

Financial Statements of

**BRITISH COLUMBIA HEALTH SERVICES  
PURCHASING ORGANIZATION**

Year ended March 31, 2012



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## INDEPENDENT AUDITORS' REPORT

To the Board of the British Columbia Health Services Purchasing Organization

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the British Columbia Health Services Purchasing Organization, which comprise the statement of financial position as at March 31, 2012, the statements of operations and changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

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

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

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



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the British Columbia Health Services Purchasing Organization as at March 31, 2012 and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**Report on Other Legal and Regulatory Requirements**

As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

*KPMG LLP*

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Chartered Accountants

June 19, 2012

Vancouver, Canada

**BRITISH COLUMBIA HEALTH SERVICES  
PURCHASING ORGANIZATION**

Statement of Financial Position

March 31, 2012, with comparative figures for 2011

	2012	2011
<b>Assets</b>		
Current assets:		
Accounts receivable	\$ 81,660	\$ 38,966
	<u>\$ 81,660</u>	<u>\$ 38,966</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 45,593	\$ 29,954
Unrestricted net assets	36,067	9,012
	<u>\$ 81,660</u>	<u>\$ 38,966</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

 Director  Director

# BRITISH COLUMBIA HEALTH SERVICES PURCHASING ORGANIZATION

Statements of Operations and Changes in Net Assets

Year ended March 31, 2012 with comparative figures for period from incorporation on January 12, 2010 to March 31, 2011

	2012	2011
Revenues:		
Ministry of Health contributions	\$ 800,000	\$ 620,000
Expenses:		
Compensation and benefits	600,320	465,008
Rent	112,707	112,707
Sundry	57,148	31,221
Supplies	2,770	2,052
	<hr/> 772,945	<hr/> 610,988
Excess of revenues over expenses	\$ 27,055	\$ 9,012
Net assets, beginning of year	<hr/> 9,012	<hr/> -
Net assets, end of year	<hr/> \$ 36,067	<hr/> \$ 9,012

See accompanying notes to financial statements.

# BRITISH COLUMBIA HEALTH SERVICES PURCHASING ORGANIZATION

## Statement of Cash Flows

Year ended March 31, 2012 with comparative figures for period from incorporation on January 12, 2010 to March 31, 2011

	2012	2011
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 27,055	\$ 9,012
Net change in non-cash operating items		
Accounts receivable	(42,694)	(38,966)
Accounts payable and accrued liabilities	15,639	29,954
Change in cash and cash equivalents	-	-
Cash and cash equivalents, beginning and end of period	\$ -	\$ -

See accompanying notes to financial statements.

# BRITISH COLUMBIA HEALTH SERVICES PURCHASING ORGANIZATION

Notes to Financial Statements

Year ended March 31, 2012

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British Columbia Health Services Purchasing Organization (the "BCHSPO") was created under the *Society Act of British Columbia* on January 12, 2010 with a Board of Directors appointed by the Ministry of Health (the "Ministry"). The BCHSPO is dependent on the Ministry to provide sufficient funds to continue operations. The BCHSPO is a not-for-profit organization.

The role of the BCHSPO is to make decisions for the procurement of Ministry-specified health services using a funding model that will encourage improvement and create a competitive environment. The BCHSPO is exempt from income taxes under the Income Tax Act.

## 1. Significant accounting policies:

### (a) Basis of presentation:

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

### (b) Revenue recognition:

The BCHSPO follows the deferral method of accounting for contributions, which include government contributions.

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

Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred.

### (c) Financial instruments:

The BCHSPO has elected to continue to apply the financial instrument disclosure and presentation standards in accordance with Section 3861.

The BCHSPO has measured its accounts receivable and accounts payable and accrued liabilities at amortized cost. The estimated fair values of these financial instruments approximate their book values due to their short-term nature.

### (d) Future accounting framework:

Effective April 1, 2012, the BCHSPO will transition to a new accounting framework which will include Public Sector Accounting Board supplemented by directives from the government of British Columbia's Treasury Board.

The transition to the new accounting framework will be applied on a retrospective basis. The BCHSPO is reviewing the impact of these changes on the financial statements.

# BRITISH COLUMBIA HEALTH SERVICES PURCHASING ORGANIZATION

Notes to Financial Statements

Year ended March 31, 2012

## 2. Related party and other agency operations:

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

(a) The financial statements include transactions with these parties in the following amounts:

	2012	2011
Revenue		
Ministry of Health contributions	\$ 800,000	\$ 620,000
	<u>\$ 800,000</u>	<u>\$ 620,000</u>
Expenses paid to Ministry of Health		
Rent	\$ 112,707	\$ 112,707
Voice and IT services	13,730	13,730
	<u>\$ 126,437</u>	<u>\$ 126,437</u>
Accounts receivable		
Vancouver Coastal Health Authority	\$ 81,660	\$ 38,966
	<u>\$ 81,660</u>	<u>\$ 38,966</u>