Consolidated Financial Statements of

PROVIDENCE HEALTH CARE SOCIETY

Year ended March 31, 2019

Providence
HEALTH CARE
How you want to be treated.

STATEMENT OF MANAGEMENT RESPONSIBILITY

The consolidated financial statements of Providence Health Care Society ("Providence") for the year ended March 31, 2019 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 notes, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated 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 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.

Providence'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 consolidated financial statements. Their examination considers internal control relevant to management's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the consolidated financial statements, but not for the purposes of expressing an opinion on the effectiveness of Providence's internal control. The external auditors have full and free access to the Audit and Finance Committee of the Board and meet a minimum of two times a year.

On behalf of Providence Health Care Society:

Fiona Dalton
President and Chief Executive Officer

Brian Simmers
Chief Financial Officer

June 26, 2019
Vancouver, Canada

KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Providence Health Care Society, and
To the Minister of the Ministry of Health, Province of British Columbia

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Providence Health Care Society ("Providence"), which comprise:

- the consolidated statement of financial position as at March 31, 2019
- the consolidated statement of operations and accumulated deficit for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2019 of Providence 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.

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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of Providence 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 – Financial Reporting Framework

We draw attention to Note 1(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between that financial reporting framework and Canadian public sector accounting standards.

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 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.

In preparing the financial statements, management is responsible for assessing Providence'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 Providence or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Providence'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 Providence's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Providence to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Report on Other Legal and Regulatory Requirements

As required by Section 117(1)(b) of the Societies Act (British Columbia), we are required to state:

- whether, in our opinion, these financial statements fairly reflect, in all material respects, for the period under review, the financial position of Providence and the results of its operations. In accordance with Canadian generally accepted auditing standards, because the financial reporting provision of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia are not considered a fair presentation financial reporting framework, our opinion stated above cannot contain this statement.

- whether, in our opinion, these financial statements are prepared in accordance with generally accepted accounting principles. These financial statements were prepared in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. Note 1(a) to the financial statements describes the significant differences between such basis of accounting and Canadian public sector accounting standards. As a result, our opinion stated above refers to the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and not to generally accepted accounting principles.
- whether these financial statements are prepared on a basis consistent with the basis on which the financial statements that related to the preceding period were prepared. We report that, in our opinion, the accounting policies applied in preparing 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 have been applied on a basis consistent with that of the preceding period.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
June 26, 2019

PROVIDENCE HEALTH CARE SOCIETY

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

As at March 31, 2019

	2019	2018
Financial assets		
Cash and cash equivalents (note 2)	$ 39,516	$ 40,280
Portfolio investments (note 2)	-	67
Accounts receivable (note 3)	37,533	36,437
Long-term disability and health and welfare benefits (note 8(b)(i))	-	198
	77,049	76,982
Liabilities		
Accounts payable and accrued liabilities (note 4)	106,923	103,280
Deferred operating contributions (note 5)	3,355	6,750
Demand loan (note 6)	29,000	29,000
Debt (note 7)	9,828	10,087
Lease inducements	2,947	3,885
Retirement allowance (note 8(a))	49,741	49,591
Long-term disability and health and welfare benefits (note 8(b)(i))	5,204	-
Replacement reserves (note 9)	797	760
Deferred capital contributions (note 10)	159,959	159,658
	367,754	363,011
Net debt	$ (290,705)	$ (286,029)
Non-financial assets		
Prepaid expenses	$ 3,101	$ 3,433
Inventories held for use (note 11)	7,468	8,071
Tangible capital assets (note 12)	185,054	189,060
	195,623	200,564
Accumulated deficit	$ (95,082)	$ (85,465)

Commitments and contingencies (note 13)
Subsequent events (note 22)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

Eric Harris
Director

Dan Wilton
Director

PROVIDENCE HEALTH CARE SOCIETY

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

Year ended March 31, 2019

	Budget	2019	2018
	(notes 1(m) and 18)		
Revenues:			
Vancouver Coastal Health Authority contributions	$ 560,200	$ 569,911	$ 551,857
Pharmacare	137,100	87,767	116,252
Recoveries from other health authorities and BC government reporting entities	96,700	114,811	107,982
Medical Services Plan	60,800	64,820	60,128
Patients, clients and residents (note 14(a))	38,000	43,314	40,193
Amortization of deferred capital contributions (note 10)	22,400	23,053	23,653
Other	14,100	26,945	28,153
	929,300	930,621	928,218
Expenses: (note 14(b))			
Acute	746,200	749,953	752,942
Residential care	56,800	57,668	55,888
Corporate	57,100	56,373	54,935
Mental health and substance use	49,200	54,904	48,783
Community care	20,000	21,340	20,389
	929,300	940,238	932,937
Annual deficit	-	(9,617)	(4,719)
Accumulated deficit, beginning of year	(85,465)	(85,465)	(80,746)
Accumulated deficit, end of year	$ (85,465)	$ (95,082)	$ (85,465)

See accompanying notes to consolidated financial statements.

