

Financial Statements of

**BRITISH COLUMBIA HEALTH SERVICES
PURCHASING ORGANIZATION**

Years ended March 31, 2013 and March 31, 2012

Statement of Management Responsibility

The financial statements of British Columbia Health Services Purchasing Organization ("the BCHSPO") are the responsibility of management and have been prepared in accordance with Canadian Public Sector Accounting Standards.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board of Directors exercises this responsibility by meeting with management on a monthly basis. The BCHSPO's director has the responsibility for assessing the management systems and practices of the corporation

The external auditors, the Auditor General of British Columbia, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the BCHSPO's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly.

On behalf of British Columbia Health Services Purchasing Organization



Dr. Les Vertesi
Executive Director



Helen Yung
Executive Director,
Controller and Financial Services

Vancouver, BC
June 10, 2013



INDEPENDENT AUDITOR'S REPORT

*To the Board of Directors of British Columbia Health Services Purchasing Organization, and
To the Minister of Health, Province of British Columbia*

I have audited the accompanying financial statements of British Columbia Health Services Purchasing Organization, which comprise the statements of financial position as at March 31, 2013, March 31, 2012, and April 1, 2011, and the statements of operations, and statement of cash flows for the years ended March 31, 2013, and March 31, 2012, and 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 public sector accounting standards, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the 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 the auditor's 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, the auditor considers 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.

In my view, the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of British Columbia Health Services Purchasing Organization as at March 31, 2013, March 31, 2012, and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013, and March 31, 2012, in accordance with Canadian public sector accounting standards.

Victoria, British Columbia
June 21, 2013


Russ Jones, MBA, CA
Auditor General

**BRITISH COLUMBIA HEALTH SERVICES
PURCHASING ORGANIZATION**

Statements of Operations and Accumulated Operating Surplus

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

	2013 Budget (note 1 (d))	2013	2012
Revenues:			
Ministry of Health contributions	\$ 850,000	\$ 700,000	\$ 800,000
Expenses:			
Compensation and benefits	880,000	506,722	600,320
Rent	111,000	112,708	112,707
Sundry	55,000	52,186	57,148
Supplies	4,000	361	2,770
	<u>850,000</u>	<u>671,977</u>	<u>772,945</u>
Annual operating surplus	\$ -	\$ 28,023	\$ 27,055
Accumulated operating surplus, beginning of year		36,067	9,012
Accumulated operating surplus, end of year	\$	\$ 64,090	\$ 36,067

See accompanying notes to financial statements.

BRITISH COLUMBIA HEALTH SERVICES PURCHASING ORGANIZATION

Statement of Cash Flows

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

	2013	2012
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 28,023	\$ 27,055
Net change in non-cash operating items		
Accounts receivable	(11,271)	(42,694)
Accounts payable and accrued liabilities	(16,752)	15,639
Change in cash and cash equivalents	-	-
Cash and cash equivalents, beginning and end of year	\$ -	\$ -

See accompanying notes to financial statements.

BRITISH COLUMBIA HEALTH SERVICES PURCHASING ORGANIZATION

Notes to Financial Statements

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

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:

The financial statements of the BCHSPO are prepared by management in accordance with the basis of accounting described below. Significant accounting policies of the BCHSPO are as follows:

(a) Basis of presentation:

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS).

(b) Revenue recognition:

Unrestricted contributions 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.

(c) Financial instruments:

Financial assets and financial liabilities are measured at cost or amortized cost upon their inception and subsequent to initial recognition. Accounts receivable are recorded at amortized cost less any amount for valuation allowance. Financial liabilities are recorded using cost or amortized cost.

(d) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the BCHSPO's Fiscal 2012/2013 Budget approved by the Board of Directors on April 30, 2012. The budget is reflected in the statement of operations.

**BRITISH COLUMBIA HEALTH SERVICES
PURCHASING ORGANIZATION**

Notes to Financial Statements

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

2. Adoption of new accounting framework:

Effective April 1, 2012, the BCHSPO has adopted PSAS. Previously, the BCHSPO's financial statements were prepared in accordance with Part V of Canadian Generally Accepted Accounting Principles ("Part V Canadian GAAP").

There was no impact to the financial statements from the adoption of the framework.

3. 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.

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

	2013	2012
Revenue		
Ministry of Health contributions	\$ 700,000	\$ 800,000
	<u>\$ 700,000</u>	<u>\$ 800,000</u>
Expenses paid to Ministry of Health		
Rent	\$ 112,708	\$ 112,707
Voice and IT services	13,389	13,730
	<u>\$ 126,097</u>	<u>\$ 126,437</u>
Accounts receivable		
Vancouver Coastal Health Authority	\$ 92,931	\$ 81,660
	<u>\$ 92,931</u>	<u>\$ 81,660</u>

4. Accounts payable and accrued liabilities

	2013	2012
Trade accounts payable and accrued liabilities	\$ 18,957	\$ 25,539
Salaries and benefits payable	3,355	4,291
Accrued vacation pay	6,529	15,763
	<u>\$ 28,841</u>	<u>\$ 45,593</u>