

Financial Statements  
(Expressed in thousands of dollars)

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

Year ended March 31, 2009



**KPMG LLP**  
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## AUDITORS' REPORT

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

We have audited the statement of financial position of Children's & Women's Health Centre of British Columbia Branch as at March 31, 2009 and the statement of operations, changes in net assets (deficiency) and cash flows for the year then ended. These financial statements are the responsibility of the Branch's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Branch as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Vancouver, Canada

May 1, 2009

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

Statement of Financial Position  
(Expressed in thousands of dollars)

March 31, 2009, with comparative figures for 2008

	2009	2008
<b>Assets</b>		
Current assets:		
Cash	\$ 8,112	\$ 1,051
Short-term investments	-	64
Accounts receivable (note 3)	34,662	29,055
Inventories (note 4)	5,002	5,217
Prepays	2,185	1,085
	<u>49,961</u>	<u>36,472</u>
Long-term investments	5	5
Capital assets (note 5)	417,049	415,531
	<u>\$ 467,015</u>	<u>\$ 452,008</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 66,902	\$ 49,819
Deferred operating contributions (note 7)	50	50
Deferred contributions for designated purposes (note 8)	4,537	5,019
Current portion of retirement allowance (note 9(a))	1,537	1,372
	<u>73,026</u>	<u>56,260</u>
Retirement allowance (note 9(a))	23,169	22,782
Asset retirement obligations (note 12(c))	575	617
Deferred capital contributions (note 10)	297,063	296,363
	<u>393,833</u>	<u>376,022</u>
Net assets:		
Invested in capital assets (note 11(a))	119,986	119,168
Internally restricted	448	448
Unrestricted	(47,252)	(43,630)
	<u>73,182</u>	<u>75,986</u>
	<u>\$ 467,015</u>	<u>\$ 452,008</u>

Commitments and contingencies (note 12)

See accompanying notes to financial statements.

Approved on behalf of the Board:

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

  
\_\_\_\_\_  
Director

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

Statement of Operations  
(Expressed in thousands of dollars)

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
<b>Revenues:</b>		
Provincial Health Services Authority contributions	\$ 247,671	\$ 238,528
Medical Services Plan	75,409	67,934
Other contributions (note 13)	17,556	14,550
Amortization of deferred capital contributions	19,890	19,338
Other (note 14)	16,946	20,138
Patients, clients and residents (note 15)	6,850	6,253
Pharmacare	5,127	4,721
Research and designated contributions	14,990	12,877
	<u>404,439</u>	<u>384,339</u>
<b>Expenses:</b>		
Compensation and benefits	285,906	270,226
Referred-out and contracted services (note 16)	12,895	9,806
Supplies (note 17)	48,967	46,529
Amortization of capital assets	20,507	19,844
Equipment and building services	10,200	13,081
Sundry (note 18)	13,748	13,586
Accretion of asset retirement obligations (note 12(c))	30	29
Research and designated expenses	14,990	12,877
	<u>407,243</u>	<u>385,978</u>
<b>Deficiency of revenues over expenses</b>	<b>\$ (2,804)</b>	<b>\$ (1,639)</b>

See accompanying notes to financial statements.

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

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

Year ended March 31, 2009, with comparative figures for 2008

	Invested in capital assets	Internally restricted	Unrestricted	Total	
				2009	2008
Balance, beginning of the year	\$ 119,168	\$ 448	\$ (43,630)	\$ 75,986	\$ 77,625
Deficiency of revenues over expenses	(617)	-	(2,187)	(2,804)	(1,639)
Transfer to invested in capital assets (note 11(c))	1,435	-	(1,435)	-	-
Balance, end of year	\$ 119,986	\$ 448	\$ (47,252)	\$ 73,182	\$ 75,986

See accompanying notes to financial statements.

