



Tel: 604 688 5421  
Fax: 604 688 5132  
vancouver@bdo.ca  
www.bdo.ca

BDO Canada LLP  
600 Cathedral Place  
925 West Georgia Street  
Vancouver BC V6C 3L2 Canada

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## INDEPENDENT AUDITOR'S REPORT

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### To the Board of Directors and Shareholder of Partnerships British Columbia Inc.

We have audited the accompanying financial statements of Partnerships British Columbia Inc., which comprise the Statement of Financial Position as at March 31, 2018 and the Statements of Operations, Remeasurement Gains and Losses, Change in Net Financial Assets and Cash Flows for the year then ended, 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

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 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.

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 Partnerships British Columbia Inc. as at March 31, 2018 and its results of operations, changes in remeasurement gains and losses, net financial assets and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
May 30, 2018

**Partnerships British Columbia Inc.**  
**Statement of Financial Position**  
**As at March 31, 2018 and 2017**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Financial assets</b>		
Cash	\$ 11,965,806	\$ 11,445,072
Accounts receivable (Note 3)	1,690,772	2,126,764
Portfolio investments (Note 4)	4,350,521	4,305,283
Total Financial Assets	<u>18,007,099</u>	<u>17,877,119</u>
<b>Liabilities</b>		
Accounts payable & accrued liabilities (Note 5)	894,237	988,220
Deferred lease inducement	251,496	-
Total Liabilities	<u>1,145,733</u>	<u>988,220</u>
<b>Net financial assets</b>	<u>16,861,366</u>	<u>16,888,899</u>
<b>Non-financial assets</b>		
Prepaid expenses	87,542	112,991
Tangible capital assets (Note 7)	518,841	126,247
Total Non-financial Assets	<u>606,383</u>	<u>239,238</u>
<b>Accumulated surplus</b>	<u>\$ 17,467,749</u>	<u>\$ 17,128,137</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 17,459,299	\$ 17,118,885
Accumulated remeasurement gains (Note 4)	8,448	9,250
Share capital (Note 8)	2	2
	<u>\$ 17,467,749</u>	<u>\$ 17,128,137</u>

The accompanying notes are an integral part of these financial statements.

**APPROVED ON BEHALF OF THE BOARD**



D. Hayden, Chair



P. Kappel, Director

**Partnerships British Columbia Inc.**  
**Statement of Operations**  
**For the Years Ended March 31, 2018 and 2017**

	<b>Budget</b>	<b>March 31,</b>	<b>March 31,</b>
	(Note 13)	<b>2018</b>	<b>2017</b>
<b>Revenue</b>			
Work fees	\$ 7,388,059	\$ 7,046,566	\$ 7,424,776
Interest income	141,182	202,024	140,848
<b>Total Revenues</b>	<b>7,529,241</b>	<b>7,248,590</b>	<b>7,565,624</b>
<b>Expenses</b>			
Administration	256,165	267,376	250,185
Amortization	99,153	127,851	72,486
Building occupancy	606,606	577,758	559,833
Corporate relations	45,000	8,189	21,070
Human resources	5,431,762	5,340,093	4,946,116
Information systems	324,982	322,107	309,801
Professional services	263,952	137,725	183,910
Travel	160,857	127,077	153,752
<b>Total Expenses</b>	<b>7,188,477</b>	<b>6,908,176</b>	<b>6,497,153</b>
<b>Reimbursable costs</b>			
Project recoveries	1,994,413	2,075,015	2,922,454
Less: Project expenses	(1,994,413)	(2,075,015)	(2,922,454)
<b>Net reimbursable costs</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Annual operating surplus</b>	<b>340,764</b>	<b>340,414</b>	<b>1,068,471</b>
<b>Accumulated operating surplus, beginning of year</b>	<b>17,118,885</b>	<b>17,118,885</b>	<b>16,050,414</b>
<b>Accumulated operating surplus, end of year</b>	<b>\$ 17,459,649</b>	<b>\$ 17,459,299</b>	<b>\$ 17,118,885</b>

The accompanying notes are an integral part of these financial statements.

**Partnerships British Columbia Inc.**  
**Statement of Remeasurement Gains and Losses**  
**For the Years Ended March 31, 2018 and 2017**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Accumulated remeasurement gains, beginning of year</b>	<u>\$ 9,250</u>	<u>\$ 6,970</u>
Plus: Unrealized gains attributable to: Portfolio investments	45,349	31,409
Less: Amounts reclassified to the Statement of Operations: Portfolio investments	<u>(46,151)</u>	<u>(29,129)</u>
Net remeasurement gains (losses) for the year	<u>(802)</u>	<u>2,280</u>
<b>Accumulated remeasurement gains, end of year</b>	<u>\$ 8,448</u>	<u>\$ 9,250</u>

The accompanying notes are an integral part of these financial statements.

