

Consolidated Financial Statements of

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

Year ended March 31, 2014



June 26, 2014

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Children's & Women's Health Centre of British Columbia Branch, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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



Opinion

In our opinion, the consolidated financial statements which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and the related notes, are prepared, in all material respects, in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia.

Emphasis of matter

Without modifying our opinion, we draw your attention to note 1 to the consolidated financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards. Note 18 to the consolidated financial statements discloses the impact of these differences.

PricewaterhouseCoopers LLP

Chartered Accountants

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

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

As at March 31, 2014

	2014	2013
Financial assets		
Cash and cash equivalents	\$ 337	\$ 1,835
Portfolio investments	1	1
Accounts receivable (note 2)	58,618	49,255
Inventories held for sale (note 3)	467	570
	<u>59,423</u>	<u>51,661</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	68,303	68,025
Deferred operating contributions (note 5)	297	298
Deferred research and designated contributions (note 6)	5,948	7,266
Asset retirement obligations (note 7)	1,792	1,888
Retirement allowance (note 8(a))	25,664	17,857
Deferred capital contributions (note 9)	321,566	296,608
	<u>423,570</u>	<u>391,942</u>
Net debt	\$ (364,147)	\$ (340,281)
Non-financial assets		
Tangible capital assets (note 10)	\$ 439,557	\$ 415,562
Inventories held for use (note 11)	4,601	4,492
Prepaid expenses	627	834
	<u>444,785</u>	<u>420,888</u>
Accumulated surplus	\$ 80,638	\$ 80,607

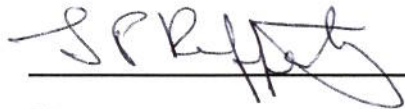
Commitments and contingencies (note 12)

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 Surplus
(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

	2014 Budget (note 1(m))	2014	2013
Revenues:			
Provincial Health Services			
Authority contributions	\$ 280,441	\$ 321,350	\$ 306,380
Medical Services Plan	84,276	82,502	80,982
Amortization of deferred capital contributions (note 9)	20,146	21,443	21,279
Research and designated contributions (note 6)	29,600	17,298	14,720
Other contributions (note 13(a))	3,549	14,574	14,305
Patients, clients and residents (note 13(b))	8,907	12,012	13,235
Other (note 13(c))	7,586	11,264	11,217
Recoveries from other health authorities and BC government reporting entities	4,783	7,713	8,133
Pharmacare	5,550	6,390	5,808
Investment income	-	55	72
	<u>444,838</u>	<u>494,601</u>	<u>476,131</u>
Expenses (note 13(d)):			
Acute	396,555	445,704	428,081
Mental health and substance use	28,215	28,766	27,069
Population health and wellness	10,720	10,141	12,072
Community care	8,834	9,343	8,446
Corporate	444	546	354
Residential care	70	70	70
	<u>444,838</u>	<u>494,570</u>	<u>476,092</u>
Annual surplus	\$ -	\$ 31	\$ 39
Accumulated surplus, beginning of year	80,607	80,607	80,568
Accumulated surplus, end of year	\$ 80,607	\$ 80,638	\$ 80,607

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, 2014

	2014 Budget (note 1(m))	2014	2013
Annual surplus	\$ -	\$ 31	\$ 39
Acquisition of tangible capital assets	(49,369)	(46,258)	(22,978)
Transfer of tangible capital assets from other Agencies	-	(141)	-
Asset retirement obligations	-	23	(292)
Amortization of tangible capital assets	20,637	22,381	22,402
	(28,732)	(23,964)	(829)
Acquisition of inventories held for use	-	(32,764)	(31,985)
Acquisition of prepaid expenses	-	(1,889)	(1,644)
Consumption of inventories held for use	-	32,655	32,130
Use of prepaid expenses	-	2,096	1,506
	-	98	7
Increase in net debt	(28,732)	(23,866)	(822)
Net debt, beginning of year	(340,281)	(340,281)	(339,459)
Net debt, end of year	\$ (369,013)	\$ (364,147)	\$ (340,281)

