

Financial Statements of

**HEALTH EMPLOYERS ASSOCIATION  
OF BRITISH COLUMBIA**

And Independent Auditor's Report thereon

Year ended March 31, 2025



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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of the Health Employers Association of British Columbia, and to the Minister of the Ministry of Finance, Province of British Columbia:

### **Report on the Audit of Financial Statements**

#### ***Opinion***

We have audited the financial statements of Health Employers Association of British Columbia (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets (debt) for the year then ended
- the statement of cash flows for the year then ended; and
- notes to the 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, 2025 of the Entity 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity 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 2(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 the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Entity 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.

### **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 the Entity and the results of its operations. In accordance with Canadian generally accepted auditing standards, because the financial reporting provisions 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 2(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 significant 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 Province of British Columbia have been applied on a basis consistent with that of the preceding period.

Chartered Professional Accountants

Vancouver, Canada  
June 6, 2025

# HEALTH EMPLOYERS ASSOCIATION OF BRITISH COLUMBIA

## Statement of Financial Position

March 31, 2025, with comparative information for 2024

	2025	2024
<b>Financial assets:</b>		
Cash	\$ 6,830,905	\$ 1,330,415
Restricted cash (note 3)	49,875,940	59,703,379
Accounts receivable	691,236	6,498,317
	<u>57,398,081</u>	<u>67,532,111</u>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities (note 12)	3,770,932	4,022,501
Deferred operating contributions (note 4)	46,469,933	56,297,372
Deferred capital contributions (note 5)	5,099,464	5,330,551
Deferred lease liability (note 6)	1,544,479	1,694,323
Retirement benefit liability	309,829	292,905
	<u>57,194,637</u>	<u>67,637,652</u>
<b>Net financial assets (debt)</b>	203,444	(105,541)
<b>Non-financial assets:</b>		
Tangible capital assets (note 7)	2,525,976	2,947,498
Prepaid expenses	898,380	785,843
	<u>3,424,356</u>	<u>3,733,341</u>
Contractual obligations and contingencies (note 11)		
Contractual rights (note 12)		
<b>Accumulated surplus</b> (note 8)	<u>\$ 3,627,800</u>	<u>\$ 3,627,800</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

R. Lynn Stevenson Director

Kathy MacNeil Director

# HEALTH EMPLOYERS ASSOCIATION OF BRITISH COLUMBIA

## Statement of Operations and Accumulated Surplus

Year ended March 31, 2025, with comparative information for 2024

	2025 Budget (notes 2(i) and 18)	2025	2024
<b>Revenue:</b>			
Provincial government funding	\$ 20,029,908	\$ 19,605,745	\$ 11,578,942
Other service fees	93,000	634,364	348,535
Interest	2,510,593	6,263,776	8,467,149
	<u>22,633,501</u>	<u>26,503,885</u>	<u>20,394,626</u>
Restricted funding from deferred operating contributions (note 4)	47,053,279	40,823,272	29,822,060
Amortization of deferred capital contributions (note 5)	325,620	231,087	192,280
	<u>70,012,400</u>	<u>67,558,244</u>	<u>50,408,966</u>
<b>Expenses (note 14):</b>			
<b>Operations:</b>			
Legal services, negotiations and labour relations	10,219,128	9,388,285	7,693,791
Collective bargaining and related expenses	2,435,686	6,571,269	4,279,792
Information management and technology	2,314,075	2,678,615	1,635,391
Executive services and board governance	1,967,950	1,679,692	3,340,590
Research and analytics	1,832,034	1,618,224	1,418,203
Compensation services	1,732,374	1,951,640	1,183,698
Finance and administration	1,092,250	1,218,954	887,249
General	675,300	576,831	499,924
Occupational health and safety	219,731	456,408	488,161
Expenses from ongoing operations	<u>22,488,528</u>	<u>26,139,918</u>	<u>21,426,799</u>
<b>Managed programs:</b>			
Recruitment Solutions -			
Managed bursary programs	15,833,000	13,609,469	8,913,512
Recruitment solutions other	12,305,041	11,139,388	8,534,653
Practice ready assessment BC	8,360,692	6,771,194	3,725,639
Medical staff services	5,045,016	4,525,265	3,752,467
Locums for rural BC	3,097,216	2,772,147	2,377,027
BC care aide and community health worker registry	1,192,088	1,172,397	930,960
Collective bargaining and related expenses	1,153,600	923,866	411,415
Health cross jurisdictional labour relations database	537,219	504,600	336,494
Expenses from other managed programs	<u>47,523,872</u>	<u>41,418,326</u>	<u>28,982,167</u>
Total expenses from operations	<u>70,012,400</u>	<u>67,558,244</u>	<u>50,408,966</u>
Annual surplus (deficit)	-	-	-
Accumulated surplus, beginning of year	3,627,800	3,627,800	3,627,800
Accumulated surplus, end of year	<u>\$ 3,627,800</u>	<u>\$ 3,627,800</u>	<u>\$ 3,627,800</u>