**Partnerships British Columbia Inc.**  
**Statement of Changes in Net Financial Assets**  
**For the Years Ended March 31, 2018 and 2017**

	<b>Budget</b>	<b>March 31,</b>	<b>March 31,</b>
	(Note 13)	<b>2018</b>	<b>2017</b>
Annual operating surplus	\$ 340,764	\$ 340,414	\$ 1,068,471
Acquisition of tangible capital assets	(502,680)	(526,669)	(53,960)
Amortization of tangible capital assets	99,153	127,851	72,486
Proceeds from dispositions of tangible capital assets	-	12,770	-
Gain on dispositions of tangible capital assets	-	(6,546)	-
	<u>(403,527)</u>	<u>(392,594)</u>	<u>18,526</u>
Additions to prepaid expenses	-	(561,144)	(281,791)
Use of prepaid expenses	(12,324)	586,593	243,562
	<u>(12,324)</u>	<u>25,449</u>	<u>(38,229)</u>
Effect of remeasurement gains (losses) for the year	-	(802)	2,280
<b>Increase (decrease) in net financial assets for the year</b>	<b>(75,087)</b>	<b>(27,533)</b>	<b>1,051,048</b>
<b>Net financial assets, beginning of year</b>	<b>16,888,899</b>	<b>16,888,899</b>	<b>15,837,851</b>
<b>Net financial assets, end of year</b>	<b>\$ 16,813,812</b>	<b>\$ 16,861,366</b>	<b>\$ 16,888,899</b>

The accompanying notes are an integral part of these financial statements.

**Partnerships British Columbia Inc.**  
**Statement of Cash Flows**  
**For the Years Ended March 31, 2018 and 2017**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Operating transactions</b>		
Annual operating surplus	\$ 340,414	\$ 1,068,471
Non-cash item included in surplus:		
Amortization of tangible capital assets	127,851	72,486
Gain on dispositions of tangible capital assets	(6,546)	-
	<u>461,719</u>	<u>1,140,957</u>
<b>Changes in operating accounts</b>		
Accounts receivable	435,992	(636,041)
Prepaid expenses	25,449	(38,229)
Accounts payable and accrued liabilities	(93,983)	304,114
Deferred lease inducement	251,496	-
	<u>618,954</u>	<u>(370,156)</u>
<b>Total operating transactions</b>	<u>1,080,673</u>	<u>770,801</u>
<b>Capital transactions</b>		
Purchase of tangible capital assets	(526,669)	(53,960)
Proceeds from dispositions of tangible capital assets	12,770	-
	<u>(513,899)</u>	<u>(53,960)</u>
<b>Investing transactions</b>		
Increase in portfolio investments, net	(46,040)	(28,983)
	<u>(46,040)</u>	<u>(28,983)</u>
<b>Net increase in cash for the year</b>	520,734	687,858
<b>Cash, beginning of year</b>	<u>11,445,072</u>	<u>10,757,214</u>
<b>Cash, end of year</b>	<u>\$ 11,965,806</u>	<u>\$ 11,445,072</u>

The accompanying notes are an integral part of these financial statements.

**Partnerships British Columbia Inc.**  
**Notes to Financial Statements**  
**For the Years Ended March 31, 2018 and 2017**

## **1. Nature of Operations**

Partnerships British Columbia Inc. (“Partnerships BC” or the “Organization”) is a company owned by the Province of British Columbia (the “Province”) and is governed by a Board of Directors reporting to its sole Shareholder; the Minister of Finance. The Organization was incorporated under the British Columbia Business Corporations Act in May 2002. It has two issued shares, both are held by the Minister of Finance.

The Organization’s vision is to be a recognized leader in evaluating, structuring, and implementing delivery solutions for complex public infrastructure while delivering consistent value to its clients. Partnerships BC provides a variety of planning services to public sector agencies wishing to explore innovative options for building and managing public infrastructure like highways, bridges, hospitals, public transit and accommodations facilities.

The Organization’s core business is to:

- Provide specialized services in the procurement of major public projects, ranging from advice to business cases, procurement management, and implementation.
- Provide advice on partnership project management, deal structure, risk management, procurement, and the selection and engagement of consultants.
- Foster a positive business and policy environment for successful projects and related activities by continually expanding British Columbia’s and other jurisdictions’ base of knowledge, understanding and expertise in these areas.
- Manage an efficient and leading edge organization that meets or exceeds performance expectations.

