

Consolidated Financial Statements
(Expressed in thousands of dollars)

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

Year ended March 31, 2013



June 27, 2013

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 statements of financial position as at March 31, 2013 and March 31, 2012 and April 1, 2011 and the consolidated statements of operations and accumulated operating surplus, changes in net financial assets (debt) and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806, www.pwc.com/ca

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the consolidated financial statements which comprise the consolidated statements of financial position as at March 31, 2013 and March 31, 2012 and April 1, 2011, the consolidated statements of operations and accumulated operating surplus, changes in net financial assets (debt) and cash flows for the years ended March 31, 2013 and March 31, 2012, 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)

March 31, 2013, with comparative figures for March 31, 2012 and April 1, 2011

	March 31, 2013	March 31, 2012 (Restated – note 17)	April 1, 2011 (Restated – note 17)
Financial assets			
Cash and cash equivalents	\$ 1,835	\$ 552	\$ 4,576
Portfolio investments	1	5	5
Accounts receivable (note 2)	49,255	53,369	37,469
Inventories held for sale (note 3)	570	577	528
	51,661	54,503	42,578
Liabilities			
Accounts payable and accrued liabilities (note 4)	68,025	71,542	58,510
Deferred operating contributions (note 5)	298	387	585
Deferred research and designated contributions (note 6)	7,266	7,275	8,340
Asset retirement obligations (note 7)	1,888	1,690	597
Retirement allowance (note 8(a))	17,857	18,207	18,381
Deferred capital contributions (note 9)	296,608	294,861	288,531
	391,942	393,962	374,944
Net debt	\$ (340,281)	\$ (339,459)	\$ (332,366)
Non-financial assets			
Tangible capital assets (note 10)	\$ 415,562	\$ 414,694	\$ 407,674
Inventories held for use (note 11)	4,492	4,637	4,288
Prepaid expenses	834	696	1,084
	420,888	420,027	413,046
Accumulated operating surplus (note 17(c)(iv))	\$ 80,607	\$ 80,568	\$ 80,680

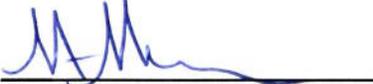
Commitments and contingencies (note 12)

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 Operating Surplus
(Amounts expressed in thousands of dollars)

Year ended March 31, 2013, with comparative figures for 2012

	Budget (note 1(m))	2013	2012 (Restated – note 17)
Revenues:			
Provincial Health Services			
Authority contributions	\$ 273,164	\$ 306,380	\$ 290,728
Medical Services Plan	83,354	80,982	86,446
Amortization of deferred capital contributions (note 9)	21,110	21,279	21,546
Other (note 13(a))	12,466	19,350	18,118
Research and designated contributions (note 6)	28,753	14,720	13,155
Other contributions (note 13(b))	8,557	14,305	15,601
Patients, clients and residents (note 13(c))	10,490	13,235	12,875
Pharmacare	5,550	5,808	5,609
Investment income	-	72	6
	443,444	476,131	464,084
Expenses (note 13(d)):			
Acute	400,414	428,081	421,207
Mental health & substance use	24,911	27,069	24,283
Population health & wellness	6,629	12,072	11,024
Community care	11,143	8,446	7,585
Corporate	347	354	28
Residential care	-	70	69
	443,444	476,092	464,196
Annual operating surplus (deficit)	\$ -	\$ 39	\$ (112)
Accumulated operating surplus, beginning of year (note 17(c)(iv))	80,568	80,568	80,680
Accumulated operating surplus, end of year	\$ 80,568	\$ 80,607	\$ 80,568

See accompanying notes to consolidated financial statements.

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

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

Year ended March 31, 2013, with comparative figures for 2012

	Budget note 1(m))	2013	2012
Annual operating surplus (deficit)	\$ -	\$ 39	\$ (112)
Acquisition of tangible capital assets	(64,348)	(22,978)	(27,875)
Asset retirement obligations	-	(292)	(1,199)
Amortization of tangible capital assets	21,613	22,402	21,986
Loss on disposal of tangible capital assets	-	-	68
	(42,735)	(829)	(7,132)
Acquisition of inventories held for use	-	(31,985)	(33,551)
Acquisition of prepaid expenses	-	(1,644)	(1,260)
Consumption of inventories held for use	-	32,130	33,202
Use of prepaid expenses	-	1,506	1,648
	-	7	39
Increase in net debt	(42,735)	(822)	(7,093)
Net debt, beginning of year	(339,459)	(339,459)	(332,366)
Net debt, end of year	\$ (382,194)	\$ (340,281)	\$ (339,459)

See accompanying notes to consolidated financial statements.