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

Statement of Cash Flows  
(Expressed in thousands of dollars)

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Cash flows from operating activities:		
Deficiency of revenues over expenses	\$ (2,804)	\$ (1,639)
Items not involving cash:		
Amortization of capital assets	20,507	19,844
Amortization of deferred capital contributions	(19,890)	(19,338)
<u>Net change in non-cash operating items (note 19)</u>	<u>10,661</u>	<u>12,341</u>
	8,474	11,208
Cash flows from investing activities:		
Net change in short-term investments	64	(2)
<u>Purchase of capital assets (note 11(c))</u>	<u>(22,025)</u>	<u>(35,257)</u>
	(21,961)	(35,259)
Cash flows from financing activities:		
Capital contributions	20,590	22,764
<u>Reductions to asset retirement obligations (note 12(c))</u>	<u>(42)</u>	<u>(43)</u>
	20,548	22,721
Increase (decrease) in cash	7,061	(1,330)
Cash, beginning of year	1,051	2,381
<u>Cash, end of year</u>	<u>\$ 8,112</u>	<u>\$ 1,051</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2009

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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 *Societies Act of British Columbia* on December 12, 2001 with a Board of Directors appointed by the Ministry of Health and is one of six Health Authorities in British Columbia. The Branch is dependent on the Ministry of Health 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 are also included in PHSA:

- British Columbia Cancer Agency Branch;
- British Columbia Centre for Disease Control and Prevention Society Branch;
- British Columbia Drug and Poison Information Centre;
- British Columbia Mental Health Society (Riverview) Branch;
- British Columbia Provincial Renal Agency;
- British Columbia Transplant Society Branch;
- Forensic Psychiatric Services Commission;
- Women's Health Research Institute Society;
- Mental Health and Addictions Research Institute; and
- Cardiac Services British Columbia.

Effective December 31, 2001, the above noted branch societies except for the Women's Health and Research Institute and the Mental Health and Addictions Research Institute were amalgamated with, and continue the operations of, their respective former societies under bylaws and constitutions consistent with the PHSA. The amalgamated Branch is considered a continuation of the former Branch for financial reporting purposes.

The Branch serves as the major children's and women's health resource centre of the Province, providing leadership in the areas of clinical services, research, education, and health promotion.

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

## 1. Significant accounting policies:

### (a) Basis of presentation:

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

### (b) Revenue recognition:

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

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

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2009

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## 1. Significant accounting policies (continued):

### (b) Revenue recognition (continued):

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

Approved operating contributions are recorded as revenue in the period to which they relate and the related expenses are incurred. Where a portion of a contribution relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the same basis as the related capital assets are depreciated.

### (c) Asset and service contributions:

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

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

### (d) Short-term investments:

Short-term investments include banker's acceptances, treasury bills and bonds and are recorded at the amortized cost adjusted for any permanent decline in value.

### (e) Inventories:

Inventories, consisting of pharmaceutical and other materials and supplies, are recorded at the lower of weighted average cost and replacement cost. Certain specific inventory items are purchased on consignment and are not included in inventory.

### (f) Long-term investments:

Long-term investments include bonds and bankers' acceptances that are not expected to mature within the next fiscal year and are recorded at cost. Where the market value of long-term investments becomes lower than cost and this decline in value is considered to be other than temporary, the long-term investments are written down to market value.

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

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2009

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## 1. Significant accounting policies (continued):

### (g) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. The Branch records depreciation on its assets on a straight-line basis over the useful life of the assets as follows:

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

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

### (h) Internally restricted net assets:

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

### (i) Employee future benefits:

Liabilities, net of plan assets, are recorded for employee retirement allowance benefits as employees render services to earn the benefits.

The actuarial determination of the accrued benefit obligations uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees, and other actuarial factors). For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Actuarial gains and losses that exceed 10% of the benefit obligation are amortized over the average remaining service period of active covered employees. The average remaining service period of the active covered employees entitled to retirement allowance benefits is 10 years (2008 - 10 years). Past service costs arising from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

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

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

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2009

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## 1. Significant accounting policies (continued):

### (j) Asset retirement obligations:

The Branch recognizes an asset retirement obligation in the period in which it incurs a legal obligation associated with the retirement of a tangible long-lived asset including leased premises resulting from the acquisition, construction, development, and/or normal use of the asset. The fair value of the asset retirement cost is capitalized as part of the carrying value of the related long-lived asset and is depreciated over the life of the asset. The liability may be changed to reflect the passage of time and changes in the fair value assessment of the retirement obligation.