See accompanying notes to financial statements.

# HEALTH EMPLOYERS ASSOCIATION OF BRITISH COLUMBIA

## Statement of Changes in Net Financial Assets (Debt)

Year ended March 31, 2025, with comparative information for 2024

	2025 Budget (notes 2(i) and 18)	2025	2024
Annual surplus	\$ -	\$ -	\$ -
Acquisition of tangible capital assets (note 7)	(1,126,400)	(221,411)	(527,109)
Loss on disposal of tangible capital assets (note 7)	-	66,102	6,950
Amortization of tangible capital assets (note 7)	675,300	576,830	499,923
Acquisition of prepaid expenses	-	(559,749)	(602,150)
Use of prepaid expenses	-	447,213	134,176
Change in net financial assets (debt)	(451,100)	308,985	(488,210)
Net financial assets (debt), beginning of year	(105,541)	(105,541)	382,669
Net financial assets (debt), end of year	\$ (556,641)	\$ 203,444	\$ (105,541)

See accompanying notes to financial statements.

# HEALTH EMPLOYERS ASSOCIATION OF BRITISH COLUMBIA

## Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash flows provided by (used in):		
Operating activities:		
Annual surplus	\$ -	\$ -
Items not affecting cash:		
Amortization of tangible capital assets (note 7)	576,830	499,923
Amortization of deferred lease liability (note 6)	(149,844)	(149,838)
Amortization of deferred capital contributions (note 5)	(231,087)	(192,280)
Loss on disposal of tangible capital assets (note 7)	66,102	6,950
	262,001	164,755
Changes in non-cash operating working capital:		
Accounts receivable	5,807,081	(4,374,675)
Accounts payable and accrued liabilities	(251,569)	481,769
Deferred operating contributions	(9,827,439)	6,858,825
Retirement benefit liability	16,924	59,244
Prepaid expenses	(112,536)	(467,974)
	(4,105,538)	2,721,944
Capital activities:		
Acquisition of tangible capital assets (note 7)	(221,411)	(527,109)
Investing activities:		
(Increase) decrease in restricted cash	9,827,439	(10,424,832)
Increase (decrease) in cash	5,500,490	(8,229,997)
Cash, beginning of year	1,330,415	9,560,412
Cash, end of year	\$ 6,830,905	\$ 1,330,415

See accompanying notes to financial statements.

# HEALTH EMPLOYERS ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2025

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## 1. Nature of business and basis of presentation:

The Health Employers Association of British Columbia (the "Association") was formed under the *Public Sector Employers Act* (British Columbia) and is registered under the *Societies Act* (British Columbia). The Association is exempt from income taxes under Section 149 of the *Income Tax Act*.

The Association's primary purpose is to coordinate and conduct collective bargaining, coordinate compensation for exempt employees, and support health care employers in the areas of benefit administration and human resource practices.

Funding is provided primarily by the Province of British Columbia (the "Province") and the Association is dependent on funding from this source.

## 2. Significant accounting policies:

The Association's significant accounting policies are as follows:

### (a) Basis of accounting:

These financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province, supplemented by Regulations 257/2010 and 198/2011 issued by the Province Treasury Board, referred to as the financial reporting framework (the "framework").

The *Budget Transparency and Accountability Act* requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all taxpayer supported organizations 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 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.

# HEALTH EMPLOYERS ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2025

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## 2. Significant accounting policies (continued):

### (a) Basis of accounting (continued):

Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contributions have been met. For British Columbia 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 Canadian Public Sector Accounting Standards ("PSAS") which requires 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 public sector accounting standard PS3410. As a result, revenue recognized in the statement of operations and accumulated surplus and certain related deferred capital contributions in the statement of financial position would be recorded differently under PSAS.