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

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

Year ended March 31, 2013, with comparative figures for 2012

	2013	2012 (Restated – note 17)
Cash flows from (used in) operating activities:		
Annual operating surplus (deficit)	\$ 39	\$ (112)
Items not involving cash:		
Amortization of deferred capital contributions	(21,279)	(21,546)
Accretion of asset retirement obligations	95	-
Amortization of tangible capital assets	22,402	21,986
Loss on disposal of tangible capital assets	-	68
Retirement allowance expense	723	1,206
Interest income	(72)	(6)
Write-off of investments	4	-
Net change in non-cash operating items (note 14(a))	513	(4,141)
Interest received	72	6
Net change in cash from operating activities	2,497	(2,539)
Capital activities:		
Asset retirement costs paid	(189)	(106)
Acquisition of tangible capital assets	(22,978)	(27,875)
Net change in cash from capital activities	(23,167)	(27,981)
Financing activities:		
Retirement allowance benefits paid	(1,073)	(1,380)
Capital contributions	23,026	27,876
Net change in cash from financing activities	21,953	26,496
Increase (decrease) in cash and cash equivalents	1,283	(4,024)
Cash and cash equivalents, beginning of year	552	4,576
Cash and cash equivalents, end of year	\$ 1,835	\$ 552

Supplementary cash flow information (note 14)

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, 2013

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 are also included in PHSA:

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

Effective December 31, 2001, the above-noted branch societies except for the Mental Health and Addictions Research Institute, Health Shared Services BC, and Emergency and Health Services Commission 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 of British Columbia, 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, 2013

1. Significant accounting policies:

(a) Basis of accounting:

These consolidated financial statements are prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia 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 elections from their first fiscal year commencing after January 1, 2012.

Regulation 198/2011 provided direction for the reporting of restricted contributions whether they are received or receivable by the Branch before or after this regulation was in effect. The accounting treatment of restricted contributions in accordance with Regulation 198/2011 is as described in note 1(m). The impact of accounting for restricted contributions in accordance with Restricted Contributions Regulation 198/2011 is disclosed in note 19.

(b) Basis of consolidation:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the CFRI, an entity controlled by the Branch. The CFRI is fully consolidated in these financial statements. Inter-entity transactions, balances and activities have been eliminated on consolidation.

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 15(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.

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, 2013

1. Significant accounting policies (continued):

(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. Interest is accrued on loans receivable to the extent it is deemed collectable.

(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 future benefits:

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

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). Plan assets are measured at fair value.

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, 2013

1. Significant accounting policies (continued):

(g) Employee future benefits (continued):

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

The actuarial gains and losses on employee benefits that are not event-driven, such as retirement benefits, are deferred and amortized over the expected average remaining service period of active covered employees. The expected average remaining service period of the active covered employees entitled to retirement allowance benefits is 10 years (2012 - 10 years).

Where there are plan assets, the new discount rate is the rate of return on plan assets. If there are no plan assets, the discount rate is the Province's cost of borrowing. 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 due and 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. Costs include 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.

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, 2013

1. Significant accounting policies (continued):

(h) Non-financial assets (continued):

(i) Tangible capital assets (continued):

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight line basis over their estimated useful lives shown below. Land is not amortized as it is deemed to have a permanent life.

Land improvements	20 years
Buildings	20 - 50 years
Building service equipment	15 - 20 years
Equipment and information systems	3 - 20 years
Leasehold improvements	Lease term to a maximum of 20 years
Software licenses	3 - 5 years
Vehicles	4 - 7 years

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, 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.

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 fair value at the date of contribution. Such fair value becomes the cost of the contributed assets.

(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.

Inventories held for use consist of pharmaceutical, medical/surgical, and other materials and supplies. Certain specific inventory items held on consignment, where the ownership risks have not transferred to the Branch, are not included in inventory.

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, 2013

1. Significant accounting policies (continued):

(i) Revenue recognition:

Under the *Hospital Insurance Act* and *Regulation* 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.

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

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service is performed.

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

Under the framework described in note 1(a), externally restricted contributions are recognized 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 in the form of a depreciable tangible capital asset, in each case for use in providing services, are considered to be deferred capital contributions and are amortized to revenue at the same rate as the amortization of the associated tangible capital asset. The amortization of the deferred capital contributions is recognized over the period in which the tangible capital asset is providing 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 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 contribution has been met by the Branch.

Volunteers contribute a significant amount of their time each year to assist the Branch in carrying out its programs and services. Due to 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.

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, 2013

1. Significant accounting policies (continued):

(i) Revenue recognition (continued):

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

(j) Measurement uncertainty:

The preparation of the 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 estimated useful lives of tangible capital assets, amounts to settle asset retirement obligations, 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 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.

(l) Financial instruments:

Financial instrument classification is determined upon inception. 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 amortized cost less an 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.

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, 2013

1. Significant accounting policies (continued):

(l) Financial instruments (continued):

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. Derivatives are initially recorded at fair value on inception. Derivatives are subsequently measured at fair value.