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, 2014

	2014	2013
Cash flows from (used in) operating activities:		
Annual surplus	\$ 31	\$ 39
Items not involving cash:		
Amortization of deferred capital contributions	(21,443)	(21,279)
Accretion of asset retirement obligations	10	95
Amortization of tangible capital assets	22,381	22,402
Retirement allowance expense	8,922	723
Interest income	(55)	(72)
Write-off of investments	-	4
	9,846	1,912
Net change in non-cash operating items (note 14(a))	(10,203)	513
Interest received	55	72
Net change in cash from operating activities	(302)	2,497
Capital activities:		
Asset retirement costs paid	(83)	(189)
Acquisition of tangible capital assets (note 14(b))	(39,654)	(22,978)
Net change in cash from capital activities	(39,737)	(23,167)
Financing activities:		
Retirement allowance benefits paid	(1,115)	(1,073)
Capital contributions	39,656	23,026
Net change in cash from financing activities	38,541	21,953
(Decrease) increase in cash and cash equivalents	(1,498)	1,283
Cash and cash equivalents, beginning of year	1,835	552
Cash and cash equivalents, end of year	\$ 337	\$ 1,835

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, 2014

The Children's & Women's Health Centre of British Columbia Branch (the "Branch") is a branch society of the Provincial Health Services Authority ("PHSA" or the "Authority") which was created under the *Society Act of British Columbia* on December 12, 2001 with a Board of Directors appointed by the Ministry of Health (the "Ministry") and is one of six health authorities in British Columbia ("BC"). The Branch is dependent on the Ministry to provide sufficient funds to continue operations, replace essential equipment, and complete its capital projects. The Branch is a not-for-profit organization under the *Income Tax Act* and, as such, is exempt from income and capital taxes.

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

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

Effective December 31, 2001, the above-noted branch societies except for Health Shared Services BC and British Columbia Emergency Health Services Corporation were amalgamated with, and continue the operations of, their respective former societies under bylaws and constitutions consistent with 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 BC, providing leadership in the areas of clinical services, research, education, and health promotion.

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

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

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

Year ended March 31, 2014

1. Significant accounting policies:

(a) Basis of accounting:

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

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

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

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

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

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

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

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

Year ended March 31, 2014

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

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

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

As a result, revenue recognized in the consolidated statement of operations and certain deferred capital contributions would be recorded differently under PSAS. The impact of accounting for restricted contributions in accordance with Regulation 198/2011 is disclosed in note 18.

(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.

(d) Accounts receivable:

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

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

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

Year ended March 31, 2014

1. Significant accounting policies (continued):

(e) Inventories held for sale:

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

(f) Asset retirement obligations:

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

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

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

(g) Employee benefits:

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

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

The actuarial determination of the accrued benefit obligations uses the projected benefit method prorated on service which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors. Plan assets are measured at fair value.

The cumulative unrecognized actuarial gains and losses on retirement allowance benefits are amortized over the expected average remaining service period of active employees covered under the plan. The expected average remaining service period of the active covered employees entitled to retirement allowance benefits is 10 years (2013 - 10 years). Actuarial gains and losses on event-driven benefits such as long-term disability benefits are recognized immediately.

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

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

Year ended March 31, 2014

1. Significant accounting policies (continued):

(g) Employee benefits (continued):

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

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

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

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

(iii) Accumulating, non-vesting benefit plans:

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

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

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

(h) Non-financial assets:

(i) Tangible capital assets:

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

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, 2014

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 as follows:

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

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

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

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

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

(ii) Inventories held for use:

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

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

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, 2014

1. Significant accounting policies (continued):

(h) Non-financial assets (continued):

(iii) Prepaid expenses:

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

(i) Revenue recognition:

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

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

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

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

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

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

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

(j) Measurement uncertainty:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

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, 2014

1. Significant accounting policies (continued):

(j) Measurement uncertainty (continued):

Significant areas requiring the use of estimates include the valuation of accounts receivable, the estimated useful lives of tangible capital assets, amounts to settle asset retirement obligations, contingent liabilities 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 and financial instruments are not reclassified into another measurement category for the duration of the period they are held.

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

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

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

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

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

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

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, 2014

1. Significant accounting policies (continued):

(l) Financial instruments (continued):

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

(m) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the Branch's Fiscal 2013/2014 Budget approved by the Board of Directors on August 21, 2013. The budget is reflected in the consolidated statement of operations and accumulated surplus and the consolidated statement of changes in net debt.