PROVIDENCE HEALTH CARE SOCIETY

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

Year ended March 31, 2019

	Budget (notes 1(m) and 18)	2019	2018
Annual deficit	$ -	$ (9,617)	$ (4,719)
Acquisition of tangible capital assets	(18,684)	(20,494)	(21,561)
Amortization of tangible capital assets	23,952	24,500	25,148
	5,268	(5,611)	(1,132)
Acquisition of inventories held for use	-	(105,163)	(132,592)
Acquisition of prepaid expenses	-	(8,436)	(9,570)
Consumption of inventories held for use	-	105,766	135,598
Use of prepaid expenses	-	8,768	9,750
	-	935	3,186
(Increase) decrease in net debt	5,268	(4,676)	2,054
Net debt, beginning of year	(286,029)	(286,029)	(288,083)
Net debt, end of year	$ (280,761)	$ (290,705)	$ (286,029)

See accompanying notes to consolidated financial statements.

PROVIDENCE HEALTH CARE SOCIETY

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

Year ended March 31, 2019

	2019	2018
Cash flows from (used in):		
Operating activities:		
Annual deficit	$ (9,617)	$ (4,719)
Items not involving cash:		
Amortization of tangible capital assets (note 12)	24,500	25,148
Amortization of deferred capital contributions (note 10)	(23,053)	(23,653)
Amortization of lease inducements	(1,139)	(1,173)
Retirement allowance expense (note 8(a))	3,673	3,698
Long-term disability and health and welfare benefits expense (note 8(b)(i))	19,864	9,814
	14,228	9,115
Net change in non-cash operating items (note 15)	124	18,851
Retirement allowance benefits paid (note 8(a))	(3,523)	(2,612)
Long-term disability and health and welfare benefits contributions (note 8(b)(i))	(14,462)	(17,426)
Net change in cash from operating activities	(3,633)	7,928
Capital activities:		
Acquisition of tangible capital assets	(20,494)	(21,561)
Net change in cash from capital activities	(20,494)	(21,561)
Investing activities:		
Net change in portfolio investments	67	4,838
Net change in cash from investing activities	67	4,838
Financing activities:		
Repayment of debt	(259)	(250)
Leasehold inducements	201	87
Capital contributions (note 10)	23,354	17,808
Net change in cash from financing activities	23,296	17,645
(Decrease) increase in cash and cash equivalents	(764)	8,850
Cash and cash equivalents, beginning of year	40,280	31,430
Cash and cash equivalents, end of year	$ 39,516	$ 40,280

See accompanying notes to consolidated financial statements.

Providence Health Care Society ("Providence") is incorporated under the *Societies Act (British Columbia)* and is funded by the Ministry of Health (the "Ministry"). Providence is a not-for-profit organization and is a registered charity under the *Income Tax Act*, and as such, is exempt from income taxes.

Providence, situated in central Vancouver, provides acute care, geriatric rehabilitation, continuing care, and other tertiary care services to the residents of Greater Vancouver Regional Area and other residents of British Columbia ("BC"). Providence is responsible for operating seven community dialysis clinics in the Vancouver region, an addiction clinic and has clinical operations on eight different sites: St. Paul's Hospital, Holy Family Hospital, Mount Saint Joseph Hospital, Brock Fahrni Pavilion, St. Vincent's Langara, Youville Residence, St. John's Hospice, and Honoria Conway at St. Vincent's Heather.

Providence is a strategic partner with Vancouver Coastal Health Authority ("VCHA"). The formal relationship is delineated within an Affiliation Agreement signed by the respective parties on June 16, 1998. The Affiliation Agreement establishes Accountability Provisions, Operating Principles, Funding Guidelines, Dispute Mechanism, and Termination Rights between Providence and VCHA. Providence is dependent upon the Ministry and VCHA to provide sufficient funding to continue operations, to replace equipment and to complete other capital projects.

1. Significant accounting policies:

(a) Basis of accounting:

The consolidated 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 consolidated 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:

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

(*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 period 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.

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 require 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 the liability criteria in accordance with PS 3200, *Liabilities.*

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

(b) Basis of presentation and consolidation:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of organizations which are controlled by Providence. Controlled organizations are consolidated with inter-organizational transactions, balances, and activities being eliminated on consolidation. Providence Residential and Community Care Services Society (“PRCC”) and Providence Health Care Business Corporation (“PHCBC”) are controlled by Providence and are fully consolidated in these consolidated financial statements.

