

Financial Statements of

**VANCOUVER COASTAL
HEALTH AUTHORITY**

Year Ended March 31, 2024

Statement of Management Responsibility

The financial statements of Vancouver Coastal Health Authority (the "Authority") for the year ended March 31, 2024 have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS") issued by the Public Sector Accounting Board ("PSAB"), as required by Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia and in regard to the accounting for restricted contributions which is based on the Restricted Contributions Regulation 198/2011. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.


Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit and Finance Committee of the Board. The Audit and Finance Committee meets with management and the internal auditor no fewer than four times a year and the external auditors a minimum of two times a year.

The Authority's internal auditor independently evaluates the effectiveness of internal controls on an ongoing basis and reports its findings to management and the Audit and Finance Committee.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to management and the Audit and Finance Committee of the Board and meet with each on a regular basis.

On behalf of Vancouver Coastal Health Authority



Vivian Eliopoulos
President & Chief Executive Officer



Fernando Pica
Chief Financial Officer and VP, Strategic
Business Services

Vancouver, BC
June 20, 2024



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Independent Auditor's Report

To the Board of Directors of Vancouver Coastal Health Authority, and
To the Minister of Health, Province of British Columbia

Opinion

We have audited the financial statements of Vancouver Coastal Health Authority (the "Authority"), which comprise the Statement of Financial Position as at March 31, 2024, and the Statements of Operations and Accumulated Surplus, changes in net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Authority as at and for the year ended March 31, 2024 are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia (the "Act").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements are prepared in order for the Authority to meet the reporting requirements of the Act referred to above. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the Act, 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. In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia

June 20, 2024

VANCOUVER COASTAL HEALTH AUTHORITY

Statement of Financial Position

(Tabular amounts expressed in thousands of dollars)

As at March 31, 2024

	2024	2023
Financial assets		
Cash and cash equivalents (note 2)	\$ 691,565	\$ 552,622
Portfolio investments (note 3)	2,939	2,508
Accounts receivable (note 4)	307,686	512,352
Loans receivable (note 5)	3,814	8,024
Pearson receivable (note 6)	-	73,950
Long-term disability and health and welfare benefits (note 12(b)(i))	74,703	54,443
Inventories held for sale	264	192
	<u>1,080,971</u>	<u>1,204,091</u>
Liabilities		
Accounts payable and accrued liabilities (note 7)	659,760	715,361
Deferred operating revenue (note 8)	4,900	5,782
Deferred research and designated revenue (note 9)	20,102	20,475
Debt (note 10)	88,407	92,007
Asset retirement obligations (note 11)	95,764	92,858
Retirement allowance (note 12(a))	149,775	152,287
Replacement reserves (note 13)	620	570
Deferred capital contributions (note 14)	2,151,563	1,945,562
	<u>3,170,891</u>	<u>3,024,902</u>
Net debt	<u>(2,089,920)</u>	<u>(1,820,811)</u>
Non-financial assets		
Tangible capital assets (note 15)	2,167,174	1,903,326
Inventories held for use (note 16)	14,126	13,545
Prepaid expenses (note 17)	38,983	33,236
	<u>2,220,283</u>	<u>1,950,107</u>
Accumulated surplus	<u>\$ 130,363</u>	<u>\$ 129,296</u>

Commitments and contingencies (note 18)

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

Approved on behalf of the Board:



Director

Dr. Penny Ballem, Board Chair



Director

John McLaughlin, Chair Audit & Finance Committee

VANCOUVER COASTAL HEALTH AUTHORITY

Statement of Operations and Accumulated Surplus
(Tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

	2024 Budget (note 1(p))	2024	2023
Revenues:			
Ministry of Health contributions	\$ 4,400,926	\$ 4,868,550	\$ 4,164,789
Medical Services Plan	349,928	396,389	345,413
Recoveries from other health authorities and BC government reporting entities	241,349	244,181	236,902
Other contributions (note 19(a))	188,196	206,738	190,973
Patients, clients and residents (note 19(b))	156,899	182,565	156,041
Amortization of deferred capital contributions (note 14)	154,403	164,774	129,490
Other (note 19(c))	32,193	58,017	45,243
Research and designated revenue (note 9)	20,000	21,273	18,024
Investment income	8,160	16,584	9,275
PharmaCare	5,502	5,772	6,505
	<u>5,557,556</u>	<u>6,164,843</u>	<u>5,302,655</u>
Expenses (note 19(d)):			
Acute	2,988,367	3,366,314	2,882,730
Long term care	762,669	860,561	752,496
Community care	535,380	615,533	495,194
Corporate	588,056	597,793	537,790
Mental health and substance use	549,570	574,840	488,914
Population health and wellness	133,514	148,735	143,810
	<u>5,557,556</u>	<u>6,163,776</u>	<u>5,300,934</u>
Annual surplus			
	\$ -	\$ 1,067	\$ 1,721
Accumulated surplus, beginning of year			
	129,296	129,296	127,575
Accumulated surplus, end of year			
	<u>\$ 129,296</u>	<u>\$ 130,363</u>	<u>\$ 129,296</u>

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

VANCOUVER COASTAL HEALTH AUTHORITY

Statement of Changes in Net Debt

(Tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

	2024 Budget (note 1(p))	2024	2023
Annual surplus	\$ -	\$ 1,067	\$ 1,721
Acquisition of tangible capital assets	(408,180)	(437,748)	(339,524)
Transfer of tangible capital assets	-	(2,787)	-
Amortization of tangible capital assets	158,497	176,687	136,920
	(249,683)	(262,781)	(200,883)
Acquisition of inventories held for use	-	(53,678)	(76,282)
Acquisition of prepaid expenses	-	(70,722)	(85,905)
Consumption of inventories held for use	-	53,097	74,899
Use of prepaid expenses	-	64,975	83,067
	-	(6,328)	(4,221)
Increase in net debt	(249,683)	(269,109)	(205,104)
Net debt, beginning of year	(1,820,811)	(1,820,811)	(1,615,707)
Net debt, end of year	\$ (2,070,494)	\$ (2,089,920)	\$ (1,820,811)

