Financial Statements of

INTERIOR HEALTH AUTHORITY

Year ended March 31, 2015

Interior Health

Statement of Management Responsibility

The financial statements of Interior Health Authority (the "Authority") for the year ended March 31, 2015 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 Board of Directors is responsible for ensuring that management fulfills 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, KPMG LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. Their examination considers internal control relevant to management's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of the Authority's internal control. The external auditors have full and free access to the Audit and Finance Committee of the Board and meet with it on a regular basis.

On behalf of Interior Health Authority

Dr. Robert Halpenny,
Chief Executive Officer

Donna Lommer,
VP Residential Services & Chief Financial Officer

May 27, 2015

KPMG LLP
200-3200 Richter Street
Kelowna BC
V1W 5K9

Telephone (250) 979-7150
Fax (250) 763-0044
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Interior Health Authority which comprise the statement of financial position as at March 31, 2015, the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation 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 of Interior Health Authority as at March 31, 2015, and for the year then ended are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(a) to the financial statements, which describes the basis of accounting and significant differences between such basis of accounting and Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

May 27, 2015
Kelowna, Canada

INTERIOR HEALTH AUTHORITY

Statement of Financial Position
(Tabular amounts expressed in thousands of dollars)

As at March 31, 2015

	2015	2014
Financial assets		
Cash and cash equivalents (note 2)	$ 165,115	$ 143,784
Accounts receivable (note 3)	70,499	49,315
Assets available for sale (note 4, 11)	-	2,781
Long-term disability and health and welfare benefits (note 8(b)(i))	42,315	46,701
	277,929	242,581
Liabilities		
Accounts payable and accrued liabilities (note 5)	189,439	172,412
Deferred operating contributions (note 6)	7,062	7,439
Debt (note 7)	223,899	208,693
Retirement allowance (note 8(a))	109,350	106,037
Replacement reserves (note 9)	873	807
Deferred capital contributions (note 10)	945,617	882,367
	1,476,240	1,377,755
Net debt	(1,198,311)	(1,135,174)
Non-financial assets		
Tangible capital assets (note 11)	1,236,029	1,170,060
Inventories held for use (note 12)	5,872	6,185
Prepaid expenses	5,502	5,779
Restricted assets (note 13)	235	235
	1,247,638	1,182,259
Accumulated surplus	$ 49,327	$ 47,085

Commitments and contingencies (note 14)

See accompanying notes to financial statements.

Approved on behalf of the Board:

Erwin J. Malzer _______ Director

Erwin Malzer

Dennis Rounsville _______ Director

Dennis Rounsville

INTERIOR HEALTH AUTHORITY

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

Year ended March 31, 2015

	2015 Budget (Notes 1(n), 19)	2015	2014
Revenues:			
Ministry of Health contributions	$ 1,554,112	$ 1,528,478	$ 1,518,578
Medical Services Plan	131,766	143,358	137,732
Patients, clients and residents (note 15(a))	92,478	96,457	91,164
Amortization of deferred capital contributions	78,489	75,284	78,798
Recoveries from other health authorities and BC government reporting entities	33,877	38,989	36,259
Other contributions (note 15(b))	33,995	38,493	35,445
Other (note 15(c))	26,816	24,262	24,524
Investment income	1,819	1,837	2,245
	1,953,352	1,947,158	1,924,745
Expenses (note 15(d)):			
Acute	1,072,786	1,079,080	1,043,298
Residential care	369,735	367,783	366,916
Community care	196,624	196,492	190,970
Corporate	136,957	132,738	125,703
Mental health and substance use	118,773	113,061	109,616
Population health and wellness	58,477	55,762	54,440
	1,953,352	1,944,916	1,890,943
Annual surplus	-	2,242	33,802
Accumulated surplus, beginning of year	47,085	47,085	13,283
Accumulated surplus, end of year	$ 47,085	$ 49,327	$ 47,085

INTERIOR HEALTH AUTHORITY

Statement of Changes in Net Debt
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2015

	2015 Budget (Note 1(n))	2015	2014
Annual surplus	$ -	$ 2,242	$ 33,802
Acquisition of tangible capital assets	(168,914)	(149,387)	(117,924)
Proceeds from disposal of tangible capital assets	-	21	1,757
Amortization of tangible capital assets	88,699	84,683	87,262
Loss on disposal of tangible capital assets	-	415	70
Transfer of tangible capital assets	-	-	2,781
Capitalized interest	-	(1,701)	(3,335)
	(80,215)	(63,727)	4,413
Acquisition of inventories held for use	-	(79,105)	(81,260)
Acquisition of prepaid expenses	-	(16,017)	(15,087)
Consumption of inventories held for use	-	79,418	81,557
Use of prepaid expenses	-	16,294	15,320
	-	590	530
(Increase) decrease in net debt	(80,215)	(63,137)	4,943
Net debt, beginning of year	(1,135,174)	(1,135,174)	(1,140,117)
Net debt, end of year	$ (1,215,389)	$ (1,198,311)	$ (1,135,174)

See accompanying notes to financial statements.

