

Consolidated Financial Statements of

FRASER HEALTH AUTHORITY

Year ended March 31, 2024



Statement of Management Responsibility

The consolidated financial statements of Fraser Health Authority (the "Authority") for the year ended March 31, 2024 have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS") issued by the Public Sector Accounting Board ("PSAB"), as required by Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia which specifically requires that the accounting for restricted contributions 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 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 Finance and Audit Committee of the Board. The Finance and Audit 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.

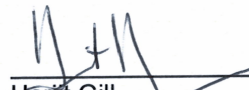
The Authority's internal auditor independently evaluates the effectiveness of internal controls on an ongoing basis and reports its findings to management and the Finance and Audit Committee.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. Their examination considers internal control relevant to management's preparation and fair presentation 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 the Authority's internal control. The external auditors have full and free access to the Finance and Audit Committee of the Board and meet with it on a regular basis.

On behalf of Fraser Health Authority



Dr. Victoria Lee,
President and CEO



Harjit Gill,
Interim Vice President, Integrated Commercial
Services and Chief Financial Officer

June 19, 2024



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

BDO Canada LLP
Unit 1100 - Royal Centre
1055 West Georgia Street
Vancouver, BC V6E 3P3 Canada

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Fraser Health Authority (the "Authority"), which comprise the Consolidated Statement of Financial Position as at March 31, 2024, and the Consolidated Statements of Operations and Accumulated Deficit, Changes in Net Debt and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Emphasis of Matter - Basis of Accounting

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Act, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 24, 2024

FRASER HEALTH AUTHORITY

Consolidated Statement of Financial Position
(Amounts expressed in thousands of dollars)

As at March 31, 2024

	2024	2023
Financial assets		
Cash and cash equivalents (note 2)	\$ 657,606	\$ 532,133
Accounts receivable (note 3)	372,343	605,134
Long-term disability and employee life and health benefits (note 7(b))	64,758	47,156
	<u>1,094,707</u>	<u>1,184,423</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	1,056,063	873,169
Deferred operating contributions (note 5)	68,684	89,319
Debt (note 6)	563,368	578,558
Lease inducements	2,447	3,427
Retirement allowance (note 7(a))	208,822	183,908
Deferred capital contributions (note 8)	2,717,000	2,038,541
Asset retirement obligation (note 9)	88,289	86,950
	<u>4,704,673</u>	<u>3,853,872</u>
Net debt	<u>(3,609,966)</u>	<u>(2,669,449)</u>
Non-financial assets		
Prepaid expenses	84,430	82,991
Inventories held for use (note 10)	8,786	9,187
Tangible capital assets (note 11)	3,363,087	2,419,809
	<u>3,456,303</u>	<u>2,511,987</u>
Accumulated deficit	<u>\$ (153,663)</u>	<u>\$ (157,462)</u>

Commitments and contingencies (note 12)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:



Jim Sinclair, Board Chair



Nicole Asselin, Director

FRASER HEALTH AUTHORITY

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

Year ended March 31, 2024

	Budget (note 1(m))	2024	2023
Revenues:			
Ministry of Health contributions	\$ 4,542,400	\$ 5,204,619	\$ 4,620,214
Medical Services Plan	240,800	295,980	265,777
Amortization of deferred capital contributions (note 8)	112,900	261,220	109,743
Recoveries from other health authorities and BC government reporting entities	149,700	157,415	134,401
Patients, clients and residents (note 13(a))	104,288	149,699	127,860
Other contributions (note 13(b))	94,800	102,265	97,192
Other (note 13(c))	40,764	182,691	111,500
Interest income	2,848	29,364	20,217
	5,288,500	6,383,253	5,486,904
Expenses (note 13(d)):			
Acute	2,895,700	3,410,037	2,889,490
Long term care	829,600	1,030,915	936,235
Community care	613,000	680,560	584,247
Corporate	451,600	549,248	479,820
Mental health and substance use	405,600	453,485	384,785
Population health and wellness	93,000	255,209	204,891
	5,288,500	6,379,454	5,479,468
Annual surplus	-	3,799	7,436
Accumulated deficit, beginning of year	(157,462)	(157,462)	(164,898)
Accumulated deficit, end of year	\$ (157,462)	\$ (153,663)	\$ (157,462)

See accompanying notes to consolidated financial statements.