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

VANCOUVER COASTAL HEALTH AUTHORITY

Statement of Cash Flows

(Tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

	2024	2023
Cash flows from operating transactions:		
Annual surplus	\$ 1,067	\$ 1,721
Items not involving cash:		
Amortization of deferred capital contributions	(164,774)	(129,490)
Amortization of tangible capital assets	176,687	136,920
Transfer of tangible capital assets	(2,787)	-
Impairment on loan receivable	12,133	-
Accretion expense	2,906	5,913
Retirement allowance expense	18,895	16,466
Long term disability, health and welfare benefits expense	65,720	75,409
Interest expense	4,759	4,934
Investment income	(16,584)	(9,275)
	98,022	102,598
Net change in non-cash operating items (note 20)	140,910	(165,489)
Interest paid	(4,759)	(4,934)
Interest received	16,584	9,275
Retirement allowance contributions	(21,407)	(8,692)
Long term disability, health and welfare benefits contributions	(85,980)	(72,304)
Net change in cash from operating transactions	143,370	(139,546)
Capital transactions:		
Acquisition of tangible capital assets	(437,748)	(339,524)
Net change in cash from capital transactions	(437,748)	(339,524)
Investing transactions:		
Repayment of Pearson receivable	74,500	30,000
Repayment of loan receivable	415	399
Loan advances	(8,338)	(4,373)
Acquisition of portfolio investments	(431)	(100)
Net change in cash from investing transactions	66,146	25,926
Financing transactions:		
Principal repayments on debt	(3,600)	(3,218)
Capital contributions received	370,775	264,892
Net change in cash from financing transactions	367,175	261,674
Increase/(decrease) in cash and cash equivalents	138,943	(191,470)
Cash and cash equivalents, beginning of year	552,622	744,092
Cash and cash equivalents, end of year	\$ 691,565	\$ 552,622

Supplementary cash flow information (note 20)

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

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

Vancouver Coastal Health Authority (the “Authority”) was created under the *Health Authorities 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 Authority is dependent on the Ministry to provide sufficient funds to continue operations, replace essential equipment, and complete its capital projects. The Authority is a registered charity under the *Income Tax Act*, and as such, is exempt from income and capital taxes.

The role of the Authority is to promote and provide for the physical, mental and social well-being of people who live in the Vancouver Coastal region and those referred from outside the region.

1. Significant accounting policies:

The financial statements of the Authority are prepared by management in accordance with significant accounting policies as follows:

(a) Basis of accounting:

The 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 Canadian 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.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

- (ii) Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions or deferred research and designated contributions, and recognized in revenue in the year in which the stipulation or restriction on the contributions have been met by the Authority.

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

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 Revenue; and
- deferred contributions meet liability criteria in accordance with PS 3200, Liabilities.

As a result, revenue recognized in the statement of operations and certain related deferred capital contributions would be recorded differently under PSAS.

(b) Basis of presentation:

The Authority has collaborative relationships with certain foundations and auxiliaries, which support the activities of the Authority and/or provide services under contracts. As the Authority does not control these organizations, the financial statements do not include the assets, liabilities and results of operations of these entities (see note 21(b)).

(c) Affiliated organization:

Within the Authority's geographical region, there is one denominational health care organization, Providence Health Care ("PHC", the "Affiliate"), which has the responsibility to manage the administration of certain health care facilities under affiliation agreements with the Authority. This Affiliate is a separate legal entity with a separate Board of Directors and accordingly, these financial statements do not include their assets, liabilities or results of operations. However, the funds received from the Ministry on behalf of this Affiliate are recorded as Ministry of Health contributions, and funds transferred to the Affiliate are recorded as expenses in the statement of operations. As the Authority's performance agreement with the Ministry includes the performance of this Affiliate, information on the equity and results of operations of the Affiliate is provided in note 21(c) of these financial statements.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

1. Significant accounting policies (continued):

(d) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, demand deposits and short-term 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 short-term investments 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.

(e) 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 statement of operations. Interest is accrued on loans receivable to the extent it is deemed collectible.

(f) Assets available for sale:

Assets available for sale are those expected to be sold within one year. They are valued at the lower of cost, less accumulated amortization, or expected net realizable value. Cost includes amounts to prepare the assets for sale.

(g) Employee benefits:

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

Liabilities, net of plan assets, are recorded for employee retirement allowance benefits and multiple employer long-term disability defined benefit plans 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 for 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 12 years (2023 - 12 years). Actuarial gains and losses from event-driven benefits such as long-term disability benefits that do not vest or accumulate are recognized immediately.

The discount rate used to measure obligation is based on the Province of BC's cost of borrowing if there are no plan assets. The expected rate of return on plan assets is the discount rate used if there are 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.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

1. Significant accounting policies (continued):

(g) Employee benefits (continued):

(iii) Accumulating, non-vesting benefit plans:

Benefits that accrue to employees that 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 Authority to pay benefits occurs.

(h) Contaminated sites:

Liabilities for contaminated sites are recorded when contamination of a site or part of a site not in productive use exceeds an accepted environmental standard and the Authority is directly responsible, or accepts responsibility for the damage. Liabilities are measured at the Authority's best estimate of the costs directly attributable to remediation of the contamination.

(i) Asset retirement obligation:

On April 1, 2022, the Authority adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The standard was adopted on the modified retrospective basis at the date of adoption.

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

Under the modified retrospective method, the assumptions used on initial recognition are those as of the date of adoption of the standard. Changes in assumptions in subsequent years are reflected as changes to the liability amount in the year they arise.

The liability is adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The additional amounts added to capital assets affected by the asset retirement obligations are being amortized following the depreciation accounting policies outlined in note 1(l). The impact of adoption of this standard is detailed in note 11.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

1. Significant accounting policies (continued):

(j) Public-private partnership projects:

On April 1, 2023, the Authority adopted Canadian Public Sector Accounting Standard PS 3160 – Public Private Partnerships.

Public-private partnership (“P3”) projects are delivered by private sector partners selected to design, build, finance and maintain the assets. The cost of the assets under construction is estimated at fair value, based on construction progress billings verified by an independent certifier, and also includes other costs incurred directly by the Authority. The asset cost includes development and financing fees estimated at fair value, which require the extraction of cost information from the financial model embedded in the project agreement. The interest rate used is the project internal rate of return. When available for operations, the project assets are amortized over their estimated useful lives. Correspondingly, an obligation net of the contributions received is recorded as a liability and included in debt. Upon substantial completion, the private sector partner receives monthly payments over the term of the project agreement to cover the partner’s operating costs, financing costs and a return of the capital.