### (b) Revenue recognition:

Restricted donations, grants and contributions are 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 are recorded in accordance with Regulation 198/2011 which requires that they be 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.
- (ii) Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contributions have been met.

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

Revenues from transactions without performance obligations are recognized at realizable value when the Association 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.

Externally restricted interest income on deferred operating contributions is recorded as deferred operating contributions until revenue recognition has been met. Other interest income is recognized when earned.

# HEALTH EMPLOYERS ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2025

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## 2. Significant accounting policies (continued):

### (c) Employee future benefits:

The Association and its employees participate in the Municipal Pension Plan ("MPP"). The MPP is a multi-employer contributory defined benefit pension plan. Contributions to the plan are expensed as incurred.

The liability for vacation payable and staff illness bank payable are accrued and expensed as the benefits are earned and are included in accounts payable and accrued liabilities.

The accrued retirement benefit liability is an estimate of future retirement allowances for employees who are over 55-years of age with greater than 10-years of service, upon retirement from the Association. The retiring allowance is 1-week of an employee's regular pay for every 2-years of service to a maximum of 20-weeks. Payments made on this liability will be funded from cash as incurred.

### (d) Deferred lease liability - tenant inducements and lease liability:

Deferred lease liability includes amounts related to tenant inducements and liability for step-rent expense.

Lease inducements received from the landlord and total rent payments are amortized to rent expense on a straight-line basis over the term of the lease. The difference between the recognized rent expense and the rent payments paid is reflected on the statement of financial position as a part of deferred lease liability (note 6).

### (e) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is determined at rates which will reduce original cost to estimated residual value over the useful lives of the assets on the following basis:

	Basis	Rate
Office equipment	Declining balance	20%
Furniture and fixtures	Declining balance	20%
Computer equipment	Straight-line	3 years
Leasehold improvements	Straight-line	Lesser of useful life or term of the lease

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Tangible capital assets are written down to residual value when conditions indicate that they no longer contribute to the Association's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations and accumulated surplus.

Leases that transfer substantially all benefits and risks, incidental to ownership of property, are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

# HEALTH EMPLOYERS ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2025

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## 2. Significant accounting policies (continued):

### (f) Accumulated surplus:

Various funds are included in accumulated surplus. These funds are not presented separately in the statement of operations and accumulated surplus but are presented on a combined basis, with any interfund balances and transactions eliminated. The funds are detailed in note 8 and include the following:

#### (i) Unrestricted accumulated surplus; and

#### (ii) Invested in tangible capital assets:

This fund represents the tangible capital assets under the management of the Association. Funds released from their originally intended purpose and directed by the funder to be used for capital purposes recognized into revenue at the same rate that the respective capital asset is amortized.

### (g) Financial instruments:

Financial instruments are classified upon initial recognition as a fair value or amortized cost instrument.

Accounts receivable and accounts payable and accrued liabilities are measured at amortized cost. Due to the short-term nature of these instruments, their fair values approximate book value.

Unrealized gains and losses from changes in the fair value of financial instruments would be recognized in the statement of re-measurement gains and losses until such time that the financial asset is de-recognized due to disposal or impairment. At the time of de-recognition, the related realized gains and losses are recognized in the statement of operations and accumulated surplus. The Association does not carry financial instruments at fair value and there are no unrealized gains or losses as at March 31, 2025 (2024 - nil). As a result, the Association does not have a statement of remeasurement gains and losses.

### (h) Use of estimates:

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and revenues and expenses during the year. The actual outcome could differ from the estimates made in the preparation of the financial statements. Areas requiring management estimates include retirement benefit liability, asset retirement obligations and the useful economic lives of tangible capital assets for amortization.

### (i) Budget information:

The budget information reported in the statements of operations and accumulated surplus and changes in net debt, have been derived from the amended budget approved by the Board of Directors on January 31, 2025 (note 18).

# HEALTH EMPLOYERS ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 2. Significant accounting policies (continued):

### (j) 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 has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The Association's asset retirement obligation include the costs directly attributable to the retirement activities as required under its premises lease agreement and is recorded as a liability and an increase to the related tangible capital assets. The amount capitalized in tangible capital assets is amortized using the amortization accounting policy outline in note 2(e).