INTERIOR HEALTH AUTHORITY

Statement of Cash Flows
(Tabular amounts expressed in thousands of dollars)

Year ended March 31, 2015

	2015	2014
Cash flows from (used in) operating activities:		
Annual surplus	$ 2,242	$ 33,802
Items not involving cash:		
Amortization of deferred capital contributions	(75,284)	(78,798)
Amortization of tangible capital assets	84,683	87,262
Loss on disposal of tangible capital assets	415	70
(Gain)/Loss on sale of assets available for sale	(200)	-
Retirement allowance expense	11,433	10,873
Long-term disability and health and welfare benefits expense	26,991	(353)
Interest income	(1,837)	(2,245)
Interest expense	12,760	11,634
	61,203	62,245
Net change in non-cash operating items (note 16(a))	(4,262)	13,669
Interest received	1,837	2,245
Interest paid	(12,376)	(11,634)
Net change in cash from operating activities	46,402	66,525
Capital activities:		
Proceeds from disposal of tangible capital assets	21	1,757
Proceeds from disposal of assets available for sale	2,981	-
Acquisition of tangible capital assets (note 16(b))	(132,141)	(83,669)
Net change in cash from capital activities	(129,139)	(81,912)
Investing activities:		
Proceeds from disposals and redemption of portfolio investments	-	142,354
Net change in cash from investing activities	-	142,354
Financing activities:		
Retirement allowance benefits paid	(8,120)	(6,692)
Long-term disability and health and welfare benefits contributions	(22,605)	(67,151)
Repayment of debt	(3,741)	(2,713)
Capital contributions	138,534	69,358
Net change in cash from financing activities	104,068	(7,198)
Increase in cash and cash equivalents	21,331	119,769
Cash and cash equivalents, beginning of year	143,784	24,015
Cash and cash equivalents, end of year	$ 165,115	$ 143,784

Supplementary cash flow information (note 16)

Interior 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 Interior region and those referred from outside the region.

1. Significant accounting policies:

(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.

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

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

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*; and

- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with PS 3100, *Restricted Assets and Revenues*; and

- deferred contributions meet liability criteria in accordance with PS 3200, *Liabilities*.

As a result, revenue recognized in the 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 17(b)).

(c) 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 investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

(d) Accounts receivable:

Accounts receivable are recorded at amortized cost less an amount for valuation allowance. Valuation allowances are made to reflect accounts receivable at the lower of amortized cost and the net recoverable value when risk of loss exists. Changes in valuation allowance are recognized in the statement of operations. Interest is accrued on loans receivable to the extent it is deemed collectable.

1. Significant accounting policies (continued):

(e) Asset retirement obligations:

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

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

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

(f) 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 defined long-term disability and health and welfare benefits 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 benefit is 10 years (2014 – 10 years). Actuarial gains and losses from event-driven benefits such as long-term disability and health and welfare benefits that do not vest or accumulate are recognized immediately.

1. Significant accounting policies (continued):

(f) Employee benefits (continued):

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

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 due and payable.

(iii) Accumulating, non-vesting benefit plans:

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

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

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

(g) 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:

Land improvements	5 – 25 years
Buildings	10 – 50 years
Equipment	3 – 20 years
Information systems	3 - 10 years
Leasehold improvements	2 - 15 years
Vehicles	4 years

1. Significant accounting policies (continued):

(g) Non-financial assets (continued):

(i) Tangible capital assets (continued):

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

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 is 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 fair value of a contributed asset cannot be reliably determined, the asset is recorded at nominal value.

(ii) Inventories held for use:

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

(iii) Prepaid expenses:

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

(h) Revenue recognition:

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.

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

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

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

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

1. Significant accounting policies (continued):

(h) Revenue recognition (continued):

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.

(i) 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 accounts receivable, the estimated useful lives of tangible capital assets, amounts to settle asset retirement obligations, contingent liabilities, and the future costs to settle employee benefit obligations.

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

(j) Restricted assets:

Restricted assets are comprised of endowment contributions which are externally restricted in their use. Endowment contributions are recorded as revenue in the period of acquisition. Use of these funds is limited to the terms of reference.