Management has assessed the impact of adopting PS 3160 on the financial statements of the Authority and has found current recognition, measurement, presentation, and disclosure to comply with PS 3160 resulting in no impact to the financial statements for fiscal years beginning on or after April 1, 2023.

(k) 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.

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
Buildings	5 - 50 years
Equipment and information systems	3 - 20 years
Leasehold improvements	lease term
Buildings under capital lease	50 years

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

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

1. Significant accounting policies (continued):

(k) Non-financial assets (continued):

(i) Tangible capital assets (continued):

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Authority's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The write-downs of tangible capital assets are recorded in the 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 the fair value of a contributed asset cannot be reliably determined, the asset is recorded at nominal value.

(ii) Leased tangible capital assets:

Tangible capital assets acquired under a lease which transfers substantially all of the benefits and risks incidental to ownership of property are recorded as leased tangible capital assets with an offsetting obligation under capital lease. All other leases are accounted for as operating leases and the related payments are charged to expense as incurred.

Obligations under capital leases are recorded at the present value of the minimum lease payments excluding executor costs. The discount rate used to determine the present value of the lease payments is the lower of the Authority's rate for incremental borrowing or the interest rate implicit in the lease. Note 10 provides a schedule of repayments and amount of interest on the leases.

(iii) Inventories held for use:

Inventories held for use are recorded at the lower of weighted average cost and replacement cost.

(iv) Prepaid expenses:

Prepaid expenses include cash disbursements for future events, and operational costs, which will be charged to expense when the future benefit is received or realized.

(l) Revenue recognition:

On April 1, 2023, the Authority adopted Public Sector Accounting Standard PS 3400 – Revenue. PS 3400 proposes a framework describing two categories of revenue – transactions with performance obligations and transactions with no performance obligations. The adoption of PS 3400 has no accounting impact on both current year and prior year's financial information.

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

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

1. Significant accounting policies (continued):

(l) Revenue recognition (continued):

Revenue from transactions with performance obligations is recognized when (at a point in time) or as (over a period of time) the Authority satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

Revenue from transactions without performance obligations is recognized at realizable value when the Authority has the right to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

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

(m) Measurement uncertainty:

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

Significant areas requiring the use of estimates include the valuation of financial instruments, valuation of asset retirement obligations, collectability of accounts receivables, collectability of loan receivables, the estimated useful lives of tangible capital assets, estimating provisions for 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 financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from the estimates.

(n) Foreign currency translation:

The Authority's functional currency is the Canadian dollar. Foreign currency transactions are translated at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the financial statement date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or statement of financial position date is recognized in the statement of operations.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

1. Significant accounting policies (continued):

(o) 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 are equity investments recorded at fair value. Loans receivable are recorded at cost less any amount for valuation allowance. All debt and other financial liabilities are recorded using cost or amortized cost.

Interest and dividends attributable to financial instruments are reported in the 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 statement of operations. A write-down of a financial asset 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.

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 Authority's normal purchase, sale or usage requirements are not recognized as financial assets or financial liabilities.

(p) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the Authority's Fiscal 2023/2024 initial budget approved by the Board of directors on February 16, 2023. The budget is reflected in the statement of operations and the statement of changes in net debt.

(q) Future accounting standards:

In October 2023, PSAB issued PS 1202, Financial Statement Presentation. PS 1202 proposes to increase the accountability value of financial statement in an understandable way, including changes on presentations and inclusion of financial statements to be included in the financial statement package. PS 1202 applies to fiscal years beginning on or after April 1, 2026. Management is in the process of assessing the impact of adoption of PS 1202 on the financial statements of the Authority.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

2. Cash and cash equivalents:

	2024	2023
Provincial Treasury Central Deposit program (note 22(a))	\$ 439,121	\$ 485,762
Cash and cash equivalents	252,444	66,860
	691,565	552,622
Amounts restricted for capital purposes (note 14)	(317,343)	(332,734)
Amounts restricted for research and designated purposes	(20,484)	(20,200)
Amounts restricted for patient comfort funds	(906)	(1,261)
Amounts restricted for replacement reserves (note 13)	(620)	(570)
	\$ 352,212	\$ 197,857

3. Portfolio investments:

On March 30, 2022, the Ministry of Health approved the transfer of operations and assets from Little Mountain Residential Care and Housing Society ("the Society") to the Authority. Included in the transfer are the portfolio investments held by the Society.

	2024	2023
Fixed income	\$ 2,200	\$ 1,878
Canadian equity	457	385
U.S. equity	265	225
Foreign equity	17	20
	\$ 2,939	\$ 2,508

4. Accounts receivable:

	2024	2023
Ministry of Health	\$ 168,672	\$ 365,258
Patients, clients and residents	102,222	82,706
Other health authorities and BC government reporting entities	73,665	93,193
Foundations and auxiliaries	23,466	17,617
Medical Services Plan	6,397	6,089
WorkSafeBC	4,431	1,997
Federal government	3,661	3,870
Other	22,856	20,104
	405,370	590,834
Allowance for doubtful accounts	(97,684)	(78,482)
	\$ 307,686	\$ 512,352

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

5. Loans receivable:

	2024	2023
VGH Parkade Trust (a)	\$ 3,236	\$ 3,651
Seymour Health Centre Inc. (b)	578	4,373
Loans receivable	\$ 3,814	\$ 8,024

(a) VGH Parkade Trust

The loan consists of funds advanced for the repayment of a debt related to the Vancouver General Hospital ("VGH") Parkade. The debt was repaid on behalf of 578583 BC Ltd., a corporation which is the trustee of the VGH Parkade Trust (the "Trust") and is wholly owned by the VGH and UBC Hospital Foundation. During the fiscal year ended March 31, 2020 a second Deed of Variation was signed which extends the trust agreement to March 29, 2031. The Trust was created by agreement between the Authority and 578583 BC Ltd. In its capacity as the trustee of the Trust, 578583 BC Ltd. holds beneficial ownership in the VGH Parkade and earns the associated revenue.

A new amendment to the loan agreement was also signed during the fiscal year ended March 31, 2020 which extends the loan maturity date to December 31, 2030. The loan receivable from 578583 BC Ltd. earns interest at a fixed rate of 3.70%.