FRASER HEALTH AUTHORITY

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

Year ended March 31, 2024

	Budget (note 1(m))	2024	2023
Annual surplus	\$ -	\$ 3,799	\$ 7,436
Acquisition of tangible capital assets	(1,189,853)	(1,091,660)	(470,092)
Adjustment on disposal of tangible capital assets	-	813	149
Amortization of tangible capital assets	140,700	147,569	135,668
	(1,049,153)	(939,479)	(326,839)
Acquisition of inventories held for use	-	(94,682)	(94,473)
Acquisition of prepaid expenses	-	(110,183)	(100,241)
Consumption of inventories held for use	-	95,083	95,220
Use of prepaid expenses	-	108,744	74,237
	-	(1,038)	(25,257)
Increase in net debt	(1,049,153)	(940,517)	(352,096)
Net debt, beginning of year	(2,669,449)	(2,669,449)	(2,317,353)
Net debt, end of year	\$ (3,718,602)	\$ (3,609,966)	\$ (2,669,449)

See accompanying notes to consolidated financial statements.

FRASER HEALTH AUTHORITY

Consolidated Statement of Cash Flows
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

	2024	2023
Cash flows from (used in) operating activities:		
Annual surplus	\$ 3,799	\$ 7,436
Items not involving cash:		
Long-term disability and employee life and health benefits expense	102,062	121,827
Amortization of lease inducements	(980)	(980)
Retirement allowance expense	22,652	20,153
Amortization of deferred capital contributions	(261,220)	(109,743)
Adjustment on measurement of asset retirement obligations	(1,383)	-
Accretion of asset retirement obligation	2,722	2,639
Amortization of tangible capital assets	147,569	135,668
Adjustment on disposal of tangible capital assets	813	149
Interest expense	43,669	44,470
Interest income	(29,364)	(20,217)
	30,339	201,402
Net change in non-cash operating items (note 14)	394,012	(199,426)
Net change in accrued acquisition of tangible capital assets	132,518	49,700
Retirement allowance benefits contributions	(7,800)	(8,752)
Retirement allowance benefit obligation transferred	10,062	-
Long-term disability and employee life and health benefits contributions	(119,664)	(106,129)
Interest paid	(43,669)	(44,470)
Interest received	29,364	20,217
Net change in cash from operating activities	425,162	(87,458)
Capital activities:		
Proceeds on sale of tangible capital assets	30,426	223
Acquisition of tangible capital assets	(1,224,178)	(519,792)
Net change in cash used in capital activities	(1,193,752)	(519,569)
Financing activities:		
Capital contributions	909,253	416,097
Repayment of debt	(15,190)	(13,526)
Net change in cash from financing activities	894,063	402,571
Increase (Decrease) in cash and cash equivalents	125,473	(204,456)
Cash and cash equivalents, beginning of year	532,133	736,589
Cash and cash equivalents, end of year	\$ 657,606	\$ 532,133

Supplementary cash flow information (note 14)

See accompanying notes to consolidated financial statements.

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

Fraser 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 Authority provides services including inpatient hospital care, outpatient diagnostics and treatments, rehabilitation care, long term care, specialized children’s services and programs, community, home care and home support services, and environmental and public health services.

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 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.

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

- (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.

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 Revenues*; and
- deferred contributions meet 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 consolidation:

The Authority and the Provincial Health Services Authority (“PHSA”) own Abbotsford Regional Hospital and Cancer Centre Inc. (“ARHCC Inc.”) in accordance with the Share Transfer Agreement whereby 102 (85%) common shares of ARHCC Inc. are held by the Authority and 18 (15%) common shares are held by the PHSA. The Authority’s interest in ARHCC Inc. is recorded on a proportional consolidation basis in these consolidated financial statements.