1. Significant accounting policies (continued):

(b) Basis of presentation and consolidation (continued):

Providence has collaborative relationships with certain foundations and other institutions, which support the activities of Providence and/or provide services under contracts. As Providence does not control these organizations, these consolidated financial statements do not include the assets, liabilities, and results of operations of St. Paul's Foundation of Vancouver and Providence Health Care Research Institute Trust (notes 16(c) and 16(d)).

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, demand deposits and 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) Portfolio investments:

Portfolio investments include banker's acceptances, treasury bills, and bonds and are recorded at amortized cost adjusted for any write-downs. Transaction costs are included in the cost of the related investment.

Write-downs of investments are recognized when the loss in value is determined to be other-than-temporary. Write-downs are not reversed in the future if circumstances change.

(e) Lease inducements:

Lease inducements are monies advanced on an operating lease by the property owner to finance tenant improvements. Inducements are amortized on a straight-line basis over the lease term.

(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 employers 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.

1. Significant accounting policies (continued):

(g) Employee benefits (continued):

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

The cumulative unrecognized actuarial gains and losses for retirement allowance benefits are amortized over the expected average remaining service lifetime of active employees covered under the plan. The expected average remaining service period of the active covered employees entitled to retirement allowance benefits is 11 years (2018 - 11 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.

The discount rate used to measure obligations 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.

(*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 Providence to pay benefits occurs.

(h) 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.

1. Significant accounting policies (continued):

(h) Non-financial assets (continued):

(*i*) Tangible capital assets (continued):

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
Land improvements	5 - 28 years
Buildings	20 - 40 years
Equipment	3 - 20 years
Information systems	3 - 5 years
Leasehold improvements	Lesser of lease term or estimated useful life

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 Providence'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 consolidated statement of operations and accumulated deficit. 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 when the service benefits are received.

1. Significant accounting policies (continued):

(i) Revenue recognition:

Under the *Hospital Insurance Act* and *Regulation*, thereto, Providence is funded primarily by the Province of BC in accordance with budget arrangements established and approved by the Ministry and VCHA. Approved operating contributions are provided to Providence by the Ministry through VCHA.

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 fees being earned or the services 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).

Volunteers contribute a significant amount of their time each year to assist Providence in carrying out its programs and services. Due to the difficulty of determining their fair value, contributed services are not recognized in these consolidated 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 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.

(j) Measurement uncertainty:

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues 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, 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 consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from the estimates.

1. Significant accounting policies (continued):

(k) Foreign currency translation:

Providence'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 consolidated statement of re-measurement gains and losses. There are no unrealized gains and losses as at March 31, 2019. As a result, Providence does not have a consolidated statement of re-measurement gains and losses.

(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.

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 cost or amortized cost 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 consolidated statement of operations and accumulated deficit.

All financial assets recorded at amortized cost are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations and accumulated deficit. 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.

1. Significant accounting policies (continued):

(l) Financial instruments (continued):

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

(m) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from Providence's fiscal 2018/2019 preliminary budget approved by the Board of Directors on March 28, 2018. Note 18 reconciles the preliminary approved budget to the final budget reflected in the consolidated statement of operations and accumulated deficit. The budget reflected in the consolidated statement of operations and accumulated deficit was approved by the Board of Directors on June 28, 2018.

(n) Future accounting standards:

(*i*) In March 2018, PSAB issued PS 3280 *Asset Retirement Obligations*. PS 3280 defines and establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets. The main features of PS 3280 are as follows:

- An asset retirement obligation is a legal obligation associated with the retirement of tangible capital assets.
- Asset retirement costs associated with a tangible capital asset controlled by the entity increase the carrying amount of the related tangible capital asset (or a component thereof) and are expensed in a rational and systematic manner.
- Asset retirement costs associated with an asset no longer in productive use are expensed.
- Subsequent measurement of the liability can result in either a change in the carrying amount of the related tangible capital asset (or a component thereof), or an expense, depending on the nature of the re-measurement and whether the asset remains in productive use.
- Asset retirement obligations include post-retirement operation, maintenance and monitoring.
- A present value technique is often the best method with which to estimate the liability.

PS 3280 applies to fiscal years beginning on or after April 1, 2021. Management is in the process of assessing the impact of adoption of PS 3280 on the consolidated financial statements of Providence.