The carrying value of the liability is re-evaluated at each financial reporting date with changes to the timing or amount of the original estimate of cash flows recorded as an adjustment to the asset retirement obligation liability and tangible capital assets. The estimate of the asset retirement obligation of \$46,912 (2024 - \$44,352) has been recorded as a liability included in accounts payable and accrued liabilities as at March 31, 2025.

## 3. Restricted cash:

Restricted cash are funds held for the purposes of deferred operating contributions and unspent deferred capital contributions as described in notes 4 and 5.

## 4. Deferred operating contributions:

	2025	2024
Balance, beginning of year	\$ 56,297,372	\$ 49,438,547
Provincial government and other funding received (a)	30,876,946	29,481,895
Funds received and transferred to collective bargaining (b)	-	7,889,930
Funds received and transferred to trust under administration	-	(244,000)
Funds transferred (to) from		
accounts payable and accrued liabilities	118,887	(474,000)
Interest earned	-	27,060
	87,293,205	86,119,432
Less: amounts recognized as revenue	(40,823,272)	(29,822,060)
<b>Balance, end of year (c)</b>	<b>\$ 46,469,933</b>	<b>\$ 56,297,372</b>

# HEALTH EMPLOYERS ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 4. Deferred operating contributions (continued):

- (a) During the year, the Association received funding from the Province for the following purposes:

	2025	2024
Recruitment solutions – Managed bursary programs	\$ 8,111,800	\$ 5,150,000
Collective bargaining related	400,000	400,000
Practice ready assessment BC	8,205,289	7,545,483
Medical staff services	3,281,761	3,217,089
Recruitment solutions	7,135,195	9,238,934
Health cross jurisdictional labour relations database	429,309	446,761
BC care aide and community health worker registry	1,103,179	1,087,735
Locums for rural BC	2,210,413	2,395,893
	<b>\$ 30,876,946</b>	<b>\$ 29,481,895</b>

- (b) In accordance with the Association's annual funding directive, excess of core revenue over expenditures has been restricted for use toward the anticipated costs of the next public sector bargaining cycle.

- (c) The balance of deferred operating contributions is restricted for the following purposes:

	2025	2024
Recruitment solutions - Managed bursary programs	\$ 19,518,809	\$ 25,631,836
Collective bargaining related	12,405,971	12,930,840
Practice ready assessment BC	6,008,965	4,574,870
Cyber security upgrade	3,516,059	3,600,000
Medical staff services	1,823,189	2,386,694
Recruitment solutions	1,265,621	4,535,570
Health Match BC support	1,000,000	1,000,000
Health cross jurisdictional labour relations database	760,066	835,357
BC care aide and community health worker registry	167,342	236,560
Locums for rural BC	3,911	565,645
	<b>\$ 46,469,933</b>	<b>\$ 56,297,372</b>

## 5. Deferred capital contributions:

The deferred capital contribution balance represents the unamortized amount of funds restricted for the purchase of tangible capital assets, including any funds not yet spent.

	2025	2024
Balance, beginning of year	\$ 5,330,551	\$ 5,522,831
Capital contributions received	-	-
Amortization during the year	(231,087)	(192,280)
Deferred capital contributions, end of year	<b>\$ 5,099,464</b>	<b>\$ 5,330,551</b>

# HEALTH EMPLOYERS ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 5. Deferred capital contributions (continued):

Deferred capital contributions are comprised of the following:

	2025	2024
Contributions used to purchase tangible capital assets (note 9)	\$ 1,693,457	\$ 1,924,544
Contributions granted not yet spent (i)	3,406,007	3,406,007
<b>Balance, end of year</b>	<b>\$ 5,099,464</b>	<b>\$ 5,330,551</b>

(i) Contributions of \$3,406,007 as granted by the Province and received in a prior year are restricted for the purpose of future capital requirements.