(k) 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.

(l) Financial instruments:

Financial instrument classification is determined upon inception and financial instruments are not reclassified into another measurement category for the duration of the period they are held.

1. Significant accounting policies (continued):

(l) Financial instruments (continued):

Financial assets and financial liabilities, other than derivatives, equity instruments quoted in an active market and financial instruments designated at fair value, are measured at cost or amortized cost upon their inception and subsequent to initial recognition. Cash and cash equivalents are measured at cost. Accounts receivable are recorded at cost less any amount for valuation allowance. Portfolio investments, other than equity investments quoted in an active market, are reported at amortized costs less any write-downs associated with a loss in value that is other than a temporary decline. 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 portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

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

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

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

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.

(m) Capitalization of public-private partnership projects:

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 are 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. Interest during construction is also included in the asset cost and is calculated on the P3 asset value, less contributions received and amounts repaid, during the construction term. The interest rate used is the project internal rate of return.

1. Significant accounting policies (continued):

(m) Capitalization of public-private partnership projects (continued):

When available for operations, the project assets are amortized over their estimated useful lives.

Correspondingly, an obligation for the cost of capital and financing received to date, net of the contributions received is recorded as a liability and included in debt.

Upon substantial completion, the private sector partner receives monthly payments to cover the partner's operating costs, financing costs and a return of their capital over the term of their project agreement.

(n) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the Authority's Fiscal 2014/2015 Budget approved by the Board of Directors on May 28, 2014 and published in the Authority's Service Plan. The budget is reflected in the statement of operations and accumulated operating surplus and the statement of changes in net debt. Note 19 reconciles the approved budget to the budget information reported in these financial statements.

(o) Future accounting standards:

(i) In March 2015, PSAB issued PS 2200, *Related Party Disclosures*. PS 2200 defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when the transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and the transactions have, or could have, a material financial effect on the financial statements. PS 2200 applies to fiscal years beginning on or after April 1, 2017. Management is in the process of assessing the impact of adoption of PS 2200 on the financial statements of the Authority.

(ii) In March 2015, PSAB issued PS 3420, *Inter-entity Transactions*. PS 3420 establishes standards of how to account for and report transactions between public sector entities that comprise a government reporting entity from both a provider and a recipient perspective. The main features of the standard are as follows:

- Under a policy of cost allocation, revenues and expenses are recognized on a gross basis;
- Transactions are measured at the carrying amount, except in specific circumstances;

(Tabular amounts expressed in thousands of dollars)

1. Significant accounting policies (continued):

(o) Future accounting standards (continued):

- A recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure or budget practice; and

- The transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value.

Requirements of this standard are considered in conjunction with requirements of PS 2200. PS 3420 applies to fiscal years beginning on or after April 1, 2017. Management is in the process of assessing the impact of adoption of PS 3420 on the financial statements of the Authority.

2. Cash and cash equivalents:

	2015	2014
Cash and cash equivalents	$ 165,115	$ 143,784
Amounts restricted for capital purposes	(31,349)	(15,717)
Amounts restricted for future operating purposes	(7,062)	(7,439)
Amounts restricted for replacement reserves	(873)	(807)
Amounts restricted for patient comfort funds	(228)	(310)
Unrestricted cash and cash equivalents and portfolio investments	$ 125,603	$ 119,511

(Tabular amounts expressed in thousands of dollars)

3. Accounts receivable:

		2015		2014
Medical Services Plan	$	22,360	$	13,623
Other health authorities and BC government reporting entities		15,920		12,552
Patients, clients and residents		12,721		9,396
Regional Hospital Districts		7,432		3,978
Ministry of Health		4,005		5,025
Federal government		3,261		2,745
Foundations and auxiliaries		2,768		1,970
WorkSafeBC		2,021		1,793
Other		6,632		3,677
		77,120		54,759
Allowance for doubtful accounts		(6,621)		(5,444)
	$	70,499	$	49,315

4. Assets available for sale:

Certain owned properties have been identified for disposition with the goal of optimizing both the value and use of assets to support the strategic goals of the Authority. These properties have also been identified as target properties for the government's Asset Realization Strategy.

5. Accounts payable and accrued liabilities:

		2015		2014
Salaries and benefits payable	$	86,316	$	80,683
Accrued vacation pay		58,103		55,582
Trade accounts payable and accrued liabilities		45,020		36,147
	$	189,439	$	172,412

6. Deferred operating contributions:

Deferred operating contributions represent externally restricted operating funding received for specific purposes.