(Tabular amounts expressed in thousands of dollars)

1. Significant accounting policies (continued):

(n) Future accounting standards (continued):

(*ii*) In June 2018, PSAB issued PS 3400 *Revenue*. PS 3400 establishes a framework describing two categories of revenue – exchange transactions with performance obligations and unilateral transactions with no performance obligations. PS 3400 applies to fiscal years beginning on or after April 1, 2022. Management is in the process of assessing the impact of adoption of PS 3400 on the consolidated financial statements of Providence.

2. Cash and cash equivalents and portfolio investments:

	2019	2018
Cash and cash equivalents	$ 39,516	$ 40,280
Portfolio investments	-	67
	39,516	40,347
Less amounts restricted for:		
Special purpose funds	(985)	(669)
Replacement reserves (note 9)	(797)	(760)
Patient comfort funds	(190)	(154)
Deferred Salary Leave Plan	(16)	(12)
Unrestricted cash and cash equivalents and portfolio investments	$ 37,528	$ 38,752

3. Accounts receivable:

	2019	2018
Patients, clients, and residents	$ 18,027	$ 16,602
Other health authorities and BC government reporting entities	13,048	11,287
Vancouver Coastal Health Authority	8,155	8,624
Foundations	3,234	3,087
Ministry of Health	2,945	87
Medical Services Plan	1,880	1,690
Federal government	1,033	1,333
Pharmacare	149	2,455
Other	3,887	4,300
	52,358	49,465
Allowance for doubtful accounts	(14,825)	(13,028)
	$ 37,533	$ 36,437

(Tabular amounts expressed in thousands of dollars)

4. Accounts payable and accrued liabilities:

		2019		2018
Trade accounts payable and accrued liabilities	$	45,744	$	47,566
Accrued salaries and benefits		38,887		34,796
Accrued vacation pay		22,292		20,918
	$	106,923	$	103,280

5. Deferred operating contributions:

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

		2019		2018
Deferred operating contributions, beginning of year	$	6,750	$	5,223
Contributions received in the year		1,205		5,521
Amount recognized as revenue in the year		(4,600)		(3,994)
Deferred operating contributions, end of year	$	3,355	$	6,750

6. Demand loan:

A demand loan of $30.0 million was provided by VCHA for the acquisition of the Station Street Lands, the site of the future St. Paul's Hospital. Providence repaid $1.0 million of principal of the demand loan during the year ended March 31, 2016. The demand loan is interest bearing and interest is based on the Government of BC Central Deposit rate, which was 2.45% at March 31, 2019 (2018 - 1.95%). Providence incurred and paid interest expense of $0.7 million during the year ended March 31, 2019 (2018 - $0.4 million).

(Tabular amounts expressed in thousands of dollars)

7. Debt:

		2019		2018
MCAP Financial Corporation Mortgage for the Honoria Conway at St. Vincent's Heather site, interest at 3.22% per annum, due June 1, 2024, secured by first charge on properties, payable in blended payments of $48,000 per month	$	9,828	$	10,087

Required blended payments on the mortgage for the years ending March 31 are as follows:

2020	$	578
2021		578
2022		578
2023		578
2024		578
Thereafter		8,468
		11,358
Less: interest		(1,530)
	$	9,828

8. Employee benefits:

(a) Retirement allowance:

Certain employees with 10 or 20 years of service and having reached a certain age are entitled to receive special payments upon retirement or as specified by collective agreements. These payments are based upon accumulated sick leave credits and entitlements for each year of service.

Providence's liabilities are based on an actuarial valuation as at the early measurement date of December 31, 2018 and extrapolated to March 31, 2019 from which the service cost and interest cost components of expense for the fiscal year ended March 31, 2019 are derived. The next required valuation will be as of December 31, 2019.

(Tabular amounts expressed in thousands of dollars)

8. Employee benefits (continued):

(a) Retirement allowance (continued):

Information about retirement allowance benefits are as follows:

		2019		2018
Accrued benefit obligation				
Severance benefits	$	26,345	$	25,133
Sick leave benefits		18,252		18,787
		44,597		43,920
Unamortized actuarial gain		5,144		5,671
Accrued benefit liability	$	49,741	$	49,591

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

		2019		2018
Accrued benefit liability, beginning of year	$	49,591	$	48,505
Net benefit expense:				
Current service cost		2,779		2,768
Interest expense		1,782		1,692
Amortization of actuarial gain		(888)		(762)
Net benefit expense		3,673		3,698
Benefits paid		(3,523)		(2,612)
Accrued benefit liability, end of year	$	49,741	$	49,591

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

	2019	2018
Accrued benefit obligation as at March 31:		
Discount rate	4.01%	4.01%
Rate of compensation increase	2.50%	2.50%
Benefit costs for years ended March 31:		
Discount rate	4.01%	3.86%
Rate of compensation increase	2.50%	2.50%
Expected future inflationary increase	2.00%	2.00%

(Tabular amounts expressed in thousands of dollars)

8. Employee benefits (continued):

(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 claim ("health and welfare benefits") for certain employee groups of Providence and other provincially funded organizations.