(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) 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.

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(e) 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 employee life and health benefit plans as employees render services to earn the benefits.

The actuarial determination of the accrued benefit obligations uses the projected benefit method pro-rated on service which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors. Plan assets are measured at fair value.

The cumulative unrecognized actuarial gains and losses for retirement allowance benefits are amortized over the expected average remaining service period of active employees covered under the plan. The expected average remaining service period of the active covered employees entitled to retirement allowance benefits is 12 years (2023 - 12 years). Actuarial gains and losses from event-driven benefits such as long-term disability and employee life and health 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 the Authority to pay benefits occurs.

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(f) Asset retirement obligation:

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

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

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The liability is initially recorded at fair value, which is an amount that is the best estimate of the expenditure required to retire a tangible capital asset determined using present value calculation, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. The changes in the liability for the passage of time are recorded as accretion expense in the Statement of Operations and Accumulated Deficit and all other changes are adjusted to the tangible capital asset. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

(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:

Asset	Basis
Land improvements	20 years
Buildings	10 - 40 years
Equipment	3 - 20 years
Information systems	3 - 10 years
Leasehold improvements	Lease term

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

1. Significant accounting policies (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. 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.

(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.

(i) Exchange transactions:

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

(ii) Non-exchange transactions:

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

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

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

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

1. Significant accounting policies (continued):

Contributions of assets 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 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 consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from the estimates.

(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 consolidated financial statement date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or consolidated statement of financial position date is recognized in the consolidated statement of operations and accumulated deficit.

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(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 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. 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.

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.

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(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 is estimated at fair value, based on construction progress billings verified by an independent certifier, and also includes other costs incurred directly by the Authority.

The asset cost includes development and financing fees estimated at fair value, which require the extraction of cost information from the financial model embedded in the project agreement. 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. When available for operations, the project assets are amortized over their estimated useful lives.

Correspondingly, an obligation net of the contributions received is recorded as a liability and included in debt.

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

(n) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the Authority’s initial budget approved by the Board of Directors on June 20, 2023.

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

2. Cash and cash equivalents:

	2024	2023
Cash and cash equivalents	\$ 657,606	\$ 532,133
Amounts restricted for capital purposes	(21,493)	(183,909)
Amounts internally restricted for P3 projects	(152,259)	(152,019)
Amounts restricted for patient comfort funds	(1,155)	(1,063)
Unrestricted cash and cash equivalents	\$ 482,699	\$ 195,142

3. Accounts receivable:

	2024	2023
Ministry of Health	\$ 179,204	\$ 440,266
Other health authorities and BC government reporting entities	78,102	80,792
Patients, clients and residents	56,153	45,884
Medical Services Plan	39,264	23,121
Other	22,164	15,048
Foundations and auxiliaries	9,265	11,813
Federal government	7,225	6,264
	391,377	623,188
Allowance for doubtful accounts	(19,034)	(18,054)
	\$ 372,343	\$ 605,134

4. Accounts payable and accrued liabilities:

	2024	2023
Trade accounts payable and accrued liabilities	\$ 545,254	\$ 437,484
Salaries and benefits payable	328,194	309,002
Accrued vacation pay	182,615	126,683
	\$ 1,056,063	\$ 873,169

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

5. Deferred operating contributions:

Deferred operating contributions represent externally restricted operating funding received for specific purposes, such as multi-year projects and research.