The Organization’s clients are public sector agencies, including ministries, Crown corporations, local and statutory authorities in British Columbia and other Provinces, and local governments. To serve these clients effectively, Partnerships BC is also working to build strong relationships with private sector partners such as businesses, investors and the financial services sector.

Partnerships BC is exempt from income taxes under the *Income Tax Act*.

**Partnerships British Columbia Inc.**  
**Notes to Financial Statements**  
**For the Years Ended March 31, 2018 and 2017**

**2. Summary of Significant Accounting Policies**

**a. Basis of accounting**

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards (“PSAS”) using guidelines developed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

**b. Portfolio investments**

Partnerships BC invests in government and corporate debt securities through pooled fund products managed by British Columbia Investment (BCI), formerly British Columbia Investment Management Corporation (bcIMC), a corporation established under the Public Sector Pension Plans Act.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized as remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the Statement of Remeasurement Gains and Losses and recognized in the Statement of Operations.

Interest attributable to financial instruments is reported in the Statement of Operations.

**c. Employee future benefits**

The employees of Partnerships BC belong to the Public Service Pension Plan (the “Plan”), which is a multi-employer joint trustee plan. This Plan is a defined benefit plan, providing a pension on retirement based on the member’s age at retirement, length of service, and highest earnings averaged over five years. Inflation adjustments and the provision of post-retirement health benefits are contingent upon available funding.

The joint Board of Trustees of the Plan determines the required Plan contributions annually.

The contribution of Partnerships BC to the Plan is recorded as an expense for the year.



**Partnerships British Columbia Inc.**  
**Notes to Financial Statements**  
**For the Years Ended March 31, 2018 and 2017**

**2. Summary of Significant Accounting Policies (continued)**

**d. Tangible capital assets**

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the tangible capital asset.

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:

- |                           |            |
|---------------------------|------------|
| • Computer software       | 2 years    |
| • Computer hardware       | 3 years    |
| • Furniture and equipment | 5 years    |
| • Leasehold improvements  | Lease term |

Tangible capital assets are written down when conditions indicate that they no longer contribute to Partnerships BC's ability to provide goods and services.

**e. Prepaid expenses**

Prepaid expenses include annual software license renewals, insurance premiums, and travel costs, and are charged to expense over the periods expected to benefit from it.

**f. Deferred lease inducement**

Deferred lease inducement consists of reimbursement of leasehold improvement costs from the lessor. This inducement is deferred and recognized as a reduction to building occupancy expense on a straight-line basis over the term of the lease.

**Partnerships British Columbia Inc.**  
**Notes to Financial Statements**  
**For the Years Ended March 31, 2018 and 2017**

**2. Summary of Significant Accounting Policies (continued)**

**g. Revenue recognition**

Revenues are recognized on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues. Work fees are recognized when services are delivered. Project recoveries are recognized when services are performed or when costs are incurred.

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

**h. Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Reimbursable project expenses are expensed when services are performed or when costs are incurred.

**i. Measurement uncertainty**

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of tangible capital assets, estimated employee benefits, rates for amortization, and the impairment of tangible capital assets.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

**j. Related party transactions**

Partnerships BC has adopted the new Related Party Disclosures standard of PSAS effective April 1, 2017. This standard defines a related party and establishes disclosures required for related party transactions. A disclosure is presented when the following criteria are met:

**Partnerships British Columbia Inc.**  
**Notes to Financial Statements**  
**For the Years Ended March 31, 2018 and 2017**

**2. Summary of Significant Accounting Policies (continued)**

**j. Related party transactions (continued)**

- A related party exists,
- A transactions occurs between related parties,
- The transaction occurred at a value different from that which would have been arrived at if the parties were unrelated, and
- The transaction has a material financial effect.

Partnerships BC is related through common ownership to the Province of British Columbia's government ministries, agencies, and Crown corporations, and these organizations represent the majority of Partnerships BC's clients. All transactions with government entities take place on regular commercial terms and, as such, no specific disclosure is required.

**3. Accounts Receivable**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Revenues receivable	\$ 1,681,272	\$ 2,117,264
Accrued interest	9,500	9,500
	<b>\$ 1,690,772</b>	<b>\$ 2,126,764</b>

There was no provision for doubtful accounts required as at March 31, 2018 and 2017.

Included in accounts receivable are the following amounts receivable from government and other government organizations.