The Branch applied requirements of PS 3450, *Financial Instruments* effective April 1, 2012, in the same period as it adopted PSAS for the first time. Accordingly, PS 3450 was not applied retroactively. Comparative amounts for financial instruments are presented in accordance with the accounting policies applied by the Branch immediately preceding its adoption of PSAS.

(m) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the Branch's Fiscal 2012/2013 Budget approved by the Board of Directors on April 26, 2012. The budget is reflected in the consolidated statement of operations and accumulated operating surplus and the consolidated statement of changes in net debt.

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, 2013

2. Accounts receivable:

	2013	2012
Provincial Health Services Authority	\$ 18,443	\$ 18,844
Medical Services Plan	16,642	19,667
Hospital foundations and auxiliaries	7,471	5,403
Patients, clients and agencies	4,853	1,427
Other health authorities and BC government reporting entities	1,574	4,958
Ministry of Health	1,320	40
Federal and provincial sales taxes	1,250	1,329
Research and designated contributions	431	820
Other BC ministries	36	-
Other	1,512	3,465
	53,532	55,953
Allowance for doubtful accounts	(4,277)	(2,584)
	\$ 49,255	\$ 53,369

3. Inventories held for sale:

Inventories held for sale consist of pharmaceutical supplies. During the year, \$8,047 (2012 - \$8,152) of inventories were sold by the Branch.

4. Accounts payable and accrued liabilities:

	2013	2012
Trade accounts payable and accrued liabilities	\$ 27,175	\$ 31,142
Salaries and benefits payable	23,819	23,841
Accrued vacation pay	17,031	16,559
	\$ 68,025	\$ 71,542

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, 2013

5. Deferred operating contributions:

Deferred operating contributions represent government transfers from the Ministry of Health, other ministries and the federal government in the form of externally restricted operating funding received for a variety of programs.

	2013	2012
Deferred operating contributions, beginning of year	\$ 387	\$ 585
Contributions received during the year	-	31
Amounts recognized as revenue in the year	(89)	(229)
Deferred operating contributions, end of year	\$ 298	\$ 387

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.

	2013	2012
Deferred research and designated contributions, beginning of year	\$ 240	\$ 244
Contributions received during the year	1,492	49
Amounts recognized as revenue in the year	(926)	(56)
Amounts to be received in future periods	3	3
Deferred research and designated contributions, end of year	\$ 809	\$ 240

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, 2013

6. Deferred research and designated contributions (continued):

	2013	2012
Other contributions		
Deferred research and designated contributions, beginning of year	\$ 7,035	\$ 8,096
Contributions received during the year	13,090	11,221
Amounts recognized as revenue in the year	(13,794)	(13,099)
Amounts to be received in future periods	126	817
Deferred research and designated contributions, end of year	\$ 6,457	\$ 7,035
	2013	2012
Government transfers	\$ 809	\$ 240
Other contributions	6,457	7,035
Balance, end of year	\$ 7,266	\$ 7,275

7. Asset retirement obligations:

	2013	2012
Asset retirement obligations:		
Balance, beginning of year	\$ 1,690	\$ 597
Incurring costs	(189)	(106)
Change in estimates	292	1,199
Accretion	95	-
Asset retirement obligations, end of year	\$ 1,888	\$ 1,690

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 Children's and Women's Hospital. The settlement of these obligations will occur as demolitions occur and hazardous materials are removed.

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, 2013

7. Asset retirement obligations (continued):

The value of the obligations is management's best estimate of the obligations, determined by discounting the estimated cash outflows of \$1,921 (2012 - \$1,894) over the term to expected settlement, at a credit-adjusted risk-free rate of 1.02% (2012 - 4.00%). Estimated future cash flows are adjusted for an inflation factor of 2% (2012 - 2%).

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

The Branch has certain asset retirement obligations for buildings that were previously acquired that may contain asbestos and require special handling procedures. Where there is no current approved plan for the scope and timing of significant renovation, the value of the retirement obligation cannot be reasonably estimated as the future settlement date is unknown. These asset retirement obligations will be recognized as a liability in the period when their value can be reasonably estimated.

8. 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 or employee agreements. These payments are based upon accumulated sick leave credits and entitlements for each year of service.

Sick leave benefits that accumulate but do not vest are included in the sick leave benefits balance.

The Branch's liabilities are based on an independent actuarial valuation performed as at the early measurement date of December 31, 2012 and extrapolated to March 31, 2013 from which the service cost and interest cost components of expense for the fiscal year ended March 31, 2013 are derived. The next required valuation will be as of December 31, 2015.