## 6. Deferred lease liability:

The deferred lease liability is comprised of the following:

	2025	2024
Deferred tenant inducement	\$ 1,198,698	\$ 1,348,542
Deferred rent liability	345,781	345,781
	<b>\$ 1,544,479</b>	<b>\$ 1,694,323</b>

## 7. Tangible capital assets:

	Office equipment	Furniture and fixtures	Computer equipment	Leasehold improvements	Total
<b>Cost:</b>					
As at March 31, 2024	\$ 128,746	\$ 1,020,801	\$ 2,208,710	\$ 3,377,729	\$ 6,735,986
Additions	-	-	220,447	964	221,411
Disposals	(9,055)	(227,167)	(542,227)	(29,736)	(808,185)
	119,691	793,634	1,886,930	3,348,957	6,149,212
<b>Accumulated amortization:</b>					
As at March 31, 2024	108,255	745,682	1,591,246	1,343,305	3,788,488
Additions	4,098	55,024	291,554	226,154	576,830
Disposals	(8,246)	(179,528)	(542,227)	(12,082)	(742,083)
	104,107	621,178	1,340,573	1,557,377	3,623,235
<b>Net book value, March 31, 2025</b>	<b>\$ 15,584</b>	<b>\$ 172,456</b>	<b>\$ 546,357</b>	<b>\$ 1,791,580</b>	<b>\$ 2,525,977</b>

# HEALTH EMPLOYERS ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 7. Tangible capital assets (continued):

	Office equipment	Furniture and fixtures	Computer equipment	Leasehold improvements	Total
<b>Cost:</b>					
As at March 31, 2023	\$ 128,746	\$ 1,058,219	\$ 2,368,250	\$ 3,363,444	\$ 6,918,659
Additions	-	-	512,824	14,285	527,109
Disposals	-	(37,418)	(672,364)	-	(709,782)
	128,746	1,020,801	2,208,710	3,377,729	6,735,986
<b>Accumulated amortization:</b>					
As at March 31, 2023	103,133	705,980	2,065,026	1,117,258	3,991,397
Additions	5,122	70,170	198,584	226,047	499,923
Disposals	-	(30,468)	(672,364)	-	(702,832)
	108,255	745,682	1,591,246	1,343,305	3,788,488
Net book value, March 31, 2024	\$ 20,491	\$ 275,119	\$ 617,464	\$ 2,034,424	\$ 2,947,498

## 8. Accumulated surplus:

	2025	2024
Invested in tangible capital assets:		
Tangible capital assets (note 7)	\$ 2,525,976	\$ 2,947,498
Less: Spent deferred capital contributions (note 5)	(1,693,457)	(1,924,544)
	832,519	1,022,954
Unrestricted	2,795,281	2,604,846
	\$ 3,627,800	\$ 3,627,800

## 9. Line of credit:

The Association has an operating line of credit of \$250,000, bearing interest at Royal Bank of Canada prime rate, which is unsecured and repayable on demand. This line of credit has an outstanding balance of nil at March 31, 2025 (2024 - nil).

## 10. Related party transactions:

The following are types of related parties. Transactions with these parties 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.

# HEALTH EMPLOYERS ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 10. Related party transactions (continued):

### (a) BC government reporting entities:

The Association is related through common ownership to all British Columbia province ministries, agencies, crown corporations, school districts, health authorities, hospitals societies, universities, and colleges that are included in the provincial government reporting entity.

### (b) Key management personnel and their close family members:

The Association has deemed the Board Chair and Secretary Treasurer, and Senior Executives to be key management personnel based on the definition in PS 2200, *Related Party Disclosures*. Key management personnel confirm annually, through the completion of a declaration, whether there are any related party transactions with the Association for themselves and their close family members.

## 11. Contractual obligations and contingencies:

### (a) Operating leases:

The Association has annual operating lease payments related to its premises and vehicle. Minimum future lease payments as at March 31, 2025 exclusive of operating costs, are as follows:

Lease commitments	Premises	Vehicle	Total
2026	\$ 1,337,112	\$ 16,543	\$ 1,353,655
2027	1,337,112	-	1,337,112
2028	1,337,112	-	1,337,112
2029	1,432,620	-	1,432,620
2030	1,432,620	-	1,432,620
Thereafter	4,297,860	-	4,297,860
	\$ 11,174,436	\$ 16,543	\$ 11,190,979

The commitments shown above reflect the annual gross base rent costs under the premises leases, exclusive of operating costs for the remaining lease agreements. The Association has also entered into license agreements to sub-let portions of the premises to other government organizations that offset the annual gross rent by \$368,928 per annum (note 12).