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Provincial governments	\$ 896,798	\$ 1,387,148
Other government organizations	793,502	696,479
	<b>\$ 1,690,300</b>	<b>\$ 2,083,627</b>

**Partnerships British Columbia Inc.**  
**Notes to Financial Statements**  
**For the Years Ended March 31, 2018 and 2017**

**4. Portfolio Investments**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Fair market value	\$4,350,521	\$ 4,305,283
Less: Original cost	(4,342,073)	(4,296,033)
Unrealized gain	<b>\$ 8,448</b>	<b>\$ 9,250</b>

Portfolio investments consist of investments in the Canadian Money Market Fund ST2 managed by BCI. The fund invests in government and corporate debt securities, including commercial paper. For the calendar year ending December 31, 2017, the fund had an annualized return of 0.9 percent (2016: 0.7 percent) before management fees.

**5. Accounts Payable and Accrued Liabilities**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Accounts payables and accrued liabilities	\$ 451,046	\$ 547,191
Salaries and benefits	242,538	218,268
Accrued vacation	200,653	222,761
	<b>\$ 894,237</b>	<b>\$ 988,220</b>

**6. Employee Future Benefits**

Partnerships BC and its employees contribute to the Plan in accordance with the Public Sector Pension Plan Act. BC Pension Corporation administers the Plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension Plan is a multi-employer, defined benefit plan. As such, no pension liability for this type of plan is included in the financial statements.

Partnerships BC and its employees contribute to the Plan in accordance with the Public Sector Pension Plan Act. The Plan provides defined pension benefits to employees based on their length of service and salary. The maximum contribution rate for eligible employees was 9.43% (2017: 9.43%). Partnerships BC's contributions exceed the employee contributions to the plan. During the year ended March 31, 2018, Partnerships BC contributed \$408,637 (2017: \$390,711) to the Plan. These contributions are the Organization's pension expense which is included under salaries and benefits expense.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The latest valuation as at March 31, 2017 showed that the Plan had a surplus of \$1.9 billion and is 108 percent funded as it had assets of \$24.7 billion and

**Partnerships British Columbia Inc.**  
**Notes to Financial Statements**  
**For the Years Ended March 31, 2018 and 2017**

**6. Employee Future Benefits (continued)**

liabilities of \$22.8 billion. The actuary does not attribute portions of the unfunded liability to individual employers. The next valuation will be as at March 31, 2020 with results available by the end of 2020.

For pensionable service earned on or after April 1, 2018, the contribution rate for eligible employees will be 8.35% of salary. Partnerships BC's contribution rate will be 9.85% of the eligible employees' salary.

**7. Tangible Capital Assets**

	<b>Computer software</b>	<b>Computer hardware</b>	<b>Furniture and equipment</b>	<b>Leasehold improvements</b>	<b>2018 Total</b>
<b>Cost</b>					
Opening Balance	\$ 87,177	\$ 454,732	\$ 143,724	\$ 408,408	1,094,041
Additions	-	109,756	22,947	393,966	526,669
Dispositions	-	(12,220)	-	-	(12,220)
Closing Balance	87,177	552,268	166,671	802,374	1,608,490
<b>Accumulated Amortization</b>					
Opening Balance	87,177	391,601	131,956	357,060	967,794
Amortization	-	49,419	6,320	72,112	127,851
Dispositions	-	(5,996)	-	-	(5,996)
Closing Balance	87,177	435,024	138,276	429,172	1,089,649
<b>Net book value</b>	<b>\$ -</b>	<b>\$ 117,244</b>	<b>\$ 28,395</b>	<b>\$ 373,202</b>	<b>\$ 518,841</b>

	<b>Computer software</b>	<b>Computer hardware</b>	<b>Furniture and equipment</b>	<b>Leasehold improvements</b>	<b>2017 Total</b>
<b>Cost</b>					
Opening Balance	\$ 87,177	\$ 404,539	\$ 139,957	\$ 408,408	\$ 1,040,081
Additions	-	50,193	3,767	-	53,960
Closing Balance	87,177	454,732	143,724	408,408	1,094,041
<b>Accumulated Amortization</b>					
Opening Balance	87,177	345,841	121,636	340,654	895,308
Amortization	-	45,760	10,320	16,406	72,486
Closing Balance	87,177	391,601	131,956	357,060	967,794

**Partnerships British Columbia Inc.**  
**Notes to Financial Statements**  
**For the Years Ended March 31, 2018 and 2017**

<b>Net book value</b>	<b>\$</b>	<b>-</b>	<b>\$ 63,131</b>	<b>\$ 11,768</b>	<b>\$ 51,348</b>	<b>\$ 126,247</b>
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## 8. Share Capital

The authorized share capital is 5,000,000 common shares at no par value. There are two issued shares held by the Minister of Finance.