### (k) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management reviews all significant estimates affecting its financial statements on a recurring basis and records the effect of any necessary adjustments. Significant areas requiring the use of estimates include determination of rates of depreciation of capital assets, recognition of asset retirement obligations, contingencies and, in particular, assumptions with respect to accrued retirement allowance benefits. Actual results could differ from the estimates.

### (l) Financial instruments:

The Branch has designated all non-derivative financial assets and liabilities as held for trading with the exception of certain obligations designated as other liabilities and receivables and investments which are designated as held to maturity.

- The Branch initially records all non-derivative financial assets and liabilities at fair value.
- Assets and liabilities classified as held for trading are measured at fair value and changes in fair value are recognized in the statement of operations.
- Held to maturity investments and receivables are measured at amortized cost using the effective interest rate method.
- Other liabilities which include the Branch's accrued retirement allowance liabilities are recorded at amortized cost.
- All transaction costs incurred on held to maturity investments, receivables, and other liabilities are incorporated in the fair value of the instrument and are amortized to operations using the effective interest rate method.

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

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2009

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## 1. Significant accounting policies (continued):

### (l) Financial instruments (continued):

Assets and liabilities classified as available for sale are measured at fair value and changes in fair value are recorded in the statement of changes in net assets until the financial instruments are re-recognized or other than temporarily impaired at which time the amounts are recorded in the statement of operations. The Branch has not classified any assets or liabilities as available for sale.

The standards require derivative instruments to be recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. All changes in the fair value of derivatives are recognized as earnings unless specific hedge criteria are met, which require that an entity must formally document, designate and assess the effectiveness of transaction that received hedge accounting.

### (m) New accounting pronouncements:

#### (i) Inventories:

Effective April 1, 2008, the Branch adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3031, *Inventories*. Under this new standard, inventories are required to be measured at the lower of cost and current replacement cost. The standard also provides more extensive guidance on the measurement and disclosure requirements for inventories; significantly, the new standard allows the reversals of previous write-downs to the net realizable value when there is a subsequent increase in the value of inventories.

The adoption of this new standard resulted in no impact to opening balances at April 1, 2008.

#### (ii) Assessing going concern:

Effective April 1, 2008, the Branch implemented Handbook Section 1400, *General Standards of Financial Statement Presentation*, which includes requirements for management to assess and disclose an entity's ability to continue as a going concern. Management has made its assessment and concluded there is no issue regarding the Branch's ability to continue as a going concern based on the assumption that the current funding levels are maintained and any committed additional future funding is received. If there are significant declines in funding, expenditures will be adjusted to match committed funding.

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

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2009

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## 1. Significant accounting policies (continued):

### (m) New accounting pronouncements (continued):

#### (iii) Capital disclosures:

Effective April 1, 2008, the Branch adopted Handbook Section 1535, *Capital Disclosures*. Under this new standard, the Branch is required to disclose both qualitative and quantitative information that enables users of the financial statements to evaluate the Branch's objectives, policies, and processes for managing capital. It also includes disclosure regarding what the Branch regards as capital, whether the Branch has complied with any external requirements and in the event of non-compliance, the consequences of not complying with these capital requirements (note 22).

### (n) Future accounting pronouncements:

#### (i) Financial instruments:

During the Branch's 2009 fiscal year, the CICA announced that not-for-profit organizations could elect to continue to apply Handbook Section 3861, *Financial Instruments – Disclosure and Presentation* in place of Handbook Sections 3862, *Financial Instruments – Disclosure* and 3863, *Financial Instruments – Presentation*. Sections 3862 and 3863 place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how an entity manages those risks. The Branch has elected to continue to apply the financial instrument disclosure and presentation standards in accordance with Section 3861.

#### (ii) Revisions to Not-for-Profit accounting standards:

In September 2008, the CICA issued amendments to Handbook Sections 4400, *Financial Statement Presentation by Not-for-Profit Organizations* and 4470, *Disclosure of Allocated Expenses by Not-for-Profit Organizations*. The amendments are effective for the Branch's fiscal year commencing April 1, 2009 and remove the requirement to disclose net assets invested in capital assets, clarify capital asset recognition criteria and amortization, expand interim financial statement requirements to not-for-profit organizations that prepare interim financial statements, require disclosure of allocated fundraising and general support expenses by not-for-profit organizations, and include the requirement to follow Handbook Section 1540, *Cash Flow Statements*. The Branch does not believe it will have a material impact on its financial statements.

