, 2019		
Decrease in annual surplus		(723)
As at March 31, 2019		
Increase in accumulated surplus		49,571
Decrease in deferred capital contributions		(49,571)
For the year ended March 31, 2020		
Increase in annual surplus		4,258
As at March 31, 2020		
Increase in accumulated surplus		53,829
Decrease in deferred capital contributions		(53,829)