## 9. Expenses by Object

The entity is a sole purpose organization and therefore does not report by function and does not provide segmented information.

## 10. Commitments

The Organization is committed to payments under operating leases for premises through 2023/24 as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 498,888
2020	507,615
2021	522,864
2022	538,146
2023	547,032
2024	406,679
	<u>\$ 3,021,224</u>

The Organization's Vancouver and Victoria office leases are scheduled to expire on February 28, 2024 and August 31, 2023 respectively.

## 11. Risk Management

### a. Fair value of financial instruments

The fair value of a financial instrument is the estimated amount that the Organization would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair values of accounts receivable, and accounts payable and accrued liabilities approximate their carrying values given their short-term maturities.

The fair value of the portfolio investments are determined by reference to published bid price quotations in an active market at year-end.

**Partnerships British Columbia Inc.**  
**Notes to Financial Statements**  
**For the Years Ended March 31, 2018 and 2017**

**11. Risk Management (continued)**

**b. Financial management risk objectives and policies**

In the normal course of business, the Organization is exposed to financial risks that have the potential to negatively impact its financial performance. These risks may include credit risk, liquidity risk, interest rate risk, and other price risk. There have been no changes to the risks the Organization is exposed to from the prior year.

**c. General objectives, policies and processes**

The Audit and Risk Management Committee has overall responsibility for the determination of the Organization's risk management objectives and policies.

The Audit and Risk Management Committee has delegated the authority to ensure effective implementation of the objectives and policies of the Organization to the Chief Executive Officer (CEO) and Senior Management Team. The Audit and Risk Management Committee and Board of Directors receives quarterly reporting from the CEO and Senior Management to ensure all processes and policies put in place are effectively meeting the objectives of the Organization.

There have been no changes in the objectives, policies and processes for managing risk from the prior year.

**d. Credit risk**

Credit risk is the risk that the Organization's counterparties will fail to meet their financial obligations to the Organization, causing a financial loss.

Accounts receivable arise primarily as a result of consulting work to governments, ministries, agencies and Crown corporations, therefore, collection risk is low. The Organization does not consider its exposure to credit risk to be material.

**e. Liquidity risk**

Liquidity risk is the risk that the Organization may be unable to generate or obtain sufficient cash in a timely and cost-effective manner to meet its commitments as they come due.

**Partnerships British Columbia Inc.**  
**Notes to Financial Statements**  
**For the Years Ended March 31, 2018 and 2017**

**11. Risk Management (continued)**

**e. Liquidity risk (continued)**

The Organization has in place a planning, budgeting and forecasting process to help determine the funds required to support the Organization's normal operating requirements. The Organization's annual Service Plan and budget are approved by the Board of Directors. The Organization also provides a quarterly forecast to the Audit and Risk Management Committee.

**f. Market risk**

The Organization is exposed to market risk through the fluctuation of financial instrument fair values due to changes in market prices. The significant market risks to which the Organization is exposed are interest rate and other price risks.

**i. Interest rate risk**

The interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market interest rates. Portfolio investments entered into by the Organization may bear interest at a fixed rate, thus exposing it to the risk of changes in fair value arising from interest rate fluctuations. These portfolio investments are invested in high grade, highly liquid instruments, and as such, the Organization manages its exposure to potential interest rate fluctuations in the short-term. The Organization has no interest bearing debt.

**ii. Other price risk**

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk). The Organization is exposed to price risk through its portfolio investments.

As at March 31, 2018, the Organization's total exposure to market risk is \$4,350,521. The Organization's best estimate of the effect on net assets as at March 31, 2018, due to a 5% increase or decrease in the market value of the investment portfolio, with all other variables held constant, would approximately amount to an increase or decrease of \$217,526 respectively. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.



**Partnerships British Columbia Inc.**  
**Notes to Financial Statements**  
**For the Years Ended March 31, 2018 and 2017**

**11. Risk Management (continued)**

**g. Sensitivity analysis**

The sensitivity analysis included in this note should be used with caution as the changes are hypothetical and are not predictive of future performance. The above sensitivities are calculated with reference to year-end balances and will change due to fluctuations in the balances in the future. In addition, for the purpose of the sensitivity analysis, the effect of a variation in a particular assumption on the fair value of the financial instruments was calculated independently of any change in another assumption. Actual changes in one factor may contribute to changes in another factor, which may magnify or counteract the effect on the fair value of the financial instrument.

**12. Budgeted figures**

Budgeted figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Directors on September 5, 2017. These budgeted figures were included in the Organization's 2017/18 – 2019/20 Service Plan.

**13. Comparative information**

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.