Providence and all other participating employers are 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 Providence's 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, Providence's net trust liabilities (assets) are reflected in these consolidated financial statements.

Providence's liabilities as of March 31, 2019 are based on the actuarial valuation at December 31, 2018, extrapolated to March 31, 2019. The next valuation is as of December 31, 2019.

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

	2019	2018
Accrued benefit obligation	$ 55,073	$ 54,072
Fair value of plan assets	(49,869)	(54,270)
Long-term disability and health and welfare benefits liability (asset)	$ 5,204	$ (198)

(Tabular amounts expressed in thousands of dollars)

8. Employee benefits (continued):

(b) Healthcare Benefit Trust benefits (continued):

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

	2019	2018
Long-term disability and health and welfare benefits (asset) liability, beginning of year	$ (198)	$ 7,414
Net benefit expense:		
Long-term disability and health and welfare expense	14,620	12,583
Interest expense	3,006	2,981
Expected return on assets	(3,070)	(2,780)
Actuarial loss (gain)	5,308	(2,970)
Net benefit expense	19,864	9,814
Contributions to the plan	(14,462)	(17,426)
Long-term disability and health and welfare benefits liability (asset), end of year	$ 5,204	$ (198)
Benefits paid to claimants	$ (19,208)	$ (18,660)

Plan assets consist of:

	2019	2018
Debt securities	40%	42%
Foreign equities	34%	34%
Equity securities and other	26%	24%
Total	100%	100%

(Tabular amounts expressed in thousands of dollars)

8. 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 Providence's accrued long-term disability and health and welfare benefits liability (asset) are as follows:

	2019	2018
Accrued benefit liability (asset) as at March 31:		
Discount rate	5.80%	5.80%
Rate of benefit increase	1.50%	1.50%
Benefit cost for years ended March 31:		
Discount rate	5.80%	5.30%
Rate of compensation increase	1.50%	1.50%
Expected future inflationary increases	2.00%	2.00%
Expected long-term rate of return on plan assets	5.80%	5.80%

Actual rate of return on plan assets was 0.53% for the year ended December 31, 2018 (2017 – 7.58%).

(*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. As these are multi-employer defined contribution plans, contributions are expensed when due and payable. During the year ended March 31, 2019, Providence made contributions to these joint benefit trusts totaling $13.0 million (2018 – $11.6 million)

8. Employee benefits (continued):

(c) Employee pension benefits:

Providence 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 $34.1 million (2018 - $32.6 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, 2015 indicated a funding surplus of approximately $2,224.0 million. The actuary does not attribute portions of the unfunded liability/surplus to individual employers. The plan covers approximately 197,000 active members, of which approximately 6,255 are employees of Providence (2018 – 6,146). The next expected actuarial valuation date will be as of December 31, 2018 with results available in 2019.

Employer contributions to the Public Service Pension Plan of $0.1 million (2018 - $0.1 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 the plan funding. The most recent actuarial valuation for the plan at March 31, 2017, indicated a surplus of approximately $1,896.0 million. The actuary does not attribute portions of the unfunded liability/surplus to individual employers. The plan covers approximately 62,000 active members, of which approximately 20 are employees of Providence (2018 – 20). The next expected actuarial valuation date will be as of March 31, 2020 with results available in early 2021.

9. Replacement reserves:

The replacement reserves of $0.8 million as of March 31, 2019 (2018 - $0.8 million) represent the accumulated provision specified by the BC Housing Corporation and are funds for replacement of appliances and equipment for the benefit of Honoria Conway at St. Vincent’s Heather.