In September 2019, the VGH Gift Shop was transferred from the Trust to the Authority.

(b) Seymour Health Centre Inc.

On September 16, 2022 the Authority entered into an agreement to make a loan available to Seymour Health Centre Inc. The loan consists of funds advanced to Seymour Health Centre Inc. for the purpose of meeting the working capital needs required to ensure uninterrupted primary care. During the 2023-2024 fiscal year, there were additional loan advances to Seymour Health Centre Inc. plus account reclasses that together totalled \$8.3 million.

The loan receivable from Seymour Health Centre Inc. earns interest at Bank of Canada's prime rate plus 0.5% per annum.

During fiscal year 2023-2024, Seymour Health Centre Inc. defaulted on the loan. The company was placed in receivership on June 26, 2023. Ernst & Young Inc. was appointed Receiver. The loan receivable amount was \$12.7 million, of which, \$12.1 million was written down to reflect the net recoverable value.

6. Pearson receivable:

On January 31, 2015, VCH entered into an agreement with the Onni Group to sell the lands at the Pearson Dogwood site for \$302.0 million for development.

The Pearson receivable represents cash due to the Authority related to the proceeds due from Onni Pearson Dogwood Development Limited Partnership on the sale of the Pearson lands. The March 31, 2023 remaining balance of \$74.5 million was discounted to net present value of \$74.0 million using the BC Provincial Loan Concessionary Rate of 2.61% and was received in July 2023.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

7. Accounts payable and accrued liabilities:

	2024	2023
Trade accounts payable and accrued liabilities	\$ 318,425	\$ 355,534
Salaries and benefits payable	227,632	252,926
Accrued vacation pay	113,703	106,901
	<u>\$ 659,760</u>	<u>\$ 715,361</u>

8. Deferred operating revenue:

Deferred operating revenue represent externally restricted operating funding received for specific purposes, including grants from provincial ministries for various programs (including mental health, youth services, speech pathology and special needs). Other funds received are used for Planetary Health projects towards carbon neutral targets and to further the well-being of the Authority's employees. Funds received for exchange transactions, environmental health permits and parking paid in advance, are recorded as deferred operating revenue and recognized throughout the fiscal year.

	2024	2023
Deferred operating revenue, beginning of year	\$ 5,782	\$ 5,031
Amounts received during the year	3,383	4,550
Amounts recognized as revenue in the year	(4,265)	(3,799)
Deferred operating revenue, end of year	<u>\$ 4,900</u>	<u>\$ 5,782</u>

9. Deferred research and designated revenue:

Deferred research and designated revenue represent unspent funds received for research and other activities through the Vancouver Coastal Health Research Institute and the Prostate Research Centre. Contributions are received from pharmaceutical companies and other donors for various research projects to promote the health and well-being of residents within the region.

	2024	2023
Deferred research and designated contributions, beginning of year	\$ 20,475	\$ 20,191
Amounts received during the year	20,900	18,308
Amounts recognized as revenue in the year	(21,273)	(18,024)
Deferred research and designated contributions, end of year	<u>\$ 20,102</u>	<u>\$ 20,475</u>

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

10. Debt:

	2024	2023
Gordon & Leslie Diamond Health Care Centre, 30-year contract to August 2036 with Access Health Vancouver Ltd., payable in monthly payments including annual interest of 5.37%, payable in accordance with the project agreement terms	\$ 88,407	\$ 92,007
	\$ 88,407	\$ 92,007

Required principal repayments on P3 debt for the years ending March 31 are disclosed in note 18(e).

11. Asset retirement obligation:

The Authority's asset retirement obligation consists of the following obligations:

(a) Asbestos obligation:

The Authority owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. The buildings were originally purchased in various years, and the liability was measured as of the date of purchase of the buildings, when the liability was assumed.

(b) Fuel tank obligation:

The Authority owns and operates a number of fuel tanks. The liability for the removal of fuel tanks has been recognized under PS 3280 – Asset Retirement Obligation. The costs were based upon the presently known obligations that will exist at the financial reporting date.

Changes to the asset retirement obligation in the year are as follows:

Asset retirement obligation	Asbestos removal	Fuel tank removal	Balance at March 31, 2024
Opening balance	\$ 87,975	\$ 4,883	\$ 92,858
Accretion expense	2,753	153	2,906
Closing balance	\$ 90,728	\$ 5,036	\$ 95,764

The timing of the settlement of the underlying assets is indeterminate and therefore the Authority will re-evaluate the carrying value of the asset retirement obligation on a periodic basis as circumstances require. Estimated costs have been inflated during the current year at a rate of 3.13% per annum.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

12. Employee benefits:

(a) Retirement allowance:

Certain employees who meet a minimum of ten or twenty 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 Authority's liabilities are based on an actuarial valuation as at the early measurement date of March 31, 2022 and extrapolated to March 31, 2024 from which the service cost and interest cost components of expense for the fiscal year ended March 31, 2024 are derived. The next required valuation will be as of December 31, 2024.

Information about retirement allowance benefits is as follows:

	2024	2023
Accrued benefit obligation:		
Severance benefits	\$ 98,359	\$ 99,967
Sick leave benefits	67,101	68,945
	165,460	168,912
Unamortized actuarial loss	(15,685)	(16,625)
Accrued benefit liability	\$ 149,775	\$ 152,287

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

	2024	2023
Accrued benefit liability, beginning of year	\$ 152,287	\$ 144,513
Net benefit expense:		
Current service cost	11,635	11,492
Interest expense	6,161	4,964
Amortization of actuarial loss	1,099	10
Net benefit expense	18,895	16,466
Benefits paid	(21,407)	(8,692)
Accrued benefit liability, end of year	\$ 149,775	\$ 152,287

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

12. Employee benefits (continued):

(a) Retirement allowance (continued):

The significant actuarial assumptions adopted in measuring the Authority's accrued retirement allowance liabilities are as follows:

	2024	2023
Accrued benefit obligation as at March 31:		
Discount rate	3.49%	3.55%
Rate of compensation increase		
2022:	4.17%	4.17%
2023:	7.00%	7.00%
2024:	3.00%	3.00%
2025+:	2.50%	2.50%
Benefit costs for years ended March 31:		
Discount rate	3.55%	3.16%
Rate of compensation increase		
2022:	4.17%	2.50%
2023:	7.00%	
2024:	3.00%	
2025+:	2.50%	

(b) Healthcare Benefit Trust benefits:

The Healthcare Benefit Trust (the "Trust") administers long-term disability and group life insurance, accidental death and dismemberment, extended health and dental claims ("health and welfare benefits") for certain employee groups of the Authority and other provincially-funded organizations.