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

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2009

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## 1. Significant accounting policies (continued):

(n) Future accounting pronouncements (continued):

(iii) Changes in accounting framework:

The CICA has decided to transition Canadian GAAP for publicly accountable entities to International Financial Reporting Standards (IFRS) effective January 1, 2011. The Branch is classified as a not-for-profit organization and currently is not required to adopt IFRS. The Accounting Standards Board (AcSB) and Public Sector Accounting Board (PSAB) have jointly issued an Invitation to Comment to invite feedback on the future of financial reporting by not-for-profit organizations. In addition, PSAB has issued an Invitation to comment on the future financial reporting of government organizations. The Branch is in the process of reviewing the impact of these documents on its reporting framework and financial statements.

## 2. Financial instruments:

The Branch's financial instruments include cash, short-term investments, accounts receivable, long-term investments, accounts payable and accrued liabilities, and accrued retirement allowance liabilities. It is management's opinion that the Branch is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these instruments approximate their carrying values, except for the fair value of accrued retirement allowance liabilities which are disclosed in note 9(a).

## 3. Accounts receivable:

	2009	2008
Patients, clients and agencies	\$ 3,064	\$ 3,190
Ministry of Health	13,474	13,304
Hospital foundations	12,440	9,932
Goods and services tax	850	775
Other	4,834	1,854
	<hr/>	<hr/>
	\$ 34,662	\$ 29,055

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

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2009

## 4. Inventories:

The Branch's inventories of \$5,002 (2008 - \$5,217) are recorded at the lower of weighted average cost and replacement cost and consist of pharmaceutical and other materials and supplies. During the year, \$34,248 (2008 - \$35,055) of inventories were expensed by the Branch. Certain specific inventory items are purchased on consignment and are not included in inventory.

## 5. Capital assets:

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

<b>2008</b>	Cost	Accumulated depreciation	Net book value
Land	\$ 106,100	\$ -	\$ 106,100
Land improvements	2,040	1,803	237
Buildings	254,608	39,382	215,226
Building service equipment	10,226	3,805	6,421
Construction in progress	51,501	-	51,501
Leasehold improvements	47,300	42,836	4,464
Equipment	120,553	89,006	31,547
Software licence fees	12,495	12,460	35
	<b>\$ 604,823</b>	<b>\$ 189,292</b>	<b>\$ 415,531</b>

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

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2009

## 5. Capital assets (continued):

The Children's & Women's Health Centre of British Columbia Branch began construction of the Child and Family Research Institute Building during 2006 with a budgeted construction cost of \$44,100. In 2008, there was \$42,900 included in capital assets as construction in progress. This amount was capitalized in May 2008 and usage of the building began at that time. In 2009, there was still some ongoing construction (budget of \$9,600) including fit-outs of which \$2,713 is included in capital assets as construction in progress. Funding for this project has been committed by the PHSA, the British Columbia's Children's Hospital Foundation, the University of British Columbia, and the Canadian Foundation for Innovation.

Following the capitalization of the Child and Family Research Institute Building in May 2008, it was put into use. At that time, agencies that are related to the Branch (Child and Family Research Institute, British Columbia's Children's Hospital Foundation, Mental Health and Addictions Research Institute, and British Columbia Mental Health Society (Riverview) Branch) commenced occupying space within the Building. These related parties have committed to make lease payments related to the premises for a period of 10 years. The Branch received \$450 in lease payments from the related parties in 2009.

## 6. Accounts payable and accrued liabilities:

	2009	2008
Trade accounts payable and accrued liabilities	\$ 19,965	\$ 21,414
Provincial Health Services Authority	19,186	3,468
Salaries and benefits payable	13,009	12,046
Accrued vacation pay	14,742	12,891
	\$ 66,902	\$ 49,819

## 7. Deferred operating contributions:

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

	2009	2008
Deferred operating contributions, beginning and end of year	\$ 50	\$ 50

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

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2009

## 8. Deferred contributions for designated purposes:

Deferred contributions for designated purposes represent unspent contributions for research and other specified purposes. These deferred contributions will be recorded as revenue in the statement of operations when the related expenses are incurred.