		2015		2014
Deferred operating contributions, beginning of year	$	7,439	$	7,316
Contributions received during the year		2,545		3,520
Amount recognized as revenue in the year		(2,922)		(3,397)
	$	7,062	$	7,439

(Tabular amounts expressed in thousands of dollars)

7. Debt:

	2015	2014
Public-private partnerships:		
Kelowna and Vernon Hospitals Project, 30 year contract to August 2042 with Infusion Health KVH General Partnership, payable in monthly payments including annual interest of 7.62%, in accordance with the project agreement terms	$ 143,299	$ 146,278
Interior Heart & Surgical Centre Project, 30 year contract to December 2044 with Plenary Health, payable in monthly payments including annual interest of 5.93%, in accordance with the project agreement terms	77,750	59,461
	221,049	205,739
Mortgages:		
Canada Mortgage and Housing Corporation (CMHC), secured by first charges on properties:		
Columbia View Lodge, payable in monthly payments of $8,552, including annual interest of 10.5%, renewable December 1, 2027	937	971
Kimberley Special Care Home, payable in monthly payments of $2,628, including annual interest of 8%, renewable September 1, 2026	238	251
Noric House, payable in monthly payments of $14,457, including annual interest of 10%, renewable December 1, 2028	1,675	1,732
	2,850	2,954
	$ 223,899	$ 208,693

Required principal repayments on mortgages for the years ending March 31 are as follows:

2016	$ 114
2017	125
2018	137
2019	151
2020	166
Thereafter	2,157
	$ 2,850

Required principal repayments on P3 debt for the years ending March 31 are disclosed with public-private partnership commitments in note 14(d).

(Tabular amounts expressed in thousands of dollars)

8. Employee benefits:

(a) Retirement allowance:

Certain employees with 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 December 31, 2014 and extrapolated to March 31, 2015 from which the service cost and interest cost components of expense for the fiscal year ended March 31, 2015 are derived. The next required valuation will be as of December 31, 2015.

Information about retirement allowance benefits is as follows:

	2015	2014
Accrued benefit obligation:		
Severance benefits	$ 56,099	$ 56,810
Sick leave benefits	44,585	44,678
	100,684	101,488
Unamortized actuarial gain	8,666	4,549
Accrued benefit liability	$ 109,350	$ 106,037

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

	2015	2014
Accued benefit liability, beginning of year	$ 106,037	$ 101,856
Net benefit expense:		
Current service cost	7,530	7,166
Interest expense	4,426	4,299
Amortization of actuarial (gain) loss	(523)	(592)
Net benefit expense	11,433	10,873
Benefits paid	(8,120)	(6,692)
Accrued benefit liability, end of year	$ 109,350	$ 106,037

(Tabular amounts expressed in thousands of dollars)

8. Employee benefits (continued):

(a) Retirement allowance (continued):

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

	2015	2014
Accrued benefit obligation as at March 31:		
Discount rate	3.98%	4.26%
Rate of compensation increase	2.50%	2.50%
Benefit costs for years ended March 31:		
Discount rate	4.26%	4.41%
Rate of compensation increase	2.50%	2.50%
Expected future inflationary increases	2.00%	2.00%

(b) Healthcare Benefit Trust benefits:

The Healthcare Benefit Trust (the "Trust") administers long-term disability, group life insurance, accidental death and dismemberment, extended health and dental claims for certain employee groups of the 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 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) liabilities are reflected in these financial statements.

The Authority's (assets) liabilities as of March 31, 2015 are based on the actuarial valuation at December 31, 2014, extrapolated to March 31, 2015. The Authority's (assets) liabilities as of March 31, 2014 are based on the actuarial valuation at December 31, 2013. The next expected valuation is as of December 31, 2015.

(Tabular amounts expressed in thousands of dollars)

8. Employee benefits (continued):

(b) Healthcare Benefit Trust benefits (continued):

(i) Long-term disability benefits (continued):

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

	2015	2014
Fair value of plan assets	$ 237,322	$ 222,436
Accrued benefit obligation	195,007	175,735
Net funded asset	$ (42,315)	$ (46,701)

	2015	2014
Long-term disability benefits (asset) obligation, beginning of year:	$ (46,701)	$ 20,803
Net benefit expense:		
Long-term disability expense	31,830	31,812
Health and welfare benefit expense	8,174	-
Interest expense	10,033	10,229
Actuarial loss (gain)	(10,152)	(30,869)
Employee payments	(641)	(1,592)
Expected return on assets	(12,253)	(9,933)
Net benefit expense	26,991	(353)
Contributions to the plan	(3,611)	(61,251)
Transfer of health and welfare benefits net surplus	(16,212)	(5,900)
Effect of change in plan valuation date	(2,782)	-
Long-term disability and health and welfare benefits asset, end of year	$ (42,315)	$ (46,701)
Benefits paid to claimants	$ (34,469)	$ (31,924)