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

Notes to Consolidated Financial Statements
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Year ended March 31, 2013

8. Employee benefits (continued):

(a) Retirement allowance (continued):

Information about retirement allowance benefits is as follows:

	March 31, 2013	March 31, 2012 (Restated – note 17)	April 1, 2011 (Restated – note 17)
Accrued benefit obligation:			
Sick leave benefits	\$ 5,447	\$ 5,810	\$ 5,802
Severance benefits	11,145	12,198	12,579
	16,592	18,008	18,381
Balance of unamortized amounts	1,265	199	-
Accrued benefit obligation, end of year	\$ 17,857	\$ 18,207	\$ 18,381

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

	2013	2012 (Restated – note 17)
Accrued benefit obligation:		
Balance, beginning of year	\$ 18,207	\$ 18,381
Current service cost	1,053	991
Amortization of actuarial gain	(199)	-
Plan amendment	191	-
Interest expense	774	908
Net benefit expense	1,819	1,899
Benefits paid	(1,073)	(1,380)
Transfer of employees to other health authorities	(1,096)	(693)
Accrued benefit obligation, end of year	\$ 17,857	\$ 18,207

During the years ended March 31, 2013 and 2012 under the Lower Mainland Consolidation and Health Shared Services BC initiatives, there were movements of staff between health authorities, resulting in the transfer of employee liabilities at the date of transfer and the transfer of ongoing expense obligations to the receiving health authorities.

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8. Employee benefits (continued):

(a) Retirement allowance (continued):

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

	March 31, 2013	March 31, 2012 (Restated – note 17)	April 1, 2011 (Restated – note 17)
Accrued benefit obligation:			
Discount rate	4.41%	4.44%	5.01%
Rate of compensation increase	2.50%	2.50%	2.50%
Benefit costs:			
Discount rate	4.44%	5.01%	6.25%
Rate of compensation increase	2.50%	2.50%	2.50%

(b) Healthcare Benefit Trust 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.

(i) Long-term disability benefits:

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 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, 2012 indicated a surplus of \$7,774 (December 31, 2011 – surplus of \$5,085). Contributions of \$2,827 (2012 - \$2,935) were expensed during the year. The PHSA plan covers approximately 8,552 active employees, of which 2,344 are employees of the Branch. The next required valuation will be as of December 31, 2013.

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

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8. 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 are structured as a multi-employer plan. Contributions to the Trust of \$4,396 (2012 - \$5,237) were expensed during the year. The most recent actuarial valuation for the plan at December 31, 2012 indicated a surplus of \$62,476 (December 31, 2011 - \$30,853). The plan covers approximately 90,000 active members, of which 2,644 (2012 - 2,554) are employees of the Branch. The next required valuation will be as of December 31, 2013.

(c) Employee pension benefits:

The Branch and its employees contribute to the Municipal Pension Plan, a multi-employer defined benefit pension plan governed by the *BC Public Sector Pension Plans Act*.

Employer contributions to the Municipal Pension Plan of \$15,026 (2012 - \$17,312) 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 actuarial valuation for the plan as at December 31, 2009 indicated an unfunded liability of \$1,024,000. The results of the most recent actuarial valuation for the plan as of December 31, 2012 have not yet been published as of the date of these consolidated financial statements. The actuary does not attribute portions of the unfunded liability to individual employees. The plan covers approximately 175,000 active members, of which 3,176 are employees of the Branch (2012 - 3,172). The next required valuation will be as at December 31, 2015, with results available in 2016.

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Notes to Consolidated Financial Statements
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9. Deferred capital contributions:

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

	2013	2012
Deferred capital contributions, beginning of year	\$ 294,861	\$ 288,531
Capital contributions received:		
Provincial Health Services Authority	19,842	20,628
Foundations and auxiliaries	1,741	4,111
Other	1,443	1,607
	23,026	26,346
Unamortized deferred capital contribution relating to assets transferred from PHSA	-	1,530
Amortization for the year	(21,279)	(21,546)
Deferred capital contributions, end of year	\$ 296,608	\$ 294,861

Deferred capital contributions are comprised of the following:

	2013	2012
Contributions used to purchase tangible capital assets	\$ 296,563	\$ 294,861
Unspent contributions	45	-
	\$ 296,608	\$ 294,861

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10. Tangible capital assets:

Cost	March 31, 2012	Additions	Disposals	Transfers	March 31, 2013
Land	\$ 106,100	\$ -	\$ -	\$ -	\$ 106,100
Land improvements	2,040	-	-	-	2,040
Buildings	366,470	124	-	20,406	387,000
Building service equipment	17,764	-	-	55	17,819
Equipment and information systems	138,138	5,840	(9,429)	5,409	139,958
Leasehold improvements	2,037	335	-	326	2,698
Software licenses	12,572	-	(488)	-	12,084
Vehicles	4,307	59	-	(588)	3,778
Equipment and information systems projects in progress	-	55	-	(47)	8
Construction projects in progress	25,575	16,857	-	(25,561)	16,871
	\$ 675,003	\$ 23,270	\$ (9,917)	\$ -	\$ 688,356