The Authority and all other participating employers are jointly responsible for the liabilities of the Trust should any participating employers be unable to meet their obligation to contribute to the Trust.

(i) Long-term disability and health and welfare benefits:

The Trust is a multiple employer plan, with the Authorities' assets and liabilities being segregated with regards to long-term disability benefits after September 30, 1997 and health and welfare benefits after December 31, 2014. Accordingly, the Authority's net trust assets are reflected in these financial statements.

The Authority's assets as of March 31, 2024 are based on the actuarial valuation at December 31, 2023, extrapolated to March 31, 2024. The next expected valuation will be as of December 31, 2024.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

12. Employee benefits (continued):

(b) Healthcare Benefit Trust benefits (continued):

(i) Long-term disability and health and welfare benefits (continued):

The long-term disability and health and welfare benefits obligation reported on the statement of financial position is as follows:

	2024	2023
Fair value of plan assets	\$ 258,009	\$ 225,955
Accrued benefit obligation	(183,306)	(171,512)

Long-term disability and health and welfare benefits asset	\$ 74,703	\$ 54,443
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	2024	2023
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Long-term disability and health and welfare benefits asset, beginning of year	\$ 54,443	\$ 57,548
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Net benefit expense:

Long-term disability expense	(24,788)	(26,184)
Actuarial (loss)	(5,884)	(10,828)
Health and welfare benefit expense	(44,590)	(41,266)
Interest expense	(9,852)	(9,239)
Contributions adjustment	556	(227)
Ancillary business units expense	4,772	4,757
Expected return on assets	13,449	12,213
Transfer of health and welfare benefits net surplus	617	(4,635)
Net benefit expense	(65,720)	(75,409)

Contributions to the plan - VCH	85,980	72,304
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Long-term disability and health and welfare benefits asset, end of year	\$ 74,703	\$ 54,443
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Benefits paid to claimants	\$ (79,068)	\$ (68,140)
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Plan assets consist of:

	2024	2023
Debt securities	37%	35%
Foreign equities	36%	34%
Equity securities and other	27%	31%
Total	100%	100%

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

12. Employee benefits (continued):

(b) Healthcare Benefit Trust benefits (continued):

(i) Long-term disability and health and welfare benefits (continued):

The significant actuarial assumptions adopted in measuring the Authority's accrued long-term disability and health and welfare benefits asset are as follows:

	2024	2023
Accrued benefit asset as at March 31:		
Discount rate	5.80%	5.90%
Rate of benefit increase	2024: 3.00%	2023: 7.00%
	2025+: 2.25%	2024: 3.00%
		2025+: 2.25%
Benefit costs for years ended March 31:		
Discount rate	5.90%	5.10%
Rate of benefit increase	2023: 7.00%	2.00%
	2024: 3.00%	
	2025+: 2.25%	
Expected future inflationary increases	2.00%	2.00%
Expected long-term rate of return on plan assets	5.80%	5.90%

Actual long-term rate of return on plan assets was 9.61% for the year ended December 31, 2023 (December 31, 2022 – (5.88)%).

(ii) Joint benefit trusts:

Effective April 1, 2017, management of the long-term disability and health and welfare benefits being provided to Health Science Professionals Bargaining Association, Community Bargaining Association, and Facilities Bargaining Association employees transitioned to joint benefit trusts. Employer contributions to the joint benefit trusts are based on a specified percentage of payroll costs. During the year ended March 31, 2024, the Authority made contributions to these joint benefit trusts totaling \$72.6M (2023 - \$60.9M).

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

12. Employee benefits (continued):

(c) Employee pension benefits:

The Authority and its employees contribute to the Municipal Pension Plan and the Public Service Pension Plan (jointly trusted pension plans). The plans are multi-employer defined benefit plans governed by the *BC Public Sector Pension Plans Act*.

Employer contributions to the Municipal Pension Plan of \$149.7 million (2023 - \$120.1 million) 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, 2021 indicated a funding surplus of approximately \$3,761.0 million. The actuary does not attribute portions of the surplus to individual employers. The plan covers approximately 240,000 active members, of which 24,978 are employees of the Authority. The next expected actuarial valuation will be as of December 31, 2024, with results available in 2025.

Employer contributions to the Public Service Pension Plan of \$0.4 million (2023 - \$0.3 million) 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 the plan funding. The most recent actuarial valuation for the plan at March 31, 2023, indicated a surplus of approximately \$4,491.0 million. The actuary does not attribute portions of the surplus to individual employers. The plan covers approximately 71,000 active members, of which 49 are employees of the Authority. The next actuarial valuation date will be as of March 31, 2026.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

13. Replacement reserves:

Under the terms of mortgage agreements with Canada Mortgage and Housing Corporation (“CMHC”) and BC Housing Management Commission (“BC Housing”), the Authority is required to set aside certain amounts each year as a replacement reserve. Use of the reserve funds requires approval of CMHC or BC Housing, respectively. The Authority complies with these provisions.

The change in the replacement reserves is calculated as follows:

		2024		2023
Replacement reserves, beginning of year	\$	570	\$	1,346
Provision for replacement reserve funding		50		-
Eligible Expenditures		-		(776)
Replacement reserves, end of year	\$	620	\$	570

The replacement reserves by facility are as follows:

		2024		2023
Shorncliffe Intermediate Care ⁽¹⁾	\$	216	\$	216
Kiwanis Intermediate Care ⁽¹⁾		172		172
Cedarview Lodge ⁽¹⁾		92		92
Hilltop House ⁽¹⁾		75		25
Little Mountain Residential Care and Housing Society		65		65
	\$	620	\$	570

⁽¹⁾ Kiwanis Intermediate Care, Cedarview Lodge, Shorncliffe Intermediate Care, and Hilltop House mortgages were paid in full. The Authority is no longer required to increase the reserves, and the balance remaining will be used for future maintenance.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