(Tabular amounts expressed in thousands of dollars)

10. Deferred capital contributions:

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

	2019	2018
Deferred capital contributions, beginning of year	$ 159,658	$ 165,503
Capital contributions received:		
Vancouver Coastal Health Authority	14,918	10,713
St. Paul's Foundation of Vancouver	4,722	6,621
Providence Health Care Research Institute Trust	1,329	115
Other	2,385	359
	23,354	17,808
Amortization for the year	(23,053)	(23,653)
Deferred capital contributions, end of year	$ 159,959	$ 159,658

Deferred capital contributions are comprised of the following:

	2019	2018
Contributions used to purchase tangible capital assets (note 12)	$ 113,011	$ 115,603
Unspent contributions	46,948	44,055
	$ 159,959	$ 159,658

11. Inventories held for use:

	2019	2018
Pharmaceuticals	$ 6,810	$ 7,405
Medical supplies	658	666
	$ 7,468	$ 8,071

(Tabular amounts expressed in thousands of dollars)

12. Tangible capital assets:

Cost	2018	Additions	Disposals	Transfers	2019
Land	$ 59,798	$ -	$ -	$ -	$ 59,798
Land improvements	252	-	-	-	252
Buildings	353,989	-	-	8,021	362,010
Equipment	223,190	10,507	(4,137)	1,197	230,757
Information systems	40,869	2,029	(74)	-	42,824
Leasehold improvements	19,314	-	-	174	19,488
Construction and equipment In progress	12,472	7,958	-	(9,392)	11,038
Total	$ 709,884	$ 20,494	$ (4,211)	$ -	$ 726,167

Accumulated amortization	2018	Disposals	Amortization	2019
Land improvements	$ 252	$ -	$ -	$ 252
Buildings	267,867	-	12,485	280,352
Equipment	199,481	(4,137)	9,682	205,026
Information systems	39,869	(74)	403	40,198
Leasehold improvements	13,355	-	1,930	15,285
Total	$ 520,824	$ (4,211)	$ 24,500	$ 541,113

(Tabular amounts expressed in thousands of dollars)

12. Tangible capital assets (continued):

Cost	2017	Additions	Disposals	Transfers	2018
Land	$ 58,272	$ 1,526	$ -	$ -	$ 59,798
Land improvements	252	-	-	-	252
Buildings	344,846	-	-	9,143	353,989
Equipment	224,654	6,737	(9,860)	1,659	223,190
Information systems	39,855	681	-	333	40,869
Leasehold improvements	19,218	-	-	96	19,314
Construction and equipment In progress	11,086	12,617	-	(11,231)	12,472
Total	$ 698,183	$ 21,561	$ (9,860)	$ -	$ 709,884

Accumulated amortization	2017	Disposals	Amortization	2018
Land improvements	$ 252	$ -	$ -	$ 252
Buildings	256,352	-	11,515	267,867
Equipment	197,667	(9,860)	11,674	199,481
Information systems	39,840	-	29	39,869
Leasehold improvements	11,425	-	1,930	13,355
Total	$ 505,536	$ (9,860)	$ 25,148	$ 520,824

Net book value	2019	2018
Land	$ 59,798	$ 59,798
Buildings	81,658	86,122
Equipment	25,731	23,709
Information systems	2,626	1,000
Leasehold improvements	4,203	5,959
Construction and equipment in progress	11,038	12,472
Total	$ 185,054	$ 189,060

(Tabular amounts expressed in thousands of dollars)

12. Tangible capital assets (continued):

Tangible capital assets are funded as follows:

	2019	2018
Deferred capital contributions (note 10)	$ 113,011	$ 115,603
Demand loan (note 6)	29,000	29,000
Debt (note 7)	9,828	10,087
Internally funded	33,215	34,370
Tangible capital assets	$ 185,054	$ 189,060

13. Commitments and contingencies:

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

As at March 31, 2019, Providence had outstanding commitments for construction, equipment and information systems in-progress of $3.3 million (2018 - $4.1 million).

(b) Contractual obligations:

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

2020	$ 31,743
2021	17,543
2022	12,201
2023	7,930
	$ 69,417

(c) Operating leases:

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

2020	$ 7,768
2021	4,902
2022	2,674
2023	1,798
2024	1,412
Thereafter	20,109
	$ 38,663

(Tabular amounts expressed in thousands of dollars)

13. Commitments and contingencies (continued):

(d) Litigation and claims:

Risk management and insurance services for Providence are provided by the Risk Management and Government Security Branch of the Ministry of Finance.

The nature of Providence's activities is such that there is litigation pending or in progress at any time. With respect to unsettled claims at March 31, 2019, management is of the opinion that Providence has valid defenses and appropriate insurance coverage in place, or if there is unfunded risk, such claims are not expected to have a material effect on Providence'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.