Accumulated amortization	March 31, 2012	Amortization	Disposals	March 31, 2013
Land improvements	\$ 1,998	\$ 1	\$ -	\$ 1,999
Buildings	126,134	11,621	-	137,755
Building service equipment	6,865	989	-	7,854
Equipment and information systems	110,591	8,854	(9,429)	110,016
Leasehold improvements	635	794	-	1,429
Software licenses	12,565	3	(488)	12,080
Vehicles	1,521	140	-	1,661
	\$ 260,309	\$ 22,402	\$ (9,917)	\$ 272,794

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

Notes to Consolidated Financial Statements
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Year ended March 31, 2013

10. Tangible capital assets (continued):

Cost	April 1, 2011	Additions	Disposals	Transfers	March 31, 2012
Land	\$ 106,100	\$ -	\$ -	\$ -	\$ 106,100
Land improvements	2,040	-	-	-	2,040
Buildings	366,355	-	-	115	366,470
Building service equipment	17,422	-	-	342	17,764
Equipment and information systems	135,306	4,696	(2,903)	1,039	138,138
Leasehold improvements	654	1,198	-	185	2,037
Software licenses	12,566	6	-	-	12,572
Vehicles	4,039	455	(187)	-	4,307
Construction projects in progress	4,454	22,802	-	(1,681)	25,575
	\$ 648,936	\$ 29,157	\$ (3,090)	\$ -	\$ 675,003

Accumulated amortization	April 1, 2011	Amortization	Disposals	March 31, 2012
Land improvements	\$ 1,997	\$ 1	\$ -	\$ 1,998
Buildings	114,987	11,147	-	126,134
Building service equipment	5,894	971	-	6,865
Equipment and information systems	103,929	9,414	(2,752)	110,591
Leasehold improvements	629	6	-	635
Software licenses	12,529	36	-	12,565
Vehicles	1,297	411	(187)	1,521
	\$ 241,262	\$ 21,986	\$ (2,939)	\$ 260,309

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

Notes to Consolidated Financial Statements
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Year ended March 31, 2013

10. Tangible capital assets (continued):

Net book value	2013	2012
Land	\$ 106,100	\$ 106,100
Land improvements	41	42
Buildings	249,245	240,336
Building service equipment	9,965	10,899
Equipment and information systems	29,942	27,547
Leasehold improvements	1,269	1,402
Software licenses	4	7
Vehicles	2,117	2,786
Equipment and information systems projects in progress	8	-
Construction projects in progress	16,871	25,575
	\$ 415,562	\$ 414,694

Tangible capital assets are funded as follows:

	2013	2012
Deferred capital contributions	\$ 296,563	\$ 294,861
Internally funded	118,999	119,833
Tangible capital assets	\$ 415,562	\$ 414,694

Entities that are related to the Branch (CFRI, British Columbia's Children's Hospital Foundation, Mental Health and Addictions Research Institute, and British Columbia Mental Health Society (Riverview) Branch) are occupying space within the Child and Family Research Institute building under an operating lease. The Branch received \$398 (2012 - \$398) in lease payments from the related parties in 2013.

11. Inventories held for use:

	2013	2012
Pharmaceuticals	\$ 1,807	\$ 2,043
Medical supplies	2,685	2,594
	\$ 4,492	\$ 4,637

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12. Commitments and contingencies:

(a) Construction projects in progress:

As at March 31, 2013, the Branch had outstanding commitments for construction projects in progress of \$47,445 (2012 - \$71,979).

(b) Contractual obligations:

The Branch has entered into certain long-term contracts. The information presented below shows the anticipated cash outflow related to future obligations under these contracts for the years ending March 31:

Contract	Contract term	2014	2015	2016
Physician service	2013-2015	\$ 20,116	\$ 1,240	\$ -
Housekeeping	2010-2015	4,431	4,531	2,145
Food	2010-2015	3,107	3,183	1,508
		\$ 27,654	\$ 8,954	\$ 3,653

(c) Operating leases:

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

	2013
2014	\$ 481
2015	448
2016	384
2017	349
2018	366
Thereafter	1,591
	\$ 3,619

(d) 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, 2013, 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

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13. Statement of operations:

(a) Other revenues:

	2013	2012
Recoveries from other health authorities and BC government reporting entities	\$ 8,133	\$ 5,739
Recoveries from sales of goods and services	6,564	7,559
Parking	2,988	2,916
Drug sales	1,500	1,684
Other	165	220
	<u>\$ 19,350</u>	<u>\$ 18,118</u>

(b) Other contributions:

	2013	2012
Foundations and auxiliaries	\$ 10,905	\$ 10,663
Other ministries	3,396	2,999
Other	4	1,939
	<u>\$ 14,305</u>	<u>\$ 15,601</u>

(c) Patients, clients and residents revenue:

	2013	2012
Non-residents of BC	\$ 5,570	\$ 4,704
Preferred accommodation	2,746	2,713
Non-residents of Canada	2,776	2,168
Residents of BC - self pay	1,057	2,209
Federal government	213	251
Other	873	830
	<u>\$ 13,235</u>	<u>\$ 12,875</u>

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13. Statement of operations (continued):

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

	2013	2012 (Restated – note 17)
Compensation and benefits	\$ 324,787	\$ 329,053
Supplies:		
Drugs and medical gases	16,919	18,502
Medical and surgical	13,531	12,886
Diagnostic	6,617	6,529
Food and dietary	1,795	1,551
Printing, stationery and office	1,173	1,352
Laundry and linen	428	368
Housekeeping	190	136
Other supplies	7,033	6,608
	47,686	47,932
Referred-out and contracted services:		
Other health authorities and BC government reporting entities	20,309	10,126
Private contractors	16,962	14,647
	37,271	24,773
Amortization of tangible capital assets (note 10)	22,402	21,986
Equipment and building services:		
Equipment	7,015	7,360
Plant operation (utilities)	4,408	4,329
Building and ground service contracts	3,375	745
Rent	268	183
	15,066	12,617
Research and designated expenses	14,870	13,163
Sundry:		
Professional fees	2,887	3,149
Travel	1,685	1,780
Communication and data processing	477	541
Other	8,866	9,134
	13,915	14,604
Accretion of asset retirement obligations (note 7)	95	-
Loss on disposal of tangible capital assets	-	68
	\$ 476,092	\$ 464,196

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14. Supplementary cash flow information:

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

	2013	2012 (Restated - note 17)
Accounts receivable	\$ 4,114	\$ (15,900)
Inventories held for sale	7	(49)
Accounts payable and accrued liabilities	(3,517)	13,032
Deferred operating contributions	(89)	(198)
Deferred research and designated contributions	(9)	(1,065)
Inventories held for use	145	(349)
Prepaid expenses	(138)	388
	<u>\$ 513</u>	<u>\$ (4,141)</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.

	2013	2012
Additions to asset retirement obligations (note 7)	\$ 292	\$ 1,199
Tangible capital assets transferred from PHSA	-	1,530

15. Related entities:

(a) 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 financial statements of the Branch:

(i) 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*.

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15. Related entities (continued):

(a) Foundations and auxiliaries (continued):

(i) Foundations (continued):

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

	2013	2012
Operations	\$ 983	\$ 2,205
Research	10,127	10,338
Other designated purposes	35,168	33,570
Capital	3,964	3,535
	\$ 50,242	\$ 49,648

At March 31, 2013, the foundations held net assets of \$156,894 (2012 - \$137,737) to be used for research, patient care, education, and capital expenditures at the Branch.

In addition to the net assets held by the Foundations, \$132,356 (2012 - \$100,682) of funds which the Foundations have reflected as donations to the Branch for the year ended March 31, 2013 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 were established to provide additional comfort and welfare to patients of the Branch. At March 31, 2013, the auxiliaries held net assets of approximately \$407 (2012 - \$405) to be used for patient care and capital expenditures at the Branch.

(iii) The Women's Health and Research Institute ("WHRI"):

WHRI was established on September 13, 2004 to provide coordination and leadership for women's health research in British Columbia and Canada.

The Branch has restructured its research activities relating to women's health so that this research is conducted by the hospital itself rather than by WHRI as a separate legal entity. As a result, WHRI has voluntarily dissolved, and on October 13, 2011, its assets were distributed to the Branch. Distribution of the WHRI assets did not have a significant impact on the consolidated financial statements of the Branch.

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15. Related entities (continued):

(a) Foundations and auxiliaries (continued):

(iv) 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 British Columbia and Canada. WHRS changed its name to BCCEWHS on March 22, 2010. At March 31, 2013, BCCEWHS has an amount receivable from the Branch of \$2,621 (2012 - \$2,526).

(b) 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, 2013, revenues include \$6,025 (2012 - \$5,931) resulting from transactions with other PHSA members.

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

16. Risk management:

The Branch is exposed to credit risk and liquidity 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.

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.

(i) Credit risk

Credit risk primarily arises from the Branch's cash and cash equivalents, accounts receivable and portfolio investments. The risk exposure is limited to their 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 reputable top-rated financial institution. The Branch periodically reviews its investments and is satisfied with the credit rating of the financial institutions and the investment grade of its portfolio investments.

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16. Risk management (continued):

(i) 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 collectability of its accounts receivable and establishes an allowance based on its best estimate of potentially uncollectable amounts. As at March 31, 2013, the amount of allowance for doubtful accounts was \$4,277 (2012 - \$2,584), as these accounts receivable are deemed by management not to be collectable.