14. Deferred capital contributions:

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

	2024	2023
Deferred capital contributions, beginning of year	\$ 1,945,562	\$ 1,810,160
Capital contributions received:		
Ministry of Health	278,789	213,465
Foundations and auxiliaries	56,660	32,913
Regional hospital districts	2,803	1,940
Other	32,523	16,574
	<u>370,775</u>	<u>264,892</u>
	2,316,337	2,075,052
Amortization for the year	<u>(164,774)</u>	<u>(129,490)</u>
Deferred capital contributions, end of year	<u>\$ 2,151,563</u>	<u>\$ 1,945,562</u>

Deferred capital contributions are comprised of the following:

	2024	2023
Contributions used to purchase tangible capital assets	\$ 1,834,220	\$ 1,612,828
Unspent contributions	<u>317,343</u>	<u>332,734</u>
	<u>\$ 2,151,563</u>	<u>\$ 1,945,562</u>

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

15. Tangible capital assets:

Cost	2023	Additions	Disposals	Transfers	2024
Land	\$ 17,656	\$ 52,655	\$ -	\$ -	\$ 70,311
Buildings	1,890,896	-	-	109,742	2,000,638
Equipment	766,703	47,955	(15,542)	2,787	801,903
Information systems	832,427	-	-	84,213	916,640
Leasehold improvements	89,632	2,431	-	-	92,063
Buildings under capital lease	111,805	-	-	-	111,805
Construction in progress	330,802	249,174	-	(109,742)	470,234
Equipment and information systems in progress	63,071	85,533	-	(84,213)	64,391
	\$ 4,102,992	\$ 437,748	\$ (15,542)	\$ 2,787	\$ 4,527,985

Accumulated amortization	2023	Amortization	Disposals	Transfers	2024
Buildings	\$ 1,117,701	\$ 60,255	\$ -	\$ -	\$ 1,177,956
Equipment	660,366	37,992	(15,542)	-	682,816
Information systems	334,138	69,057	-	-	403,195
Leasehold improvements	50,485	7,148	-	-	57,633
Buildings under capital lease	36,976	2,235	-	-	39,211
	\$ 2,199,666	\$ 176,687	\$ (15,542)	\$ -	\$ 2,360,811

Cost	2022	Additions	Disposals	Transfers	2023
	(Restated)				
Land	\$ 17,656	\$ -	\$ -	\$ -	\$ 17,656
Buildings	1,834,902	-	-	55,994	1,890,896
Equipment	796,854	28,485	(58,636)	-	766,703
Information systems	322,044	-	-	510,383	832,427
Leasehold improvements	65,431	24,201	-	-	89,632
Buildings under capital lease	111,805	-	-	-	111,805
Construction in progress	185,950	200,846	-	(55,994)	330,802
Equipment and information systems in progress	487,462	85,992	-	(510,383)	63,071
	\$ 3,822,104	\$ 339,524	\$ (58,636)	\$ -	\$ 4,102,992

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

15. Tangible capital assets (continued):

Accumulated amortization	2022	Amortization	Disposals	Transfers	2023
	(Restated)				
Buildings	\$ 1,061,187	\$ 56,514	\$ -	\$ -	1,117,701
Equipment	684,556	34,446	(58,636)	-	660,366
Information systems	297,769	36,369	-	-	334,138
Leasehold improvements	43,129	7,356	-	-	50,485
Buildings under capital lease	34,741	2,235	-	-	36,976
	\$ 2,121,382	\$ 136,920	\$ (58,636)	\$ -	2,199,666

Net book value	2024	2023
Land	\$ 70,311	\$ 17,656
Buildings	822,682	773,194
Equipment	119,087	106,337
Information systems	513,445	498,289
Leasehold improvements	34,430	39,147
Buildings under capital lease	72,594	74,829
Construction in progress	470,234	330,803
Equipment and information systems in progress	64,391	63,071
	\$ 2,167,174	\$ 1,903,326

Contributed tangible capital assets total \$2.787 million (2023 - \$0.045 million).

Tangible capital assets are funded as follows:

	2024	2023
Deferred capital contributions	\$ 1,834,220	\$ 1,612,828
Debt	88,407	92,007
Internally funded	244,547	198,491
Tangible capital assets	\$ 2,167,174	\$ 1,903,326

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

16. Inventories held for use:

	2024	2023
Pharmaceuticals	\$ 12,850	\$ 12,336
Medical supplies	1,276	1,209
	\$ 14,126	\$ 13,545

17. Prepaid expenses:

	2024	2023
Contracted services	\$ 20,461	\$ 21,929
Maintenance contracts	8,666	3,706
Rent and operating costs	4,895	4,347
2024/2025 Nurses Membership Fees	1,760	-
Other	3,201	3,254
	\$ 38,983	\$ 33,236

18. Commitments and contingencies:

(a) Construction, equipment and information systems projects in process:

As at March 31, 2024, the Authority had outstanding commitments for construction, equipment and information systems in progress of \$95.7 million (2023 - \$142.5 million).

(b) Contractual obligations:

The Authority has entered into contracts for various services within the normal course of operations. The estimated contractual obligations under these contracts for the years ending March 31 are as follows:

2025	\$ 393,197
2026	396,707
2027	403,281
2028	380,101
2029	374,265
Thereafter	384,738
	\$ 2,332,289

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

18. Commitments and contingencies (continued):

(c) Long term care contracts:

The Authority has entered into contracts with 36 service providers to provide long-term care services. The aggregate annual estimated commitment for these contracts is \$456.5 million for 2024 (2023 – 30 service providers, \$437.5 million).

(d) Operating leases:

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

2025	\$	61,493
2026		55,182
2027		47,543
2028		39,817
2029		33,397
Thereafter		142,037
	\$	379,469

(e) Public private partnerships:

The Authority entered into a multi-year P3 contract with the private sector partner AHV Access Health Vancouver Ltd. ("AHV"). Under the agreement, AHV designed, constructed, financed and will maintain the Gordon & Leslie Diamond Health Care Centre facilities until the end of the term of the agreement in August 2036. Payment guarantees have been provided by the Province for the payment obligations to AHV.