2. Accounts receivable:

	2014	2013
Provincial Health Services Authority	\$ 26,456	\$ 18,443
Medical Services Plan	17,341	16,642
Foundations and auxiliaries	7,830	7,471
Patients, clients and residents	5,667	4,853
Other health authorities and BC government reporting entities	2,013	1,577
Federal government	848	1,250
Other grantors	185	428
Ministry of Health	1,263	1,320
Other	1,479	1,548
	63,082	53,532
Allowance for doubtful accounts	(4,464)	(4,277)
	\$ 58,618	\$ 49,255

3. Inventories held for sale:

Inventories held for sale consist of pharmaceutical supplies. During the year, \$8,085 (2013 - \$8,047) of inventories were sold by the Branch.

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

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

Year ended March 31, 2014

4. Accounts payable and accrued liabilities:

	2014	2013
Trade accounts payable and accrued liabilities	\$ 27,450	\$ 27,175
Salaries and benefits payable	23,293	23,819
Accrued vacation pay	17,560	17,031
	<u>\$ 68,303</u>	<u>\$ 68,025</u>

5. Deferred operating contributions:

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

	2014	2013
Deferred operating contributions, beginning of year	\$ 298	\$ 387
Contributions received during the year	28	-
Amounts recognized as revenue in the year	(29)	(89)
Deferred operating contributions, end of year	<u>\$ 297</u>	<u>\$ 298</u>

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.

	2014	2013
Government transfers		
Deferred research and designated contributions, beginning of year	\$ 809	\$ 240
Contributions received during the year	2,176	1,495
Amounts recognized as revenue in the year	(1,801)	(926)
Deferred research and designated contributions, end of year	<u>\$ 1,184</u>	<u>\$ 809</u>

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, 2014

6. Deferred research and designated contributions (continued):

Other contributions	2014	2013
Deferred research and designated contributions, beginning of year	\$ 6,457	\$ 7,035
Contributions received during the year	14,298	17,493
Amounts transferred to deferred capital contributions	(679)	(4,403)
Amounts recognized as revenue in the year	(15,497)	(13,794)
Amounts to be received in future periods	185	126
Deferred research and designated contributions, end of year	\$ 4,764	\$ 6,457
	2014	2013
Government transfers	\$ 1,184	\$ 809
Other contributions	4,764	6,457
Balance, end of year	\$ 5,948	\$ 7,266

7. Asset retirement obligations:

	2014	2013
Asset retirement obligations, beginning of year	\$ 1,888	\$ 1,690
New obligations	66	-
Incurred costs	(83)	(189)
Change in estimates	(89)	292
Accretion	10	95
Asset retirement obligations, end of year	\$ 1,792	\$ 1,888

The Branch has accrued asset retirement obligations representing the estimated cost to settle obligations related to removal of hazardous materials during demolitions of parts of the Children's and Women's Hospital. 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, 2014

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 \$1,801 (2013 – \$1,921) over the term to expected settlement, at a credit-adjusted risk-free rate of 1.50% (2013 – 1.02%). Estimated future cash flows are adjusted for an inflation factor of 2.00% (2013 – 2.00%).

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

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

8. Employee benefits:

(a) Retirement allowance:

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

The Branch's liabilities are based on an actuarial valuation as at the early measurement date of December 31, 2012 and extrapolated to March 31, 2014 from which the service cost and interest cost components of expense for the fiscal year ended March 31, 2014 are derived. The next expected valuation will be as of December 31, 2015.

Information about retirement allowance benefits is as follows:

	2014	2013
Accrued benefit obligation:		
Severance benefits	\$ 15,601	\$ 11,145
Sick leave benefits	8,644	5,447
	24,245	16,592
Unamortized actuarial gain	1,419	1,265
Accrued benefit obligation	\$ 25,664	\$ 17,857

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

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8. Employee benefits (continued):

(a) Retirement allowance (continued):

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

	2014	2013
Accrued benefit obligation, beginning of year	\$ 17,857	\$ 18,207
Net benefit expense:		
Current service cost	1,508	1,053
Interest expense	1,017	774
Amortization of actuarial gain	(102)	(199)
Plan amendment	-	191
Net benefit expense	2,423	1,819
Benefits paid	(1,115)	(1,073)
Accrued benefit obligation transferred from (to) other health authorities and PHSA Agencies	6,499	(1,096)
Accrued benefit obligation, end of year	\$ 25,664	\$ 17,857