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, 2013, the following accounts receivable were past due but not impaired:

30 days	\$	1,101
60 days		49
90 days		336
Over 120 days		456

(ii) Liquidity risk:

Liquidity risk is the risk that the Branch will not be able to meet its financial obligations as they become due.

The Branch receives its principal source of capital through funding received from the Ministry. The Branch defines capital to be accumulated operating surplus and deferred capital contributions.

The Branch's objective when managing capital is to fund its operations and tangible capital asset additions, and to conduct research in the field of health care. The Branch manages the capital structure in conjunction with the Ministry 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.

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.

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Year ended March 31, 2013

16. Risk management (continued):

(ii) Liquidity risk (continued):

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

Financial assets	On demand	Up to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Total
Cash and cash equivalents	\$ 1,835	\$ -	\$ -	\$ -	\$ -	\$ 1,835
Portfolio investments	1	-	-	-	-	1
Accounts receivable	43,706	4,928	556	65	-	49,255
Total financial assets	\$ 45,542	\$ 4,928	\$ 556	\$ 65	\$ -	\$ 51,091

Financial liabilities	On demand	Up to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 64,845	\$ 3,180	\$ -	\$ -	\$ -	\$ 68,025
Total financial liabilities	\$ 64,845	\$ 3,180	\$ -	\$ -	\$ -	\$ 68,025

17. Adoption of new financial reporting framework:

Effective April 1, 2012, the Branch adopted the framework described in note 1(a). These financial statements are the first financial statements for which the Branch has applied the framework. Previously, the Branch's financial statements were prepared in accordance with Part V of Canadian generally accepted accounting principles ("Part V Canadian GAAP").

The accounting policies disclosed in note 1 of the consolidated financial statements have been applied consistently in preparing the consolidated financial statements as at and for the year ended March 31, 2013, the comparative information as at and for the year ended March 31, 2012 and in the preparation of an opening statement of financial position as at April 1, 2011, the Branch's transition date, with the exception of exemptions on the first time adoption of PSAS described below and the adoption of PS 3450, *Financial Instruments*. According to the transitional provisions of PS 3450 for the first time adopters of PSAS, requirements of PS 3450 were applied as at April 1, 2012 prospectively, without restatement of comparative periods.

The impact of the adoption of the framework on accumulated operating surplus at the date of transition and comparative balances is presented below. These accounting changes have been applied retroactively with restatement of prior periods, except for the following exemptions from retroactive application on the first time adoption.

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17. Adoption of new financial reporting framework (continued):

(a) Transition date exemptions

Optional exemptions:

PS 2125, *First Time Adoption by Government Organizations* allows first time adopters certain optional exemptions from full retrospective application of PSAS. Application of certain first time adoption exemptions was directed by the Treasury Board and the OCG (note 1(a)). The Branch applied the following exemptions as at April 1, 2011, its date of transition to the framework:

(i) Retirement and post-employment benefits – change in discount rate applied:

The Branch has elected not to use the exemption and applied the requirements of PS 3250, *Retirement Benefits* and PS 3255, *Post-Employment Benefits, Compensated Absences and Termination Benefits* with respect to the discount rate used to calculate the accrued obligations as at April 1, 2011.

(ii) Retirement and post-employment benefits – cumulative unamortized gains and losses on transition:

The Branch has elected to recognize all cumulative actuarial gains and losses at the date of transition directly to accumulated operating surplus. This election has been applied to all plans.

(iii) Business combinations:

The Branch has elected to apply the election under PS 2125. Therefore, the Branch has not restated any business combinations before the transition date to be in compliance with section PS 2510, *Business Combinations*.

(iv) Tangible capital asset impairment:

The Branch has elected to apply the exemption under PS 2125, which exempts the Branch from retroactively reviewing for write-downs of tangible capital assets prior to the date of transition.

Mandatory exemptions:

The Branch has not revised estimates previously made under Part V Canadian GAAP, except for adjustments required to reflect any difference in accounting policies or calculations. Hindsight is not used to create or revise estimates.

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17. Adoption of new financial reporting framework (continued):

(b) Transitional adjustments to new accounting framework:

Key adjustments to the Branch's financial statements resulting from the adoption of the framework are as follows:

(i) Retirement and post-employment benefits – accrual of non-vesting sick leave benefits:

Previously, the Branch was not required to record an accrued benefit obligation related to sick leave benefits when such benefits do not vest. The framework requires that a liability and an expense be recognized for post-employment benefits and compensated absences that vest or accumulate in the period in which employees render services to the Branch in return for the benefits. An adjustment was made to recognize a liability related to accumulated sick leave entitlement.

(ii) Retirement and post-employment benefits – amortization of actuarial gains and losses:

Under Part V Canadian GAAP, the Branch used the "corridor" method of amortization of actuarial gains and losses, under which such gains or losses in excess of 10% of the greater of net plan assets or liabilities at the beginning of the period were deferred and amortized over the expected average remaining service lifetime of active employees.