	2024	2023
Deferred operating contributions, beginning of year	\$ 89,319	\$ 104,650
Contributions received during the year for specific purposes	8,303	14,228
Amounts recognized as revenue or transferred in the year	(28,938)	(29,559)
Deferred operating contributions, end of year	\$ 68,684	\$ 89,319

6. Debt:

	2024	2023
Abbotsford Regional Hospital and Cancer Centre Inc., 30-year contract to May 2038 with Access Health Abbotsford Ltd., payable in monthly payments including annual interest of 7.75%, payable in accordance with the project agreement terms	\$ 286,086	\$ 293,495
Surrey Memorial Hospital Redevelopment Project, 30-year contract to February 2044 with Integrated Team Solutions SMH Partnership, payable in monthly payments including annual interest of 7.76%, payable in accordance with the project agreement terms	156,294	159,498
Jim Pattison Outpatient Care and Surgery Centre, 30-year contract to March 2041 with BCHS Healthcare (Surrey) Limited Partnership, payable in monthly payments including annual interest of 6.21%, payable in accordance with the project agreement terms	120,988	125,565
	\$ 563,368	\$ 578,558

Required principal repayments on P3 debt for the years ending March 31 are disclosed with P3 commitments in note 12(e).

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

7. 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 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 March 31, 2022 and extrapolated to March 31, 2024 from which the service cost and interest cost components of expense for the fiscal year ended March 31, 2024 are derived. The next required valuation will be as of December 31, 2024.

Information about retirement allowance benefits is as follows:

	2024	2023
Accrued benefit obligation:		
Severance benefits	\$ 134,157	\$ 119,861
Sick leave benefits	88,919	78,491
	223,076	198,352
Unamortized actuarial loss	(14,254)	(14,444)
Accrued benefit liability	\$ 208,822	\$ 183,908

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

	2024	2023
Accrued benefit liability, beginning of year	\$ 183,908	\$ 172,507
Net benefit expense:		
Current service cost	14,720	14,514
Interest expense	7,297	5,947
Amortization of actuarial loss (gain)	635	(308)
Net benefit expense	22,652	20,153
Benefits paid	(7,800)	(8,752)
Accrued benefit obligation transferred	10,062	-
Accrued benefit liability, end of year	\$ 208,822	\$ 183,908

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

7. Employee benefits (continued):

(a) Retirement allowance (continued):

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

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

(b) Healthcare Benefit Trust benefits:

The Healthcare Benefit Trust (the "Trust") administers long-term disability benefits and group life insurance, accidental death and dismemberment, extended health and dental claims ("employee life and health benefits") for certain employee groups of the Authority and other provincially funded organizations. The Authority and all other participating employers are jointly responsible for the liabilities of the Trust should any participating employers be unable to meet their obligation to contribute to the Trust.

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

The Authority's net asset as of March 31, 2024 is based on the actuarial valuation at December 31, 2022, extrapolated to March 31, 2024. The next expected valuation is as of December 31, 2024.

The long-term disability and employee life and health benefits asset reported on the consolidated statement of financial position is as follows:

	2024	2023
Accrued benefit obligation	\$ 275,355	\$ 251,415
Fair value of plan assets	(340,113)	(298,571)
Long-term disability and employee life and health benefits asset	\$ (64,758)	\$ (47,156)

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

7. Employee benefits (continued):

(b) Healthcare Benefit Trust benefits (continued):

	2024	2023
Long-term disability and employee life and health benefits asset, beginning of year	\$ (47,156)	\$ (62,854)
Net benefit expense:		
Benefit expense	101,196	94,689
Interest expense	14,584	12,839
Actuarial loss	4,097	28,715
Expected return on assets	(17,710)	(16,171)
Other	(105)	1,755
Net benefit expense	102,062	121,827
Contributions to the plan	(119,664)	(106,129)
Long-term disability and employee life and health benefits asset, end of year	\$ (64,758)	\$ (47,156)
Benefits paid to claimants	\$ 110,703	\$ 98,102
Plan assets consist of:		
	2024	2023
Debt securities	37%	35%
Foreign equities	36%	34%
Canadian equities and other	27%	31%
Total	100%	100%

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

7. Employee benefits (continued):

(b) Healthcare Benefit Trust benefits (continued):

The significant actuarial assumptions adopted in measuring the Authority's long-term disability and employee life and health benefits assets are as follows:

	2024	2023
Accrued benefit obligation as at March 31:		
Discount rate	5.80%	5.90%
Rate of benefit increase	2024: 3.00%	2023: 7.00%
	2025+: 2.25%	2024: 3.00%
		2025+: 2.25%
Benefit costs for years ended March 31:		
Discount rate	5.90%	5.10%
Rate of compensation increase	2023: 7.00%	2.00%
	2024: 3.00%	
	2025+: 2.25%	
Expected future inflationary increases	2.00%	2.00%
Expected long-term rate of return on plan assets	5.80%	5.90%
Actual rate of return on plan assets	9.61%	-5.90%

(c) Joint Benefit Trust benefits:

The Health Science Professionals Bargaining Association, Community Bargaining Association and Facilities Bargaining Association, jointly with employers, manage joint benefit trusts ("JBTs") to provide long term disability and health and welfare benefits to these groups of employees. Employer contributions to the JBTs are based on a specified percentage of payroll costs. During the year ended March 31, 2024, the Authority made contributions of \$87.0 million (2023 - \$71.5 million) which were expensed in the year.

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

7. Employee benefits (continued):

(d) Employee pension benefits:

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

Employer contributions to the Municipal Pension Plan of \$187.5 million (2023 - \$154.9 million) were expensed during the year. Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent actuarial valuation for the plan at December 31, 2021 indicated a funding surplus of approximately \$3,761 million. The actuary does not attribute portions of the unfunded surplus to individual employers. The plan covers approximately 240,000 active members, of which approximately 33,636 (2023 - 31,600) are employees of the Authority. The next expected actuarial valuation date would be as of December 31, 2024 with results available in 2025.

Employer contributions to the Public Service Pension Plan of \$1.4 million (2023 - \$1.3 million) were expensed during the year. Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent actuarial valuation for the plan at March 31, 2023 indicated a surplus of approximately \$4,491 million. The actuary does not attribute portions of the unfunded surplus to individual employers. The plan covers approximately 71,000 active members, of which approximately 170 (2023 - 182) are employees of the Authority. The Authority's next actuarial valuation date will be as of March 31, 2026.

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

8. Deferred capital contributions:

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

	2024	2023
Deferred capital contributions, beginning of year	\$ 2,038,541	\$ 1,731,964
Capital contributions received:		
Ministry of Health	902,736	384,859
Foundations and auxiliaries	16,815	23,176
Regional hospital district	6,109	1,361
Other	14,832	7,073
	940,492	416,469
Amortization for the year	(261,220)	(109,743)
Adjustment on disposal of tangible capital assets	(813)	(149)
Deferred capital contributions, end of year	\$ 2,717,000	\$ 2,038,541

Deferred capital contributions comprise the following:

	2024	2023
Contributions used to purchase tangible capital assets	\$ 2,593,624	\$ 1,833,788
Unspent contributions	123,376	204,753
	\$ 2,717,000	\$ 2,038,541

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

9. Asset retirement obligation:

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

a) Asbestos obligation

The Authority owns and operates several buildings that are known to have asbestos, which represents a health hazard upon and there is a legal obligation to remove it. The Authority has recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings. The buildings all have an estimated useful life of 40 years from the date of completion of construction, of which various numbers of years remain. Estimated costs have been discounted to the present value using a discount rate of 3.47% per annum (2023 – 3.13%). Estimated future cash flows are adjusted for an inflation factor of 3.00% (2023 – 3.00%).

b) Leasehold improvement obligation

The Authority holds lease arrangements which contain clauses requiring decommissioning of any leasehold improvements at the end of the lease term which have been constructed by the Authority. The Authority has recognized an obligation relating to the decommissioning of leasehold improvements recognized for any of our lease arrangements. The lease arrangements have various terms ranging from 1 – 40 years, of which various numbers of years remain. Estimated costs have been discounted to the present value using a discount rate of 3.47% per annum (2023 – 3.13%). Estimated future cash flows are adjusted for an inflation factor of 3.00% (2023 – 3.00%).