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

	2014	2013
Accrued benefit obligation as at March 31:		
Discount rate	4.26%	4.41%
Rate of compensation increase	2.50%	2.50%
Benefit costs for years ended March 31:		
Discount rate	4.41%	4.44%
Rate of compensation increase	2.50%	2.50%
Expected future inflationary increases	2.00%	2.00%

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8. Employee benefits (continued):

(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, 2013 indicated a surplus of \$20,299 (December 31, 2012 – \$7,774). Contributions of \$3,892 (2013 – \$2,827) were expensed during the year. The PHSA plan covers approximately 9,000 active employees, of which approximately 2,300 are employees of the Branch. The next expected valuation will be as of December 31, 2014.

(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 \$6,072 (2013 – \$4,396) were expensed during the year. The most recent actuarial valuation at December 31, 2013 indicated a surplus of \$62,476 (December 31, 2012 – \$62,476). The plan covers approximately 90,000 active members, of which approximately 2,200 are employees of the Branch. The next expected actuarial valuation will be as of December 31, 2014.

(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 \$18,353 (2013 – \$15,026) were expensed during the year. Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent actuarial valuation for the plan at December 31, 2012 indicated an unfunded liability of \$1,370,000. The actuary does not attribute portions of the unfunded liability to individual employers. The plan covers approximately 179,000 active members, of which approximately 3,100 are employees of the Branch (2013 – 3,200). The next expected valuation will be as of December 31, 2015.

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

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9. Deferred capital contributions:

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

	2014	2013
Deferred capital contributions, beginning of year	\$ 296,608	\$ 294,861
Capital contributions received:		
Provincial Health Services Authority	45,460	19,842
Foundations and auxiliaries	854	1,741
Other	87	1,443
	46,401	23,026
Amortization for the year	(21,443)	(21,279)
Deferred capital contributions, end of year	\$ 321,566	\$ 296,608

Deferred capital contributions comprise the following:

	2014	2013
Contributions used to purchase tangible capital assets	\$ 321,521	\$ 296,563
Unspent contributions	45	45
	\$ 321,566	\$ 296,608

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Notes to Consolidated Financial Statements
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Year ended March 31, 2014

10. Tangible capital assets:

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

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

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Notes to Consolidated Financial Statements
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Year ended March 31, 2014

10. Tangible capital assets (continued):

Cost	2012	Additions	Disposals	Transfers	2013
Land	\$ 106,100	\$ -	\$ -	\$ -	\$ 106,100
Land improvements	2,040	-	-	-	2,040
Buildings	384,560	124	-	20,461	405,145
Equipment	126,695	5,699	(3,165)	4,527	133,756
Information systems	24,603	141	(6,752)	294	18,286
Leasehold improvements	1,711	335	-	326	2,372
Vehicles	3,719	59	-	-	3,778
Construction in progress	25,575	16,857	-	(25,561)	16,871
Equipment and information systems in progress	-	55	-	(47)	8
Total	\$ 675,003	\$ 23,270	\$ (9,917)	\$ -	\$ 688,356

Accumulated Amortization	2012	Amortization	Disposals	2013
Land improvements	\$ 1,998	\$ 1	\$ -	\$ 1,999
Buildings	132,999	12,610	-	145,609
Equipment	100,749	7,680	(3,175)	105,254
Information systems	22,693	891	(6,742)	16,842
Leasehold improvements	635	794	-	1,429
Vehicles	1,235	426	-	1,661
Total	\$ 260,309	\$ 22,402	\$ (9,917)	\$ 272,794

Net book value	2014	2013
Land	\$ 106,100	\$ 106,100
Land improvements	40	41
Buildings	260,890	259,536
Equipment	27,737	28,502
Information systems	860	1,444
Leasehold improvements	1,248	943
Vehicles	1,762	2,117
Construction in progress	40,682	16,871
Equipment and information systems in progress	238	8
Total	\$ 439,557	\$ 415,562

Contributed tangible capital assets total \$6,604 (2013 - \$nil).