Plan assets consist of:

	2015	2014
Debt securities	43.00%	44.00%
Foreign equities	34.00%	40.00%
Equity securities and other	23.00%	16.00%
Total	100.00%	100.00%

(Tabular amounts expressed in thousands of dollars)

8. Employee benefits (continued):

(b) Healthcare Benefit Trust benefits (continued):

(i) Long-term disability benefits (continued):

The significant actuarial assumptions adopted in measuring the Authority's long-term disability benefits (asset) liabilities are as follows:

	2015	2014
Accrued benefit (asset) obligation as at March 31:		
Discount rate	5.30%	5.80%
Rate of benefit increase	2.50%	2.50%
Benefit costs for years ended March 31:		
Discount rate	5.80%	5.60%
Rate of compensation increase	2.50%	2.50%
Expected future inflationary increases	2.00%	2.00%
Expected long-term rate of return on plan assets	5.80%	5.60%

Actual long-term rate of return on plan assets was 10.8% for the year ended December 31, 2014 (December 31, 2013 – 14.3%).

(ii) Other Trust benefits:

The health and welfare benefits administered by the Trust on behalf of the Authority were part of a multi-employer pool within the Trust prior to December 31, 2014. Contributions to this pool by the Authority for the nine month period ended December 31, 2014 of $26.2 million (twelve months ended March 31, 2014 - $36.9 million) were expensed during the year. From January 1, 2015 the Authority no longer participates in the pool. The benefits are now provided through the long-term disability and health and welfare benefit plans.

(Tabular amounts expressed in thousands of dollars)

8. Employee benefits (continued):

(c) Employee pension benefits:

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

Employer contributions to the Municipal Pension Plan of $74.2 million (2014 - $68.5 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, 2012 indicated an unfunded liability of approximately $1,370.0 million. The actuary does not attribute portions of the unfunded liability to individual employers. The plan covers approximately 182,000 active members, of which approximately 15,820 are employees of the Authority (2014 – 15,600). The next expected actuarial valuation will be as of December 31, 2015.

Employer contributions to the Public Service Pension Plan of $1.3 million (2014 - $1.5 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 March 31, 2011 indicated an unfunded liability of approximately $226.0 million. The actuary does not attribute portions of the unfunded liability to individual employers. The plan covers approximately 56,000 active members, of which approximately 220 are employees of the Authority (2014 – 250). The next expected actuarial valuation will be as of March 31, 2015.

9. 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 replacement reserves by facility are as follows:

	2015	2014
Kimberley Special Care Home	$ 405	$ 390
Noric House	340	311
Columbia View Lodge	128	106
	$ 873	$ 807

(Tabular amounts expressed in thousands of dollars)

10. Deferred capital contributions:

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

	2015	2014
Deferred capital contributions, beginning of year	$ 882,367	$ 891,807
Capital contributions received:		
Ministry of Health	88,268	23,690
Regional hospital districts	38,565	34,229
Foundations and auxiliaries	9,417	8,750
Health authorities and BC government reporting entities	591	366
Other	1,693	2,323
	138,534	69,358
Amortization for the year	(75,284)	(78,798)
Deferred capital contributions, end of year	$ 945,617	$ 882,367

Deferred capital contributions are comprised of the following:

	2015	2014
Contributions used to purchase tangible capital assets	$ 914,268	$ 866,650
Unspent contributions	31,349	15,717
	$ 945,617	$ 882,367

(Tabular amounts expressed in thousands of dollars)

11. Tangible capital assets:

Cost	2014	Additions	Disposals	Transfers	2015
Land	$ 42,207	$ -	$ (44)	$ 287	$ 42,450
Land improvements	24,375	71	(12)	1,426	25,860
Buildings	1,413,312	534	(1,664)	140,418	1,552,600
Equipment	562,119	19,367	(7,945)	9,961	583,502
Information systems	67,996	244	(1,073)	3,195	70,362
Leasehold improvements	17,357	76	(92)	147	17,488
Vehicles	9,640	692	(1,194)	21	9,159
Construction in progress	105,620	112,193	-	(142,704)	75,109
Equipment and information systems in progress	9,890	17,911	-	(12,751)	15,050
Total	$ 2,252,516	$ 151,088	$ (12,024)	$ -	$ 2,391,580