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

	Asbestos removal	Leasehold decommissioning	2024
Opening balance	\$ 78,972	\$ 7,978	\$ 86,950
Accretion expense	2,472	250	2,722
Changes in estimate	-	(1,363)	(1,363)
Liabilities settled in the year	-	(20)	(20)
Closing balance	\$ 81,444	\$ 6,845	\$ 88,289

	Asbestos removal	Leasehold decommissioning	2023
Opening balance	76,575	7,736	84,311
Accretion expense	2,397	242	2,639
Closing balance	\$ 78,972	\$ 7,978	\$ 86,950

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

10. Inventories held for use:

	2024	2023
Pharmaceuticals	\$ 8,230	\$ 7,901
Medical supplies	556	1,286
	<u>\$ 8,786</u>	<u>\$ 9,187</u>

11. Tangible capital assets:

Cost	2023	Additions	Disposals	Transfers	2024
Land	\$ 50,174	\$ 167,705	\$ (157)	\$ -	\$ 217,722
Land improvements	12,557	-	(213)	-	12,344
Buildings	2,617,432	9,075	(160)	40,437	2,666,784
Equipment	762,666	45,805	(10,149)	14,253	812,575
Information systems	172,821	7,537	-	2,951	183,309
Leasehold improvements	94,435	18,831	(1,164)	42,187	154,289
Construction in progress	672,583	779,365	-	(82,623)	1,369,325
Equipment and information systems in progress	56,096	63,342	-	(17,205)	102,233
Total	<u>\$ 4,438,764</u>	<u>\$ 1,091,660</u>	<u>\$ (11,843)</u>	<u>\$ -</u>	<u>\$ 5,518,581</u>

Accumulated amortization	2023	Amortization	Disposals	2024
Land improvements	\$ 8,381	\$ 416	\$ (213)	\$ 8,584
Buildings	1,225,507	78,851	(160)	1,304,198
Equipment	595,823	44,638	(9,740)	630,721
Information systems	146,221	10,005	-	156,226
Leasehold improvements	43,023	13,659	(917)	55,765
Total	<u>\$ 2,018,955</u>	<u>\$ 147,569</u>	<u>\$ (11,030)</u>	<u>\$ 2,155,494</u>

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

11. Tangible capital assets (continued):

Cost	2022	Additions	Disposals	Transfers	2023
Land	\$ 39,456	\$ 10,718	\$ -	\$ -	\$ 50,174
Land improvements	12,380	177	-	-	12,557
Buildings	2,548,186	20,849	-	48,397	2,617,432
Equipment	711,934	43,452	(7,596)	14,876	762,666
Information systems	160,975	4,779	-	7,067	172,821
Leasehold improvements	77,241	5,187	-	12,007	94,435
Construction in progress	375,982	357,005	-	(60,404)	672,583
Equipment and information systems in progress	50,114	27,925	-	(21,943)	56,096
Total	\$ 3,976,268	\$ 470,092	\$ (7,596)	\$ -	\$ 4,438,764

Accumulated amortization	2022	Amortization	Disposals	2023
Land improvements	\$ 7,940	\$ 441	\$ -	\$ 8,381
Buildings	1,148,079	77,428	-	1,225,507
Equipment	563,326	39,944	(7,447)	595,823
Information systems	135,925	10,296	-	146,221
Leasehold improvements	35,464	7,559	-	43,023
Total	\$ 1,890,734	\$ 135,668	\$ (7,447)	\$ 2,018,955

Net book value	2024	2023
Land	\$ 217,722	\$ 50,174
Land improvements	3,760	4,176
Buildings	1,362,586	1,391,925
Equipment	181,854	166,843
Information systems	27,083	26,600
Leasehold improvements	98,524	51,412
Construction in progress	1,369,325	672,583
Equipment and information systems in progress	102,233	56,096
Total	\$ 3,363,087	\$ 2,419,809

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

11. Tangible capital assets (continued):

Tangible capital assets are funded as follows:

	2024	2023
Deferred capital contributions	\$ 2,593,624	\$ 1,833,788
Debt	549,369	564,544
Internally funded	220,094	21,477
Tangible capital assets	\$ 3,363,087	\$ 2,419,809

12. Commitments and contingencies:

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

As at March 31, 2024, the Authority had outstanding commitments for construction, equipment and information systems in progress of \$2,467.8 million (2023 - \$769.0 million).