### (b) Litigation and claims:

The nature of the Association's activities is such that there is litigation pending or in progress at any time. Outstanding contingencies are reviewed on an ongoing basis and are provided for based on management's best estimate of likelihood of outcome and amount of potential loss. It is the opinion of management that final determination of these claims will not have a material effect on the financial position or operations of the Association.

# HEALTH EMPLOYERS ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 12. Contractual rights:

The Association entered into 5-year license agreements effective April 1, 2018, with the option to renew for two additional 5-year terms with the Healthcare Benefit Trust (“HBT”), British Columbia Public School Employers Association (“BCPSEA”), and Post-Secondary Employers’ Association (“PSEA”) (the “tenant associations”), with respect to a portion of the Association’s premises lease. HBT and PSEA exercised the option and signed an extension for additional 10-years. BCPSEA signed an extension for additional 5-years.

The amounts shown below reflect the annual base rent recoveries, exclusive of operating costs, charged under license agreements for the tenant associations’ use of space related to the remaining years of the terms.

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2026	\$ 368,928
2027	368,928
2028	368,928
2029	232,830
2030	232,830
Thereafter	698,490
	<hr/> \$ 2,270,934 <hr/>

The Association received \$204,589 (2024 - \$204,589) in prepaid lease payments from the tenant associations which is being amortized as rent recoveries over the term of lease with the licensees including the renewal periods. \$109,114 (2024 - \$122,753) remains as the unamortized amount as at March 31, 2025 and is included in accounts payable and accrued liabilities.

## 13. Pension plan:

The Association and its employees contribute to the MPP, a jointly trustee pension plan. The Board of Trustees, representing the MPP members and employers, is responsible for overseeing the management of the MPP, including investment of the assets and administration of benefits. The MPP is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2023, the MPP has approximately 256,000 active members and 129,000 retired members. Active members include approximately 272 contributors from the Association.

The most recent valuation for the MPP as at December 31, 2021, indicated a \$3.761 billion funding surplus for basic pension benefits on a going concern basis. Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The next valuation will be as at December 31, 2024, with results available in 2025.

# HEALTH EMPLOYERS ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 13. Pension plan (continued):

Employers participating in the MPP record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the MPP records accrued liabilities and accrued assets for the MPP in aggregate, with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the MPP.

The Association paid \$2,160,365 for employer contributions to the MPP in fiscal 2025 (2024 - \$1,681,119).

## 14. Expenses by object:

	2025	2024
Compensation and benefits	\$ 29,964,286	\$ 24,663,953
Bursaries and recruitment incentives	13,609,469	8,913,512
Grant expense	5,825,000	3,675,000
Legal and professional	5,632,119	4,679,829
Assessor and candidate costs - PRA-BC	3,532,079	1,661,613
Office and information technology	3,261,483	1,989,140
Rental - office and equipment	1,769,058	1,783,650
Travel and accommodation - rural locum program	1,610,134	1,331,729
Travel and meetings	1,005,049	506,847
Amortization	576,831	499,924
Staff training, research and memberships	424,754	249,149
Arbitration and hearing costs	189,542	184,260
Recruiting and relocation	69,871	142,084
Loss on write-off of tangible capital assets	66,102	6,950
GST - unrecoverable	22,467	121,326
	<u>\$ 67,558,244</u>	<u>\$ 50,408,966</u>

## 15. Financial risk management:

### (a) Fair values:

The Association's financial instruments include cash, restricted cash, accounts receivable and accounts payable and accrued liabilities. These financial instruments are carried at amortized cost.

### (b) Credit risk:

The Association has limited exposure to credit risk associated with its cash, restricted cash, and accounts receivable. The Association's receivables are with government and other related entities, and cash and restricted cash are held with reputable financial institutions and the Province of British Columbia's Central Deposit Program, from which management believes the risk of loss to be remote. The Association's maximum exposure to credit risk is limited to the carrying amount of these balances in the financial statements.

# HEALTH EMPLOYERS ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 15. Financial risk management (continued):

### (c) Liquidity risk:

Liquidity risk is the risk that the Association will not meet its financial obligations as they become due. The Association does not have significant liquidity risk as it has sufficient cash to meet its liabilities as they come due. The Association manages liquidity risk by continually monitoring actual and forecasted cash flows from operations to meet its liabilities when due. Accounts payable and accrued liabilities are all due within one year.