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10. Tangible capital assets (continued):

Tangible capital assets are funded as follows:

	2014	2013
Deferred capital contributions	\$ 321,521	\$ 296,563
Internally funded	118,036	118,999
Tangible capital assets	\$ 439,557	\$ 415,562

Entities that are related to the Branch (CFRI, British Columbia's Children's Hospital Foundation and Mental Health and Addictions Research Institute) are occupying space within the Child and Family Research Institute building under an operating lease. The Branch received \$398 (2013 – \$398) in lease payments from the related parties in 2014.

11. Inventories held for use:

	2014	2013
Medical supplies	\$ 3,055	\$ 2,685
Pharmaceuticals	1,546	1,807
	\$ 4,601	\$ 4,492

12. Commitments and contingencies:

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

As at March 31, 2014, the Branch had outstanding commitments for construction, equipment and information systems in progress of \$555,556 (2013 – \$47,445).

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12. Commitments and contingencies (continued):

(b) Contractual obligations:

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

	Contract term	2015	2016	2017
Physician service	2013-2015	\$ 11,648	\$ -	\$ -
Housekeeping	2010-2015	2,683	-	-
Food	2010-2015	1,401	-	-
Other	2013-2017	30	8	8
		\$ 15,762	\$ 8	\$ 8

(c) Operating leases:

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

2015	\$ 595
2016	477
2017	391
2018	366
2019	366
Thereafter	1,208
	\$ 3,403

(d) Litigation and claims:

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

The nature of the Branch's activities is such that there is litigation pending or in progress at any time. With respect to unsettled claims at March 31, 2014, 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.

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13. Statement of operations:

(a) Other contributions:

	2014	2013
Foundations and auxiliaries	\$ 11,195	\$ 10,905
Other ministries	3,301	3,396
Other	78	4
	<u>\$ 14,574</u>	<u>\$ 14,305</u>

(b) Patients, clients and residents:

	2014	2013
Non-residents of BC	\$ 5,870	\$ 5,570
Preferred accommodation	2,499	2,746
Non-residents of Canada	1,929	2,776
Residents of BC self pay	515	1,057
Federal government	191	213
Other	1,008	873
	<u>\$ 12,012</u>	<u>\$ 13,235</u>

(c) Other revenues:

	2014	2013
Recoveries from sales of goods and services	\$ 7,181	\$ 6,564
Parking	2,817	2,988
Drug sales	1,182	1,500
Other	84	165
	<u>\$ 11,264</u>	<u>\$ 11,217</u>

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13. Statement of operations (continued):

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

	2014	2013
Compensation:		
Compensation	\$ 286,172	\$ 278,287
Employee benefits	53,488	46,391
	339,660	324,678
Supplies:		
Drugs and medical gases	17,239	16,919
Medical and surgical	14,122	13,531
Diagnostic	6,582	6,617
Food and dietary	2,275	1,795
Printing, stationery and office	1,236	1,173
Laundry and linen	434	428
Housekeeping	146	190
Other	6,254	7,033
	48,288	47,686
Referred-out and contracted services:		
Other health authorities and BC government reporting entities	20,988	20,309
Health and support services providers	19,559	16,962
	40,547	37,271
Amortization of tangible capital assets	22,381	22,402
Research and designated expenses	17,131	14,870
Equipment and building services:		
Equipment	6,404	7,015
Plant operations (utilities)	5,033	4,408
Building and grounds service contracts	1,925	3,375
Rent	341	268
	13,703	15,066
Sundry:		
Professional fees	2,571	2,887
Travel	1,400	1,567
Communication and data processing	703	477
Patient transport	60	118
Other	8,116	8,975
	12,850	14,024
Accretion of asset retirement obligations	10	95
	\$ 494,570	\$ 476,092

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Notes to Consolidated Financial Statements
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14. Supplementary cash flow information:

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

	2014	2013
Accounts receivable	\$ (9,363)	\$ 4,114
Inventories held for sale	103	7
Accounts payable and accrued liabilities	278	(3,517)
Deferred operating contributions	(1)	(89)
Deferred research and designated contributions	(1,318)	(9)
Inventories held for use	(109)	145
Prepaid expenses	207	(138)
	\$ (10,203)	\$ 513

(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.

	2014	2013
Tangible capital asset contributions	\$ 6,604	\$ -
(Reductions) additions to asset retirement obligations (note 7)	(23)	292
Transfer of tangible capital assets from other Agencies	141	-
	\$ 6,722	\$ 292

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 consolidated 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.