(b) Contractual obligations:

The Authority 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:

2025	\$ 266,279
2026	191,332
2027	50,109
2028	5,543
2029	721
Thereafter	-
	\$ 513,984

(c) Long term care and health care service provider contracts:

The Authority has entered into contracts with 1,030 (2023 – 982) service providers to provide long term and health care services. The aggregate annual commitments for these contracts as at March 31, 2024 are \$918.6 million (2023 - \$865.4 million).

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

12. Commitments and contingencies (continued):

(d) Operating leases:

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

2025	\$	60,554
2026		56,806
2027		48,277
2028		40,444
2029		30,656
Thereafter		143,005
	\$	379,742

(e) Public-private partnerships commitments:

The Authority has entered into multiple-year P3 contracts to design, build, finance and maintain the Abbotsford Regional Hospital and Cancer Centre, the Jim Pattison Outpatient Care and Surgery Centre and the Surrey Memorial Hospital Redevelopment 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 progressed, the asset values were recorded as tangible capital assets and the corresponding liabilities were recorded as debt and disclosed in note 6. FM and lifecycle payments to the private partner are contingent on specified performance criteria and include an estimation of inflation where applicable. Required principal repayments on P3 debt are disclosed below as capital commitments:

	Capital	Financing	FM and lifecycle	Total payments
2025	\$ 16,688	\$ 42,336	\$ 27,246	\$ 86,270
2026	18,090	41,118	28,251	87,459
2027	19,062	39,753	29,012	87,827
2028	21,158	37,412	29,205	87,775
2029	23,183	35,793	40,133	99,109
Thereafter	465,187	237,400	404,197	1,106,784
	\$ 563,368	\$ 433,812	\$ 558,044	\$ 1,555,224

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

12. Commitments and contingencies (continued):

(f) Litigation and claims:

Risk management and insurance services for all health authorities in BC are provided by the Risk Management and Government Security Branch of the Ministry of Finance.

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

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

13. Consolidated statement of operations:

(a) Patients, clients and residents revenue:

	2024	2023
Non-residents of Canada	\$ 55,652	\$ 40,001
Long-term and extended care	38,700	36,291
Residents of BC self-pay	16,654	14,335
Non-residents of BC	15,982	14,233
WorkSafe BC	14,137	14,439
Federal government	3,724	3,370
Preferred accommodation	2,175	2,632
Other	2,675	2,559
	<u>\$ 149,699</u>	<u>\$ 127,860</u>

(b) Other contributions:

	2024	2023
Other health authorities	\$ 92,839	\$ 88,346
Other ministries	3,939	3,697
Other	5,487	5,149
	<u>\$ 102,265</u>	<u>\$ 97,192</u>

(c) Other revenues:

	2024	2023
Compensation recoveries	\$ 71,091	\$ 58,533
Recoveries from sale of goods and services	32,918	19,546
Parking	12,771	11,476
Other	65,911	21,945
	<u>\$ 182,691</u>	<u>\$ 111,500</u>