14. Consolidated statement of operations and accumulated deficit:

(a) Patients, clients and residents revenue:

	2019	2018
Non-residents of BC	$ 12,787	$ 10,161
Non-residents of Canada	12,196	12,927
Long-term care and extended care	11,114	11,113
Residents of BC self-pay	2,551	1,950
WorkSafe BC	2,524	2,344
Preferred accommodation	207	251
Federal government	206	62
Other	1,729	1,385
	$ 43,314	$ 40,193

(Tabular amounts expressed in thousands of dollars)

14. Consolidated statement of operations and accumulated deficit (continued):

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

	2019	2018
Compensation:		
Compensation	$ 462,388	$ 445,127
Employee benefits	95,462	89,539
Loss (gain) on event-driven employee benefits	5,308	(2,970)
	563,158	531,696
Referred out and contracted services:		
Other health authorities and BC government reporting entities (note 16(a))	68,783	64,817
Health and support services providers	37,742	39,968
	106,525	104,785
Supplies:		
Drugs and medical gases	102,809	131,317
Medical and surgical	56,157	53,352
Diagnostic	15,015	14,942
Printing, stationery and office	1,891	1,916
Laundry and linen	1,654	1,597
Food and dietary	899	988
Housekeeping	547	487
Other	10,021	10,183
	188,993	214,782
Equipment and building services:		
Equipment	14,922	15,147
Rent	7,109	6,479
Plant operations (utilities)	5,755	5,178
Building and grounds service contracts	1,668	1,519
Other	2,896	2,806
	32,350	31,129
Amortization of tangible capital assets (note 12)	24,500	25,148
Sundry:		
Professional fees	9,042	10,795
Travel	1,807	1,657
Patient transport	1,514	1,597
Communications and data processing	1,240	1,125
Other	10,142	9,442
	23,745	24,616
Interest on debt and demand loan	967	781
	$ 940,238	$ 932,937

(Tabular amounts expressed in thousands of dollars)

15. Supplementary cash flow information:

Net change in non-cash operating items:

	2019	2018
Accounts receivable	$ (1,096)	$ (854)
Accounts payable and accrued liabilities	3,643	14,913
Deferred operating contributions	(3,395)	1,527
Replacement reserves	37	79
Prepaid expenses	332	180
Inventories held for use	603	3,006
	$ 124	$ 18,851

16. Related parties and other agencies:

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

(a) BC government reporting entities:

Providence is related 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. Included in referred out and contracted services expenses, as outlined in note 14(b), are amounts measured at the exchange amount, which is the amount established and agreed to by the related parties. These values may be different from that which would have been arrived at if the parties were unrelated.

(b) Key management personnel:

Providence has deemed the Board of Directors and Senior Executive Team, and their close family members 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.

16. Related parties and other agencies (continued):

(c) St. Paul's Foundation of Vancouver:

Providence has a collaborative relationship with St. Paul's Foundation of Vancouver (the "Foundation"), which supports the activities of Providence and provides services under contracts. The Foundation is a separate legal entity. Providence has the ability to appoint some of the members of the Board of Directors of the Foundation. The Foundation is incorporated under the *Societies Act (British Columbia)*, is a registered charity under the *Income Tax Act* and is formed to raise funds to further the improvement of patient care at the respective sites of Providence. As Providence does not control the Foundation, these consolidated financial statements do not include the financial and non-financial assets and liabilities, and results of operations of the Foundation.

Providence received donations from the Foundation of $16.0 million (2018 - $16.4 million) during the year for various facilities.

(d) Providence Health Care Research Institute Trust:

Providence Health Care Research Institute Trust (the "Research Institute") is an academic health science centre affiliated with the University of British Columbia and Simon Fraser University. The Research Institute is a separate legal entity and registered charity under the *Income Tax Act*; it was formally launched in 2005 to facilitate and encourage health research at Providence. As at March 31, 2019, the Research Institute includes 522 separate funds, the majority of which are medical research accounts, each with a specific purpose and under the control of an authorized person. The Research Institute funds are not available for use in Providence's activities and accordingly, these consolidated financial statements do not include the financial and non-financial assets and liabilities and results of operations of the Research Institute.

(e) Provincial Health Services Authority:

On June 29, 2018, BC Clinical and Support Services ("BCCSS") amalgamated with Provincial Health Services Authority ("PHSA"). Providence is related to PHSA with respect to the services previously provided by BCCSS. The purpose of BCCSS was to find opportunities for the Health Authorities to improve cost effectiveness by working collaboratively on common services. Providence accesses the services now provided by PHSA through an agreement with VCHA whereby Providence appoints VCHA as its agent in connection with the provision of services. PHSA is a BC government reporting entity (note 16(a)) and transactions with PHSA are included in note 14(b).

17. Risk management:

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

(a) Credit risk:

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

Providence manages credit risk by holding balances of cash and cash equivalents with reputable, top rated financial institutions.

Accounts receivable primarily consists 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, Providence 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, 2019, the amount of allowance for doubtful accounts was $14.8 million (2018 - $13.0 million).