The information presented below shows the anticipated cash outflow for future obligations under this contract for the capital cost and financing of the asset, the facility maintenance (FM), and the lifecycle costs. FM and lifecycle payments to AHV are contingent on specified performance criteria and include an estimation of inflation. Required principal repayments on P3 debt are disclosed below as capital commitments:

	Capital	Financing	FM and lifecycle	Total payments
2025	\$ 4,008	\$ 4,554	\$ 3,684	\$ 12,246
2026	4,443	4,333	3,678	12,454
2027	4,908	4,088	6,288	15,284
2028	5,403	3,818	5,107	14,328
2029	5,930	3,522	4,165	13,617
Thereafter	63,715	13,750	44,135	121,600
	\$ 88,407	\$ 34,065	67,057	\$ 189,529

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

18. Commitments and contingencies (continued):

(f) 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 Authority's activities is such that there is litigation pending or in progress at any time. With respect to unsettled claims at March 31, 2024, management is of the opinion that the Authority has valid defenses and appropriate insurance coverage in place, or if there is unfunded risk, such claims are not expected to have material effect on the Authority's financial position. Outstanding contingencies are reviewed on an ongoing basis and any unfunded risk is provided for based on management's best estimate of the ultimate settlement.

(g) Guarantees:

The Authority provided a guarantee to the City of Vancouver in respect of the Providence Health Care Society's obligation to construct two Childcare Facilities on the new St. Paul's Hospital and Health Campus, pursuant to the Childcare Facilities Construction and Use Agreement between the Providence Health Care Society and the City of Vancouver dated January 4, 2021. The estimated cost of constructing the two Childcare Facilities is \$25.3 million.

The Authority further provided a guarantee to the City of Vancouver dated November 3, 2022 in respect of the stated above up to the amount of \$40.0M for completion, post-completion maintenance and all associated costs within the timelines set out.

19. Statement of operations:

(a) Other contributions:

	2024	2023
Provincial Health Services Authority ("PHSA")	\$ 171,012	\$ 161,444
BC government reporting entities	16,115	14,696
Other	19,611	14,833
	<u>\$ 206,738</u>	<u>\$ 190,973</u>

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

19. Statement of operations (continued):

(b) Patients, clients and residents revenue:

	2024	2023
Non-residents of Canada	\$ 53,025	\$ 44,694
Long-term and extended care	49,504	47,596
Non-residents of BC	37,523	29,344
WorkSafe BC	21,708	14,977
Residents of BC self pay	12,354	12,266
Uninsured residents	4,556	3,224
Preferred accommodation	1,915	2,283
Other	1,980	1,657
	<u>\$ 182,565</u>	<u>\$ 156,041</u>

(c) Other revenue:

	2024	2023
Compensation recoveries	\$ 18,378	\$ 17,911
Recoveries from sales of goods and services	9,424	7,684
Parking	4,930	4,738
Other	25,285	14,910
	<u>\$ 58,017</u>	<u>\$ 45,243</u>

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

19. Statement of operations (continued):

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

	2024	2023
Employee related:		
Compensation	\$ 2,390,916	2,024,634
Employee benefits	506,482	445,435
Loss on event driven employee benefits	266	8,199
	<u>2,897,664</u>	<u>2,478,268</u>
Referred-out and contracted services:		
Other health authorities and BC government reporting entities (note 21(a))	1,506,943	1,258,821
Health and support services providers	859,864	784,120
	<u>2,366,807</u>	<u>2,042,941</u>
Supplies:		
Medical and surgical	162,198	150,803
Drugs and medical gases	96,349	88,343
Diagnostic	30,391	29,229
Food and dietary	10,392	4,357
Laundry and linen	6,401	7,497
Housekeeping	5,892	2,883
Printing, stationery and office	5,732	4,962
Other	31,897	25,711
	<u>349,252</u>	<u>313,785</u>
Amortization of tangible capital assets (note 15)	176,687	136,920
Equipment and building services:		
Equipment	98,113	82,653
Building and grounds service contracts	39,201	37,505
Rent	36,450	33,101
Plant operations (utilities)	25,411	26,955
Other	11,844	14,940
	<u>211,019</u>	<u>195,154</u>
Sundry:		
Professional fees	38,332	37,372
Travel	19,335	13,595
Communication and data processing	14,258	12,246
Patient transport	7,646	6,760
Other	56,744	40,935
	<u>136,315</u>	<u>110,908</u>
Research	21,273	18,024
Interest on debt and capital leases	4,759	4,934
	<u>\$ 6,163,776</u>	<u>\$ 5,300,934</u>

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

20. Supplementary cash flow information:

Net change in non-cash operating items:

	2024	2023
Accounts receivable	\$ 204,666	\$ (344,145)
Pearson receivable	(550)	(2,103)
Accounts payable and accrued liabilities	(55,601)	184,861
Deferred operating revenue	(882)	751
Deferred research and designated revenue	(373)	284
Replacement reserves	50	(776)
Inventories held for sale	(72)	(140)
Inventories held for use	(581)	(1,383)
Prepaid expenses	(5,747)	(2,838)
	\$ 140,910	\$ (165,489)

21. Related parties and other agencies:

Disclosure of values for related party transactions is only required if the values are different from that which would have been arrived at if the parties were unrelated. The following are identified related parties:

(a) BC government reporting entities:

The Authority is related through common control to all Province of BC ministries, agencies, Crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity. Transactions with these organizations, unless disclosed otherwise, are considered to be 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.

Referred out and contracted services expenses as outlined in note 19(d) are measured at the exchange amount, which is the amount established and agreed to by the related parties, and differs from fair market value.

The health authorities provide various services to each other relating to the provision of healthcare and other support services. The related revenues and expenses are reflected in the statement of operations and are recorded on a cost recovery basis, as the entities would have otherwise delivered the services themselves. As a result, the values recorded in the financial statements approximate fair market value.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

21. Related parties and other agencies (continued):

(b) Foundations, regional hospital districts and auxiliaries:

There are 18 separate health care foundations, regional hospital districts, and auxiliaries, which were established to raise funds for their respective hospitals and/or community health services organizations within the Authority area. The foundations and auxiliaries are separate legal entities incorporated under the *Society Act of British Columbia* with separate governance structures. The foundations and some of the auxiliaries are registered charities under the provisions of the *Income Tax Act* of Canada. The financial and non-financial assets and liabilities and results from operations of the foundations and auxiliaries are not included in the financial statements of the Authority. During the year, the foundations granted \$91.5 million (2023 - \$68.3 million) to the Authority.