Accumulated amortization	2014	Amortization	Disposals	Transfers	2015
Land improvements	$ 13,132	$ 1,148	$ (12)	$ -	$ 14,268
Buildings	564,439	44,957	(1,664)	-	607,732
Equipment	433,109	29,668	(7,582)	(11)	455,184
Information systems	54,484	6,933	(1,073)	-	60,344
Leasehold improvements	10,003	1,114	(63)	(11)	11,043
Vehicles	7,289	863	(1,194)	22	6,980
Total	$ 1,082,456	$ 84,683	$ (11,588)	$ -	$ 1,155,551

Cost	2013	Additions	Disposals	Transfers	2014
Land	$ 42,820	$ -	$ (1,054)	$ 441	$ 42,207
Land improvements	23,277	-	-	1,098	24,375
Buildings	1,386,712	420	(3,197)	29,377	1,413,312
Equipment	545,885	16,080	(14,189)	14,343	562,119
Information systems	65,130	314	(4,428)	6,980	67,996
Leasehold improvements	17,027	330	-	-	17,357
Vehicles	9,241	1,385	(986)	-	9,640
Construction in progress	59,306	83,303	-	(36,989)	105,620
Equipment and information systems in progress	8,494	19,427	-	(18,031)	9,890
Total	$ 2,157,892	$ 121,259	$ (23,854)	$ (2,781)	$ 2,252,516

(Tabular amounts expressed in thousands of dollars)

11. Tangible capital assets (continued):

Accumulated amortization	2013	Amortization	Disposals	Transfers	2014
Land improvements	$ 12,072	$ 1,060	$ -	$ -	$ 13,132
Buildings	519,277	48,352	(3,191)	1	564,439
Equipment	419,208	27,460	(13,560)	1	433,109
Information systems	50,479	8,435	(4,428)	(2)	54,484
Leasehold improvements	8,943	1,060	-	-	10,003
Vehicles	7,242	895	(848)	-	7,289
Total	$ 1,017,221	$ 87,262	$ (22,027)	$ -	$ 1,082,456

Net book value	2015	2014
Land	$ 42,450	$ 42,207
Land improvements	11,592	11,243
Buildings	944,868	848,873
Equipment	128,318	129,010
Information systems	10,018	13,512
Leasehold improvements	6,445	7,354
Vehicles	2,179	2,351
Construction in progress	75,109	105,620
Equipment and information systems in progress	15,050	9,890
Total	$ 1,236,029	$ 1,170,060

During the year, $1.7 million (2014 - $3.3 million) of interest has been capitalized to construction in progress.

Tangible capital assets are funded as follows:

	2015	2014
Deferred capital contributions	$ 914,268	$ 866,650
Debt	223,899	208,693
Internally funded	97,862	94,717
Tangible capital assets	$ 1,236,029	$ 1,170,060

(Tabular amounts expressed in thousands of dollars)

12. Inventories held for use:

		2015		2014
Medical supplies	$	3,616	$	3,738
Pharmaceuticals		2,256		2,447
	$	5,872	$	6,185

13. Restricted assets:

		2015		2014
Endowments, beginning of year	$	235	$	235
Contributions received during the year		-		-
Endowments, end of year	$	235	$	235

14. Commitments and contingencies:

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

As at March 31, 2015, the Authority had outstanding commitments for construction, equipment and information systems projects in progress of $71.7 million (2014 – $90.5 million).

(b) Long-term residential care contracts:

The Authority has entered into contracts with 37 service providers to provide residential care services. The aggregate annual commitments for these contracts for the years ending March 31 are as follows:

2016	$	171,877
2017		40,508
2018		40,508
2019		40,508
2020		40,508
Thereafter		316,962
	$	650,871

(Tabular amounts expressed in thousands of dollars)

14. Commitments and contingencies (continued):

(c) Operating leases:

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

2016	$	10,653
2017		11,268
2018		9,722
2019		4,586
2020		4,179
Thereafter		42,414
	$	82,822

(d) Public-private partnerships commitments:

The Authority has entered into multiple-year P3 contracts to design, build, finance, and maintain the Kelowna and Vernon Hospitals' project and the Interior Heart and Surgical Centre project. The information presented below shows the anticipated cash outflow for future obligations under these contracts for the capital cost and financing of the asset, the facility maintenance ("FM") and the lifecycle costs. As construction progresses the asset values are recorded as capital assets and the corresponding liabilities are recorded as debt and disclosed in note 7. Facilities maintenance and life cycle payments to the private partner are contingent on specified performance criteria and include an estimation of inflation where applicable.