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15. Related entities (continued):

(a) Foundations and auxiliaries (continued):

(i) Foundations (continued):

The Foundations are separate legal entities incorporated under the *Society Act of British Columbia* and are registered charities under the provisions of the *Income Tax Act of Canada*.

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

	2014	2013
Operations, net	\$ 21,063	\$ 8,505
Research	9,711	10,127
Other designated purposes	26,005	35,168
Capital	3,853	3,964
	\$ 60,632	\$ 57,764

\$165,428 (2013 – \$132,356) of funds which the Foundations have reflected as donations to the Branch for the year ended March 31, 2014 have not yet transferred to the Branch. These funds are externally restricted, and as the Branch has not yet received the funds or met the external restrictions, they have not been reflected in these consolidated financial statements.

(ii) Auxiliaries:

The Auxiliary to British Columbia's Children's Hospital, the British Columbia's Women's Hospital and Health Centre Auxiliary, and the Auxiliary to Sunny Hill Centre for Children (the "Auxiliaries") were established to provide additional comfort and welfare to patients of the Branch. During 2014 and 2013 the Branch did not receive contributions from the Auxiliaries.

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

The Women's Health Research and Policy of C.E.W.H. Society ("WHRS") was incorporated on March 27, 2006 to facilitate and engage in research, evaluation and knowledge exchange for the purpose of improving women's health in BC and Canada. WHRS changed its name to BCCEWHS on March 22, 2010. At March 31, 2014, BCCEWHS has an amount receivable from the Branch of \$2,621 (2013 – \$2,621).

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15. Related entities (continued):

(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, 2014, revenues include \$4,738 (2013 – \$6,025) resulting from transactions with other PHSA members.

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

(a) 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 varying amounts at the date of the consolidated statement of financial position.

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

Accounts receivable primarily consist of amounts receivable from the Ministry, PHSA, other health authorities and BC government reporting entities, patients, clients and agencies, hospital foundations and auxiliaries, grantors, etc. To reduce the risk, the Branch periodically reviews the collectibility of its accounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. As at March 31, 2014, the amount of allowance for doubtful accounts was \$4,464 (2013 – \$4,277).

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16. Risk management (continued):

(a) Credit risk (continued):

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

	2014		2013	
30 days	\$	123	\$	261
60 days		170		355
90 days		280		173
Over 120 days		-		-

(b) Liquidity risk:

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

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

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

2014				
Financial assets	Up to 1 year	1 to 5 years	Over 5 years	Total
Cash and cash equivalents	\$ 337	\$ -	\$ -	\$ 337
Portfolio investments	1	-	-	1
Accounts receivable	56,493	2,125	-	58,618
Total financial assets	\$ 56,831	\$ 2,125	\$ -	\$ 58,956

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16. Risk management (continued):

(b) Liquidity risk (continued):

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

2013		Up to 1 year	1 to 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	\$	1,835	\$ -	\$ -	\$ 1,835
Portfolio investments		1	-	-	1
Accounts receivable		49,190	65	-	49,255
Total financial assets	\$	51,026	\$ 65	\$ -	\$ 51,091

2013		Up to 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities					
Accounts payable and accrued liabilities	\$	68,025	\$ -	\$ -	\$ 68,025
Total financial liabilities	\$	68,025	\$ -	\$ -	\$ 68,025

(c) Foreign exchange risk:

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

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

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16. Risk management (continued):

(c) Foreign exchange risk (continued):

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

		2014		2013
US dollar per Canadian dollar	\$	0.905	\$	0.984

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

17. Comparative figures:

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

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

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

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18. Impact of accounting for restricted contributions in accordance with Restricted Contributions Regulation 198/2011 (continued):

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

As at March 31, 2012		
Increase in accumulated surplus	\$	294,861
Decrease in deferred capital contributions		(294,861)
For the year ended March 31, 2013		
Increase in annual surplus		1,702
As at March 31, 2013		
Increase in accumulated surplus		296,563
Decrease in deferred capital contributions		(296,563)
For the year ended March 31, 2014		
Increase in annual surplus		24,958
As at March 31, 2014		
Increase in accumulated surplus		321,521
Decrease in deferred capital contributions		(321,521)