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

13. Consolidated statement of operations (continued):

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

	2024	2023
Compensation:		
Compensation	\$ 3,226,939	\$ 2,623,403
Employee benefits	691,043	579,148
Loss on event-driven employee benefits	3,946	28,740
	<u>3,921,928</u>	<u>3,231,291</u>
Referred-out and contracted services:		
Health and support services providers	1,041,179	998,810
Other health authorities and BC government reporting entities	336,460	303,862
	<u>1,377,639</u>	<u>1,302,672</u>
Supplies:		
Medical and surgical	242,670	215,260
Drugs and medical gases	72,263	67,786
Diagnostic	42,445	36,920
Food and dietary	30,144	20,022
Laundry and linen	21,930	21,547
Housekeeping	12,845	10,152
Printing, stationery and office	8,705	7,724
Other	30,198	27,323
	<u>461,200</u>	<u>406,734</u>
Equipment and building services:		
Equipment	143,402	121,407
Rent	50,990	47,747
Plant operation (utilities)	22,544	23,769
Building and ground service contracts	20,180	18,711
Other	19,727	17,064
	<u>256,843</u>	<u>228,698</u>
Amortization of tangible capital assets	147,569	135,668
Sundry:		
Provision for doubtful accounts	32,058	24,396
Professional fees	29,557	16,725
Patient transport	19,290	17,746
Communication and data processing	16,920	15,252
Travel	14,954	13,442
Other	57,827	42,374
	<u>170,606</u>	<u>129,935</u>
Interest	43,669	44,470
	<u>\$ 6,379,454</u>	<u>\$ 5,479,468</u>

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

14. Supplementary cash flow information:

Net change in non-cash operating items:

	2024	2023
Accounts receivable	\$ 232,791	\$ (396,088)
Accounts payable and accrued liabilities	182,894	237,250
Deferred operating contributions	(20,635)	(15,331)
Prepaid expenses	(1,439)	(26,004)
Inventories held for use	401	747
	\$ 394,012	\$ (199,426)

15. Related parties:

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

(a) BC government reporting entities:

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

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

(b) Key management personnel:

The Authority has deemed the Board of Directors and Senior Executive Team, and their close family members or entities controlled by them to be key management personnel.

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

16. 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 consolidated statement of financial position.

The Authority manages credit risk by holding balances of cash and cash equivalents with a reputable top rated financial institution.

Accounts receivable primarily consist of amounts receivable from the Ministry, other health authorities and BC government reporting entities, patients, clients and agencies, hospital foundations and auxiliaries, grantors, etc. To reduce the risk, the Authority periodically reviews the collectability of its accounts receivable and establishes an allowance based on its best estimate of potentially uncollectable amounts. As at March 31, 2024, the amount of allowance for doubtful accounts was \$19.0 million (2023 - \$18.1 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.

(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.

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

16. Risk management (continued):

(b) Liquidity risk (continued):

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

2024 Financial assets	Up to 1 year	1 to 5 years	Over 5 Years
Cash and cash equivalents	\$ 657,606	\$ -	\$ -
Accounts receivable	372,343	-	-
Total financial assets	\$ 1,029,949	\$ -	\$ -

2024 Liabilities	Up to 1 year	1 to 5 years	Over 5 Years
Accounts payable and accrued liabilities	\$ 1,056,063	\$ -	\$ -
Debt	16,688	81,493	465,187
Total liabilities	\$ 1,072,751	\$ 81,493	\$ 465,187

2023 Financial assets	Up to 1 year	1 to 5 years	Over 5 Years
Cash and cash equivalents	\$ 532,133	\$ -	\$ -
Accounts receivable	605,134	-	-
Total financial assets	\$ 1,137,267	\$ -	\$ -

2023 Liabilities	Up to 1 year	1 to 5 years	Over 5 Years
Accounts payable and accrued liabilities	\$ 873,169	\$ -	\$ -
Debt	15,190	74,998	488,370
Total liabilities	\$ 888,359	\$ 74,998	\$ 488,370

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

FRASER HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended March 31, 2024

16. Risk management (continued):

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

The Authority 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:

	2024	2023
US dollar per Canadian dollar	\$ 0.738	\$ 0.739

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.

17. Government partnership

As described in Note 1, the Authority has an 85% interest in ARHCC Inc., which is recorded on a proportional consolidation basis in the Authority's consolidated financial statements. The following is the condensed supplementary financial information of ARHCC Inc. for the year ended March 31, 2024.

	2024	2023
Financial assets	\$ 159,575	\$ 164,254
Liabilities	385,506	397,306
Net debt	225,931	233,052
Non-financial assets	228,510	235,631
Accumulated surplus	2,579	2,579
Revenues	69,669	65,488
Expenses	69,669	65,488