	Capital and financing	FM and lifecycle	Total payments
2016	$ 30,308	$ 13,265	$ 43,573
2017	19,790	13,743	33,533
2018	19,659	14,300	33,959
2019	19,389	15,131	34,520
2020	18,788	16,464	35,252
Thereafter	395,592	589,116	984,708
	$ 503,526	$ 662,019	$ 1,165,545

(Tabular amounts expressed in thousands of dollars)

14. Commitments and contingencies (continued):

(d) Public private partnership commitments (continued):

Required principal repayments on P3 debt for the years ending March 31 included in capital and financing commitments above are as follows:

2016	$	4,182
2017		4,543
2018		4,743
2019		4,820
2020		4,573
Thereafter		198,188
	$	221,049

(e) 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, 2015, 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 are provided for based on management's best estimate of the ultimate settlement.

(f) Asset retirement obligations:

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

(Tabular amounts expressed in thousands of dollars)

15. Statement of operations:

(a) Patients, clients and residents revenue:

		2015		2014
Residents of BC self pay	$	49,735	$	47,895
Non-residents of BC		23,363		22,281
Non-residents of Canada		11,617		7,826
WorkSafe BC		9,001		10,269
Federal government		1,097		1,269
Preferred accommodation		643		607
Other		1,001		1,017
	$	96,457	$	91,164

(b) Other contributions:

		2015		2014
Provincial Health Services Authority	$	34,622	$	31,051
Other BC government reporting entities		2,969		3,323
Other		902		1,071
	$	38,493	$	35,445

(c) Other revenues:

		2015		2014
Compensation recoveries	$	7,892	$	8,463
Parking		4,091		3,962
Other		12,279		12,099
	$	24,262	$	24,524

(Tabular amounts expressed in thousands of dollars)

15. Statement of operations (continued):

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

	2015	2014
Compensation:		
Compensation	$ 1,029,682	$ 1,005,751
Employee Benefits	214,599	223,827
(Gain) loss on event-driven employee benefits	(10,152)	(30,869)
	1,234,129	1,198,709
Referred-out and contracted services:		
Health and support services providers	286,538	282,490
Other health authorities and BC government reporting entities	13,297	11,311
	299,835	293,801
Supplies:		
Medical and surgical	83,728	79,581
Drugs and medical gases	54,228	50,838
Diagnostic	20,063	20,111
Food and dietary	15,324	15,261
Printing, stationery and office	5,278	5,367
Laundry and linen	4,696	4,586
Housekeeping	4,606	4,076
Other	10,333	10,095
	198,256	189,915
Amortization of tangible capital assets	84,683	87,262
Equipment and building services:		
Equipment	27,688	24,731
Plant operation (utilities)	18,288	18,888
Rent	8,072	9,241
Building and ground service contracts	7,675	7,219
Other	6,865	5,965
	68,588	66,044
Sundry:		
Patient transport	8,504	8,824
Travel	9,033	8,572
Communication and data processing	5,431	5,747
Professional fees	3,495	3,560
Other	20,202	16,875
	46,665	43,578
Interest on debt	12,760	11,634
	$ 1,944,916	$ 1,890,943

(Tabular amounts expressed in thousands of dollars)

16. Supplementary cash flow information:

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

	2015	2014
Accounts receivable	$ (21,184)	$ 9,977
Accounts payable and accrued liabilities	16,643	2,975
Deferred operating contributions	(377)	123
Replacement reserves	66	64
Inventories held for use	313	297
Prepaid expenses	277	233
	$ (4,262)	$ 13,669

(b) Acquisition of tangible capital assets:

Assets purchased or acquired through debt or other non-cash transactions are excluded from purchase of tangible capital assets on the statement of cash flows.

	2015	2014
Acquisition of tangible capital assets (note 11)	$ 151,088	$ 121,259
Construction financed with debt	(18,947)	(37,590)
	$ 132,141	$ 83,669

17. Related parties and other agency operations:

(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 entities, 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.