Under PS 3250, *Retirement Benefits* and PS 3255, *Post-Employment Benefits, Compensated Absences and Termination Benefits*, the Branch defers and amortizes any amount of actuarial gains and losses on retirement benefit plans, as such benefits are not event-driven.

(iii) Deferred research and designated contributions:

Certain balances previously reported in the deferred research and designated contributions did not meet the definition of a liability under PS 3200, *Liabilities*. Amounts were restated to recognize revenue in periods in which revenue recognition criteria were met.

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

Notes to Consolidated Financial Statements
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17. Adoption of new financial reporting framework (continued):

(c) Reconciliation of statements of financial position, operations and cash flows, and accumulated operating surplus as previously reported under Part V Canadian GAAP to new financial reporting framework

Key adjustments to the Branch's financial statements resulting from the adoption of the framework are as follows:

(i) Consolidated statements of financial position:

March 31, 2012	Note	Part V Canadian GAAP, as previously reported	Prior year adjustment	Transition adjustment	New accounting framework
Liabilities					
Deferred research and designated contributions	(b)(iii)	\$ 7,437	\$ (162)	\$ -	\$ 7,275
Retirement allowance	(a)(i)-(ii) (b)(i)-(ii)	25,074	(7,136)	269	18,207
April 1, 2011	Note	Part V Canadian GAAP, as previously reported	Transition adjustment	New accounting framework	
Liabilities					
Deferred research and designated contributions	(b)(iii)	\$ 8,502	\$ (162)	\$	\$ 8,340
Retirement allowance	(a)(i)-(ii) (b)(i)	25,517	(7,136)		18,381

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17. Adoption of new financial reporting framework (continued):

(ii) Statement of operations:

The framework requires presentation of expenses by functions. Accordingly, the Branch presents expenses by sectors of health care. The following is a reconciliation of previously reported expenses to presentation of expenses by functions.

2012	Part V Canadian GAAP, as previously reported	Transition Note adjustment	Acute	Mental health & substance use	Population health & wellness	Community care	Corporate	Resi- dential care	Total (restated)
Compensation and benefits	\$ 328,784	\$ 269 (a)(i) (b)(i)-(ii)	\$ 300,817	\$ 21,668	\$ 3,029	\$ 3,470	\$ -	\$ 69	\$ 329,053
Supplies	47,933	-	46,683	551	664	34	-	-	47,932
Referred-out and contracted services	24,773	-	20,740	327	994	2,712	-	-	24,773
Amortization of tangible capital assets	21,986	-	20,986	26	973	1	-	-	21,986
Sundry	14,603	-	11,139	960	2,190	289	26	-	14,604
Research and designated expenses	13,163	-	8,868	178	3,048	1,069	-	-	13,163
Equipment and building services	12,617	-	11,906	573	126	10	2	-	12,617
Loss on disposal of tangible capital assets	68	-	68	-	-	-	-	-	68
	\$ 463,927	\$ 269	\$ 421,207	\$ 24,283	\$ 11,024	\$ 7,585	\$ 28	\$ 69	\$ 464,196

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

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17. Adoption of new financial reporting framework (continued):

(iii) Statement of cash flows:

2012	Note	Part V Canadian GAAP, as previously reported	Transition adjustment	New accounting framework
Retirement allowance expense	(a)(i) (b)(i)-(ii)	\$ 937	\$ 269	\$ 1,206

The adoption of the framework has had no impact on the net cash flows of the Branch. Interest income is now separately presented as part of cash flows from operations. The framework requires separate presentation of cash flows from transactions with tangible capital assets, which were previously presented as part of investing activities.

(iv) Accumulated operating surplus

	Note	March 31, 2012	April 1, 2011
Accumulated operating surplus, as previously reported		\$ 73,539	\$ 73,382
Effect of recognition of the unamortized actuarial gains / losses in accumulated surplus, change in discount rate, change in method of amortization of actuarial gains / losses on retirement benefits and non-vested sick leave accrual	(a)(i)-(ii) (b)(i)-(ii)	6,867	7,136
Effect of release of deferred research and designated contributions that do not meet the definition of a liability	b(iii)	162	162
Accumulated operating surplus, as restated		\$ 80,568	\$ 80,680

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

Notes to Financial Statements

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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), Restricted Contributions 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 capital tangible 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 Branch is as follows:

As at April 1, 2011		
Increase in accumulated operating surplus	\$	288,531
Decrease in deferred capital contributions		(288,531)
For the year ended March 31, 2012		
Increase in operating surplus		6,330
As at March 31, 2012		
Increase in accumulated operating surplus		294,861
Decrease in deferred capital contributions		(294,861)
For the year ended March 31, 2013		
Increase in operating surplus		1,702
As at March 31, 2013		
Increase in accumulated operating surplus		296,563
Decrease in deferred capital contributions		(296,563)