### (d) Market risk:

The Association is not subject to any significant market risks, including interest rate or foreign currency risks, related to its financial instruments.

There have been no significant changes to risk exposures from the prior year.

## 16. Trusts under administration:

Trusts under administration are not reflected in the financial statements and are comprised of monies held-in-trust for the following purposes:

	2025	2024
Occupational Health and Safety ("OHS") Management System Modernization	\$ 29,511,221	\$ 30,000,000
Bargained trust funds - Nurses Bargaining Association	24,376,743	19,160,405
Bargained trust funds - Facilities Bargaining Association	9,123,526	7,807,124
Bargained trust funds - Community Bargaining Association	3,047,038	3,296,927
Bargained trust funds - Health Science Professionals Bargaining Association	2,301,000	1,861,500
Bargained trust funds - Ambulance Paramedics & Ambulance Dispatchers Bargaining Association	600,000	500,000
Bargained trust funds - Resident Doctors of BC	120,000	90,000
	<u>\$ 69,079,528</u>	<u>\$ 62,715,956</u>

The Province authorized the following funds to be held under administration before March 31, 2025. The funds have not yet been received by the Association as at fiscal year end:

	2025	2024
BC College of Nurses and Midwives	\$ -	\$ 1,150,000

## 17. Disclosure of remuneration:

For the year ending March 31, 2025, the Association paid total remuneration (including taxable benefits) of \$25,256,349 (2024 - \$20,128,367) to the employees of the Association, and to persons under a contract for services with the Association, whose remuneration was at least \$75,000.

The Association also paid total remuneration of \$44,275 (2024 - \$41,256) to the Chair of the Board of Directors.

# HEALTH EMPLOYERS ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 18. Budget:

The original budget was approved by the board on March 1, 2024, with a small surplus budgeted. On January 31, 2025, the board approved a balanced amended budget as required by the *Budget Transparency and Accountability Act*. The changes are as follows:

	Budget approved March 1, 2024	Amendments	Budget approved January 31, 2025
<b>Revenue:</b>			
Provincial government funding	\$ 19,643,000	\$ 386,908	\$ 20,029,908
Service fees	35,000	58,000	93,000
Interest	1,890,000	620,593	2,510,593
	21,568,000	1,065,501	22,633,501
Restricted funding from deferred operating contributions (note 4)	46,433,362	619,917	47,053,279
Amortization of deferred capital contributions (note 5)	325,620	-	325,620
	68,326,982	1,685,418	70,012,400
<b>Expenses (note 14):</b>			
<b>Operations:</b>			
Legal services, negotiations and labour relations	10,011,650	207,478	10,219,128
Collective bargaining and related expenses	2,414,070	21,616	2,435,686
Information management and technology	2,017,984	296,091	2,314,075
Executive services and board governance	2,234,710	(266,760)	1,967,950
Research and analytics	1,786,090	45,944	1,832,034
Compensation services	1,727,120	5,254	1,732,374
Finance and administration	828,370	263,880	1,092,250
General	675,300	-	675,300
Occupational health and safety	197,080	22,651	219,731
Expenses from ongoing operations	21,892,374	596,154	22,488,528
<b>Managed programs:</b>			
Recruitment Solutions -			
Managed bursary programs	15,833,000	-	15,833,000
Recruitment solutions other	11,954,514	350,527	12,305,041
Practice ready assessment BC	8,325,092	35,600	8,360,692
Physician services	4,325,210	719,806	5,045,016
Locums for rural BC	3,037,031	60,185	3,097,216
BC care aide and community health worker registry	1,144,300	47,788	1,192,088
Collective bargaining and related expenses	1,153,600	-	1,153,600
Health cross jurisdictional labour relations database	510,615	26,604	537,219
Expenses from other managed programs	46,283,362	1,240,510	47,523,872
Total expenses from operations	68,175,736	1,836,664	70,012,400
Annual surplus	151,246	(151,246)	-
Accumulated surplus, beginning of year	3,627,800	-	3,627,800
Accumulated surplus, end of year	\$ 3,779,046	\$ (151,246)	\$ 3,627,800

## 19. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year. The reclassifications did not have any impact on the annual surplus or accumulated surplus.