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

(b) Liquidity risk:

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

Providence's principal source of funding is from VCHA and the Ministry through VCHA. Providence 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. Providence has complied with the external restrictions on the funding provided.

(Tabular amounts expressed in thousands of dollars)

17. Risk management (continued):

(b) Liquidity risk (continued):

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

2019 Financial assets	Up to 1 year	1 to 5 years	Over 5 years	Total
Cash and cash equivalents	$ 39,516	$ -	$ -	$ 39,516
Accounts receivable	37,533	-	-	37,533
Total financial assets	$ 77,049	$ -	$ -	$ 77,049

2019 Liabilities	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	$ 106,923	$ -	$ -	$ 106,923
Debt	267	1,159	8,402	9,828
Demand loan	29,000	-	-	29,000
Total liabilities	$ 136,190	$ 1,159	$ 8,402	$ 145,751

The demand loan is payable to VCHA and VCHA provides principal source of funding for Providence through the ongoing annual operating grants received from the Ministry.

2018 Financial assets	Up to 1 year	1 to 5 years	Over 5 years	Total
Cash and cash equivalents	$ 40,280	$ -	$ -	$ 40,280
Portfolio investments	67	-	-	67
Accounts receivable	36,437	-	-	36,437
Total financial assets	$ 76,784	$ -	$ -	$ 76,784

2018 Liabilities	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	$ 103,280	$ -	$ -	$ 103,280
Debt	259	1,123	8,705	10,087
Demand loan	29,000	-	-	29,000
Total liabilities	$ 132,539	$ 1,123	$ 8,705	$ 142,367

(c) Foreign exchange risk:

Providence's operating results and financial position are reported in Canadian dollars. As Providence operates in an international environment, some of Providence's financial instruments and transactions are denominated in currencies other than Canadian dollar. The results of Providence's operations are subject to currency transaction and translation risks.

(Tabular amounts expressed in thousands of dollars)

17. Risk management (continued):

(c) Foreign exchange risk (continued):

Providence makes payments denominated in US dollars and other currencies. The currency most contributing to the foreign exchange risk is the US dollar. Comparative foreign exchange rates as at March 31 are as follows:

	2019	2018
US dollar per Canadian dollar	$ 0.748	$ 0.776

Providence 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.

There has been no change to the risk exposure from the prior period.

18. Budget figures:

The preliminary budget, as approved by the Board on March 28, 2018, 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 and were approved by the Board of Directors on June 28, 2018:

	Preliminary budget	Reallocations	Final approved budget
Revenues:			
Vancouver Coastal Health Authority contributions	$ 557,000	$ 3,200	$ 560,200
Pharmacare	136,000	1,100	137,100
Recoveries from other health authorities and BC government reporting entities	-	96,700	96,700
Medical Services Plan	60,000	800	60,800
Patients, clients and residents	39,000	(1,000)	38,000
Amortization of deferred capital contributions	22,000	400	22,400
Other contributions	114,000	(99,900)	14,100
	928,000	1,300	929,300
Expenses:			
Acute	746,000	200	746,200
Residential care	55,500	1,300	56,800
Corporate	58,000	(900)	57,100
Mental health and substance use	48,500	700	49,200
Community care	20,000	-	20,000
	928,000	1,300	929,300
Annual surplus (deficit)	$ -	$ -	$ -

(Tabular amounts expressed in thousands of dollars)

19. Employee, contractor and director remuneration:

For the fiscal year ended March 31, 2019, Providence paid total remuneration of $3.0 million (2018 - $3.0 million) to the top ten employees and contractors for services, each of whom received total annual remuneration of $75,000 or greater. Providence did not pay any remuneration to its Board of Directors.

20. Contractual rights:

Providence has entered into various contracts for rental revenue within the normal course of operations. The estimated contractual rights under these contracts for the years ending March 31 are as follows:

2020	$	581
2021		73
	$	654

21. Comparative information:

Certain comparative information has been reclassified to conform to this year's consolidated financial statements presentation.

22. Subsequent events:

(a) On April 1, 2019, the Bishop of Victoria, who operated the St. Joseph's General Hospital in the Comox Valley, primarily with funding provided by Vancouver Island Health Authority pursuant to a Residential Care Services Agreement, assigned its rights and responsibilities under the Residential Care Services Agreement, and transferred its lands, buildings, other assets, and employees and contractors to PRCC. PRCC assumed all related authorized liabilities and costs as of the transfer date.

(b) On April 10, 2019, PRCC transferred and assigned to the Foundation, by way of gift, its right, title and interest in and to the land located at 2950 Prince Edward Street, Vancouver, BC.