(c) Affiliated organization:

The contributions from the Ministry on behalf of PHC is \$936.4 million (2023 - \$744.0 million) and funds transferred to PHC are recorded as expenses, \$1,103.0 million (2023 - \$893.8 million). The financial statements of the affiliate, PHC, are not consolidated with the Authority. The annual surplus and accumulated (deficit) of PHC is \$1.384 million (2023 - \$0.059 million), and \$(96.3) million (2023 - \$(98.2) million), respectively.

VCH will not assume responsibility for any operating or working capital deficit incurred in PHC's ongoing operations.

(d) Key management personnel:

The Authority has deemed the Board of Directors and Senior Executive Team to be key management personnel based on the PS 2200 definition. A declaration is completed by the key management personnel annually to confirm whether there are any related party transactions. There are no related party transactions to disclose.

22. Risk management:

The Authority is exposed to credit risk, liquidity risk and foreign exchange risk from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Authority's financial instruments is provided by type of risk below.

(a) Credit risk:

Credit risk primarily arises from the Authority's cash and cash equivalents, portfolio investments, accounts receivable, and loan receivable. The risk exposure is limited to their varying amounts at the date of the statement of financial position.

The Authority manages credit risk by holding balances of cash and cash equivalents with reputable top rated financial institutions. The Authority has entered into an offset banking agreement with the Province under the Central Deposit Program in February 2014. The Central Deposit Program provides interest compensation and account administration to the Authority on the excess cash balances that the Authority contributed and held with the Province under the program. The Authority has \$439.1 million (2023 - \$485.8 million) held in the Central Deposit Program under the BC government. Funds can be requested and received within three business days.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

22. Risk management (continued):

(a) Credit risk (continued):

Accounts receivable primarily consist of amounts receivable from the Ministry, other health authorities and BC government reporting entities, patients, clients and agencies, hospital foundations and auxiliaries, grantors, etc. To reduce the risk, the Authority periodically reviews the collectability of its accounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. As at March 31, 2024, the amount of allowance for doubtful accounts was \$97.7 million (2023 - \$78.5 million).

The Authority is not exposed to significant credit risk with respect to the portfolio investments, and amounts receivable from the Ministry, other health authorities and BC government reporting entities. The portfolio investments are low risk and immaterial.

(b) Liquidity risk:

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

The Authority's principal source of funding is from the Ministry. The Authority 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 Authority has complied with the external restrictions on the funding provided.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

22. Risk management (continued):

(b) Liquidity risk (continued):

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

2024 Financial assets	Up to 1 year	1 to 5 years	Over 5 years	Total
Cash and cash equivalents	\$ 691,565	\$ -	\$ -	\$ 691,565
Portfolio investments	2,939	-	-	2,939
Accounts receivable	307,686	-	-	307,686
Loan receivable	1,008	2,406	400	3,814
Financial assets	\$ 1,003,198	\$ 2,406	\$ 400	\$ 1,006,004

2024 Liabilities	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 659,760	\$ -	\$ -	\$ 659,760
Debt	4,008	20,684	63,715	88,407
Financial liabilities	\$ 663,768	\$ 20,684	\$ 63,715	\$ 748,167

2023 Financial assets	Up to 1 year	1 to 5 years	Over 5 years	Total
Cash and cash equivalents	\$ 552,622	\$ -	\$ -	\$ 552,622
Portfolio investments	2,508	-	-	2,508
Accounts receivable	512,352	-	-	512,352
Loan receivable	4,787	2,318	919	8,024
Pearson receivable	73,950	-	-	73,950
Financial assets	\$ 1,146,219	\$ 2,318	\$ 919	\$ 1,149,456

2023 Liabilities	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 715,361	\$ -	\$ -	\$ 715,361
Debt	3,600	18,762	69,645	92,007
Financial liabilities	\$ 718,961	\$ 18,762	\$ 69,645	\$ 807,368

The maturity dates of the remaining financial assets and liabilities cannot be determined and therefore, are excluded from the above amounts.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

22. Risk management (continued):

(c) Foreign currency risk:

The Authority's operating results and financial position are reported in Canadian dollars. As the Authority operates in an international environment, some of the Authority's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Authority's operations are subject to currency fluctuations. The foreign currency financial instruments are short-term in nature and do not give rise to significant foreign currency risk.

The Authority makes payments denominated in US dollars and other currencies. The currency most contributing to the foreign exchange risk is the US dollar. US dollar balances at March 31, 2024 are not material.

The Authority 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.

(d) Future Service Capacity Risk:

VCH's ability to provide service to our patients, clients, and residents is contingent upon the condition of our facilities and equipment. While VCH works to maintain facilities and equipment in good repair, there are several older facilities that are part of everyday health care operations which are fully depreciated with no remaining book value. While the risk of facility or equipment failure is small, the potential impact of a failure due to aging facilities or equipment could be significant and result in temporary service delivery delays.

23. Government partnership:

VCH has entered into an agreement with PHC and PHSA to fund and develop the Clinical and Systems Transformation project (CST). The CST project is a multi-year initiative designed to improve the safety, quality and consistency of patient care across these three organizations. CST is intended to replace multiple aging existing systems with a single common clinical information system.

The agreement maps out the oversight structure for the project and the roles and responsibilities of the three organizations including their funding responsibilities and ownership rights. Under this agreement VCH pays 75% of shared project costs and PHSA pays the remaining 25%. Each organization is then responsible to pay costs that are unique to their organization. Ownership of CST and its related intellectual property is allocated on the same basis as costs. Generally this means that VCH owns 75% of CST and PHSA owns the remaining 25%.

During the fiscal year ended March 31, 2023, the CST system was deemed substantially completed by all organizations and amortization for the system began in November 2022.

As at March 31, 2024, VCH has capitalized CST development costs, of which \$591.0M (2023 - \$528.1M) are included in "Equipment, buildings, construction in progress, and information systems in progress" in note 15 of these financial statements.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Financial Statements

(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2024

24. Subsequent event:

1449867 BC Ltd.

On June 26, 2023, Seymour Health Care Centre Inc. (Seymour), a company providing primary care services in Vancouver, was placed into receivership. Effective April 1, 2024, 1449867 BC Ltd acquired the tangible personal property and operations of Seymour for \$12.7 million paid for by the assignment of receivable in exchange for share capital. 1449867 BC Ltd. is a wholly owned subsidiary of the Authority.

25. Comparative figures:

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