	2009	2008
Deferred contributions for designated purposes, beginning of year	\$ 5,019	\$ 4,214
Less amount recognized as revenue in the year	(14,990)	(12,877)
Add amount received for future periods	14,508	13,682
Deferred contributions for designated purposes, end of year	\$ 4,537	\$ 5,019

## 9. Employee benefits:

### (a) Retirement allowance:

Certain employees with ten or more years of service and having reached a certain age are entitled to receive special payments upon retirement or as specified by the collective agreements. These payments are based upon accumulated sick leave credits and entitlements for each year of service.

The Branch's liabilities are based on an actuarial valuation as at December 31, 2006. The next required valuation will be as of December 31, 2009.

Information about retirement allowance benefits is as follows:

	2009	2008
Accrued benefit obligation:		
Sick leave benefits	\$ 5,085	\$ 5,803
Severance benefits	9,497	10,785
Total unfunded obligation	14,582	16,588
Balance of unamortized amounts	10,124	7,566
Accrued retirement allowance benefits	24,706	24,154
Less current portion	1,537	1,372
Long-term portion	\$ 23,169	\$ 22,782
Retirement allowance expense	\$ 1,444	\$ 1,492
Benefits paid	893	664

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

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2009

## 9. Employee benefits (continued):

### (a) Retirement allowance (continued):

The significant actuarial assumptions adopted in measuring the Branch's retirement allowance liabilities are as follows:

	2009	2008
Accrued benefit obligation as at March 31:		
Discount rate	7.25%	5.50%
Rate of compensation increase	2.50%	3.25%
Benefit costs for years ended March 31:		
Discount rate	5.50%	5.50%
Rate of compensation increase	2.50%	3.25%

### (b) Long-term disability benefits:

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

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

The most recent actuarial valuation for the PHSA plan at December 31, 2008 indicated a net liability of \$7,945. Contributions of \$2,948 (2008 - \$2,827) were expensed during the year. The PHSA plan covers approximately 5,226 active employees of which approximately 1,988 are employees of the Branch. The next required valuation will be as of December 31, 2009.

The group life insurance, accidental death and dismemberment, extended health, dental, and pre-October 1, 1997 long-term disability claims administered by the Trust are structured as a multi-employer plan. Contributions to the Trust of \$5,153 (2008 - \$4,867) were expensed during the year. The most recent actuarial valuation for the plan at December 31, 2008 indicated a surplus of \$30,294 (December 31, 2007 - \$31,042). The plan covers approximately 77,948 active employees of which 2,080 (2008 - 1,967) are employees of the Branch. The next required valuation will be as of December 31, 2009.

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

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2009

## 9. Employee benefits (continued):

### (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 \$13,531 (2008 - \$12,154) were expensed during the year. Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of \$438,000. The actuary does not attribute portions of the surplus to individual employers. The plan covers approximately 150,000 active members of which approximately 3,245 are employees of the Branch. The next required valuation will be as at December 31, 2009 with results available in 2010.

## 10. Deferred capital contributions:

Deferred capital contributions represent externally restricted contributions and other funding received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2009	2008
Deferred capital contributions, beginning of year	\$ 296,363	\$ 292,937
Provincial Health Services Authority	9,756	8,882
Foundations	3,883	13,441
Other	6,951	441
	20,590	22,764
Less amortization for the year	(19,890)	(19,338)
Deferred capital contributions, end of year	\$ 297,063	\$ 296,363

## 11. Invested in capital assets:

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

	2009	2008
Capital assets	\$ 417,049	\$ 415,531
Amounts financed by:		
Deferred capital contributions	(297,063)	(296,363)
	\$ 119,986	\$ 119,168

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

Notes to Financial Statements  
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Year ended March 31, 2009

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

(b) Deficiency of revenues over expenses:

	2009	2008
Amortization of deferred capital contributions	\$ 19,890	\$ 19,338
Amortization of capital assets	(20,507)	(19,844)
	\$ (617)	\$ (506)

(c) Transfer to invested in capital assets:

	2009	2008
Purchase of capital assets	\$ 22,098	\$ 35,328
Asset retirement obligation (note 12(c))	(73)	(71)
Amounts funded by:		
Deferred capital contributions	(20,590)	(22,764)
	\$ 1,435	\$ 12,493

## 12. Commitments and contingencies:

(a) Operating leases:

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

2010	\$ 149
2011	138
2012	124
2013	11
	\$ 422

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

Notes to Financial Statements  
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Year ended March 31, 2009

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## 12. Commitments and contingencies (continued):

### (b) Litigation and claims:

The nature of the Branch's activities is such that there will be litigation pending or in progress at any time. With respect to claims at March 31, 2009, management is of the opinion that it has valid defenses and appropriate insurance coverage in place, or if there is unfunded risk, such claims are not expected to have a material effect on the Branch's financial position. Outstanding contingencies are reviewed on an ongoing basis and are provided for based on management's best estimate of the ultimate settlement. Risk management and insurance services for all Health Authorities in British Columbia are provided by the Risk Management Branch of the Ministry of Finance.

### (c) Asset retirement obligations:

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

The Branch has accrued asset retirement obligations of \$575 (2008 - \$617) representing the fair value of the legal obligations related to owned premises after charges for accretion and depreciation. The settlement of these obligations will occur at the expiry of the leases and as owned premises undergo renovations. The fair value of the legal obligation was determined by discounting the estimated cash outflows of \$636 (2008 - \$671) over the respective lease terms and until renovations are undertaken at a credit-adjusted risk free rate of 5.26% (2008 - 5.26%) for existing obligations and 4.90% for new obligations in 2009 (2008 - 5.26%). The asset retirement obligations have been capitalized as part of capital assets and will be amortized over the respective premise lease terms and over the time period until renovations are completed.

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

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

Notes to Financial Statements  
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Year ended March 31, 2009

## 12. Commitments and contingencies (continued):

(d) Bill 29:

A settlement agreement was signed on January 25, 2008 between the Government of the Province of British Columbia and the Health Employers Association of British Columbia. This agreement provides for \$75,000 of compensation for health care workers impacted by Bill 29 - B.C.'s Health and Social Services Delivery Improvement Act. The Branch received a total of \$2,729, which was paid out to the union members in accordance with the agreement. There was no impact on the Branch's financial statements as the payment to the workers was accounted for as a flow-through arrangement.

## 13. Other contributions:

	2009	2008
Other Ministries	\$ 3,182	\$ 2,881
Foundations	11,280	9,078
Other	3,094	2,591
	<b>\$ 17,556</b>	<b>\$ 14,550</b>

## 14. Other revenues:

	2009	2008
Recoveries from other Health Authorities and government reporting entities	\$ 5,594	\$ 6,264
Recoveries within PHSA	760	176
Recoveries from sales of goods and services	6,270	5,934
Parking	2,641	2,631
Drug sales	1,626	1,658
Other	55	3,475
	<b>\$ 16,946</b>	<b>\$ 20,138</b>

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

Notes to Financial Statements  
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Year ended March 31, 2009

## 15. Patients, clients and residents revenue:

	2009	2008
Federal government	\$ 110	\$ 99
Non-residents of British Columbia	3,872	2,978
Non-residents of Canada	472	585
Residents of British Columbia – self pay	410	873
Preferred accommodation	1,387	1,116
Other	599	602
	<b>\$ 6,850</b>	<b>\$ 6,253</b>

## 16. Referred out and contracted services:

	2009	2008
Other Health Authorities and government reporting entities	\$ 3,640	\$ 1,601
Private contractors	9,255	8,205
	<b>\$ 12,895</b>	<b>\$ 9,806</b>

## 17. Supplies:

	2009	2008
Drugs and medical gases	\$ 17,742	\$ 18,365
Food and dietary	3,022	2,580
Medical and surgical	9,947	8,820
Diagnostic	6,402	7,290
Printing, stationery and office	2,402	2,328
Housekeeping	565	492
Laundry and linen	275	247
Plant operation	5,027	4,231
Other	3,585	2,176
	<b>\$ 48,967</b>	<b>\$ 46,529</b>