(Tabular amounts expressed in thousands of dollars)

17. Related parties and other agency operations (continued):

(a) BC Government reporting entities (continued):

The financial statements include transactions and balances with these parties in the following amounts:

	2015	2014
Revenue:		
Ministry of Health contributions	$ 1,528,478	$ 1,518,578
Medical Services Plan	143,358	137,732
Amortization of deferred capital contributions	42,853	43,966
Recoveries from other health authorities and BC government reporting entities	38,989	36,259
Other contributions	37,591	34,374
Patient, clients and residents	24,365	23,298
	$ 1,815,634	$ 1,794,207
Expenses:		
Referred-out and contracted services	$ 13,297	$ 11,311
Sundry	12,621	13,744
Equipment and building services	8,195	7,847
Supplies	4,896	4,808
	$ 39,009	$ 37,710
Accounts receivable:		
Medical Services Plan	$ 22,360	$ 13,623
Other health authorities and BC government reporting entities	15,920	12,552
Ministry of Health	4,005	5,025
	$ 42,285	$ 31,200
Accounts payable and accrued liabilities	$ 10,940	$ 6,977
Deferred operating contributions	6,549	6,697
Deferred capital contributions	538,659	492,653

17. Related party and other agency operations (continued):

(b) Foundations and auxiliaries:

Within the Authority area, there are 68 separate health care foundations and auxiliaries, which were established to raise funds for their respective hospitals and/or community health services organizations. 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 and auxiliaries granted $10.8 million (2014 - $9.9 million) to various facilities within the Authority.

18. 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 below by type of risk.

(a) Credit risk

Credit risk primarily arises from the Authority's cash and cash equivalents and accounts 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 portfolio investments are in low risk instruments with varying maturities held with top rated financial institutions. The Authority periodically reviews its investments and is satisfied with the credit rating of the financial institutions and the investment grade of its portfolio investments.

Accounts receivable primarily consist of amounts receivable from the Ministry, other health authorities and BC government reporting entities, patients, clients and agencies, 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, 2015, the amount of allowance for doubtful accounts was $6.6 million (2014 - $5.4 million).

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

(Tabular amounts expressed in thousands of dollars)

18. Risk management (continued):

(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.

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

2015 Financial assets	Up to 1 year	1 to 5 years	Over 5 years	Total
Cash and cash equivalents	$ 165,115	$ -	$ -	$ 165,115
Portfolio investments	-	-	-	-
Accounts receivable	70,499	-	-	70,499
Total financial assets	$ 235,614	$ -	$ -	$ 235,614

2015 Financial liabilities	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	$ 189,169	$ 270	$ -	$ 189,439
Debt	4,296	19,257	200,346	223,899
Total financial liabilities	$ 193,465	$ 19,527	$ 200,346	$ 413,338

2014 Financial assets	Up to 1 year	1 to 5 years	Over 5 years	Total
Cash and cash equivalents	$ 143,784	$ -	$ -	$ 143,784
Portfolio investments	-	-	-	-
Accounts receivable	48,652	663	-	49,315
Total financial assets	$ 192,436	$ 663	$ -	$ 193,099

2014 Financial liabilities	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	$ 171,747	$ 665	$ -	$ 172,412
Debt	3,815	18,470	186,408	208,693
Total financial liabilities	$ 175,562	$ 19,135	$ 186,408	$ 381,105

18. Risk management (continued):

(b) Liquidity risk (continued)

Debt pertaining to P3 projects is funded through the ongoing annual operating grants received from the Ministry.

(c) Foreign exchange 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 Canadian dollar. The results of the Authority's operations are subject to currency transaction and translation risks.

The Authority makes payments denominated in USA dollars, Great Britain pounds and other currencies. Currencies most contributing to the foreign exchange risk are US dollar and British pound.

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

	2015	2014
US dollar per Canadian dollar	$ 0.790	$ 0.905

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. The foreign currency financial instruments are short-term in nature and do not give rise to significant foreign currency risk.

(Tabular amounts expressed in thousands of dollars)

19. Budget:

The original budget, as approved by the Board on May 28, 2014, has been adjusted to reflect changes made to sector allocations for various programs and services and the refinement of allocation between accounts. The changes are as follows:

	Board Approved Plan	Reallocations	Restated Budget
Revenues:			
Provincial government sources	$ 1,797,915	$ (1,797,915)	$ -
Non-provincial government sources	155,437	(155,437)	-
Ministry of Health contributions	-	1,554,112	1,554,112
Medical Services Plan	-	131,766	131,766
Patients, clients and residents	-	92,478	92,478
Amortization	-	78,489	78,489
Recoveries from other Health Authorities and	-		
government reporting entities	-	33,877	33,877
Other contributions	-	33,995	33,995
Other	-	26,816	26,816
Investment Income	-	1,819	1,819
	1,953,352	-	1,953,352
Expenses:			
Acute	1,072,786		1,072,786
Residential care	369,735		369,735
Community care	196,624		196,624
Corporate	136,957		136,957
Mental health and substance use	118,773		118,773
Population health and wellness	58,477		58,477
	1,953,352	-	1,953,352
Annual Surplus	$ -	$ -	$ -

20. Comparative figures:

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