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

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2009

## 18. Sundry:

	2009	2008
Communication and data processing	\$ 319	\$ 227
Travel	2,063	1,859
Professional fees	4,149	5,376
Other	7,217	6,124
	<b>\$ 13,748</b>	<b>\$ 13,586</b>

## 19. Statement of cash flows:

Net change in non-cash operating items:

	2009	2008
Changes to non-cash operating items:		
Restricted cash	\$ -	\$ 4
Accounts receivable	(5,607)	8,993
Inventories	215	169
Prepays	(1,100)	(212)
Accounts payable and accrued liabilities	17,083	1,754
Deferred contributions for designated purposes	(482)	805
Retirement allowance	552	828
	<b>\$ 10,661</b>	<b>\$ 12,341</b>

## 20. Related entities:

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

### (a) Foundations:

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

The foundations are separate legal entities incorporated under the Society Act of British Columbia and are registered charities under the provisions of the Income Tax Act of Canada. During the year, the British Columbia's Women's Hospital and Health Centre Foundation received an infrastructure contribution of \$200 (2008 - \$200) from the Branch.

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

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2009

## 20. Related entities (continued):

### (a) Foundations (continued):

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

	2009	2008
Operations	\$ 2,352	\$ 2,188
Research	10,649	9,868
Other designated purposes	28,451	25,609
Capital	1,926	2,341
	<b>\$ 43,378</b>	<b>\$ 40,006</b>

At March 31, 2009, the foundations held net assets of \$92,664 (2008 - \$111,665) to be used for research, patient care, education, and capital expenditures at the Branch.

In addition to the net assets held by the foundations, at March 31, 2009, \$50,072 (2008 - \$36,429) of funds which the foundations have reflected as donations to the Branch for the year ended March 31, 2009 have not yet transferred to the Branch. These funds are externally restricted, and as the Branch has not yet received the funds or met the external restrictions, they have not been reflected in these financial statements.

### (b) Auxiliaries:

The Auxiliary to British Columbia's Children's Hospital, the British Columbia's Women's Hospital and Health Centre Auxiliary, and the Auxiliary to Sunny Hill Centre for Children were established to provide additional comfort and welfare to patients of the Branch. At March 31, 2009, the auxiliaries held net assets of approximately \$415 (2008 - \$418) to be used for patient care and capital expenditures at the Branch.

(c) The Women's Health and Research Institute (WHRI) was established on September 13, 2004 to provide coordination and leadership for women's health research in British Columbia and Canada. At March 31, 2009, WHRI held cash and deferred contributions of approximately \$969 (2008 - \$1,689) to be used for research activities.

(d) The Women's Health Research and Policy of C.E.W.H. Society (WHRS) was incorporated on March 27, 2006 to facilitate and engage in research, evaluation and knowledge exchange for the purpose of improving women's health in British Columbia and Canada. At March 31, 2009, WHRS held deferred contributions of approximately \$691 (2008 - \$1,299) to be used for these activities.

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

Notes to Financial Statements  
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Year ended March 31, 2009

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## **21. Related party transactions:**

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

During the year, the Branch was involved in the following related party transactions with other PHSA members:

For the year ended March 31, 2009, revenues include \$6,024 (2008 - \$4,424) resulting from transactions with other PHSA members.

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

## **22. Capital management:**

The Branch receives its principal source of capital through funding received from the Ministry of Health. The Branch defines capital to be net assets.

The Branch's objective when managing capital is to fund its operations and capital asset additions, and to conduct research in the field of health care. The Branch manages the capital structure in conjunction with the Ministry of Health and makes adjustments based on available government funding and economic conditions. Currently, the Branch's strategy is to monitor expenditures to preserve capital in accordance with budgeted funding granted by the Ministry of Health.

The Branch is not subject to debt covenants or any other capital requirements with respect to operating funding. Funding received for designated purposes must be used for the purpose outlined in the funding letter. The Branch has complied with the external restrictions on the funding provided.

## **23. Comparative figures:**

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