

AUDITORS' REPORT

**To the Members of
B.C. Health Care Risk Management Society**

We have audited the balance sheet of B.C. Health Care Risk Management Society as at March 31, 2000 and the statements of operations and surplus, and cash flow for the year then ended. These financial statements are the responsibility of the society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the society as at March 31, 2000 and the results of its operations and the changes in its cash flow for the year then ended in accordance with generally accepted accounting principles. As required by the British Columbia Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Norgaard Neale Camden Ltd.

CHARTERED ACCOUNTANTS

Victoria, B.C.
June 15, 2000


B.C. Health Care Risk Management Society

Balance Sheet

As at March 31, 2000

	2000	1999
	\$	\$
ASSETS		
Cash	324,689	302,495
Accounts Receivable	585	1,270
Prepaid Expenses	27,422	27,023
Capital Assets (note 3)	11,214	20,297
Due from Province of British Columbia (Ministry of Health)	16,084,000	8,000,000
	<u>16,447,910</u>	<u>8,351,085</u>
LIABILITIES AND SURPLUS		
Accounts Payable and Accrued Liabilities	30,122	25,355
Due to Province of British Columbia (Ministry of Finance and Corporate Relations)	16,084,000	8,000,000
Surplus	333,788	325,730
	<u>16,447,910</u>	<u>8,351,085</u>

SIGNED ON BEHALF OF THE BOARD



Director



Director

B.C. Health Care Risk Management Society

Statement of Operations and Surplus For the Year Ended March 31, 2000

	2000 \$	1999 \$
Revenue		
Grants – Province of British Columbia (Ministry of Health)	25,543,546	17,378,395
Interest	6,239	14,570
	<u>25,549,787</u>	<u>17,392,965</u>
Expenses		
Audit	2,978	3,870
Conferences	3,877	2,864
Contract personnel	3,641	10,088
Contracted administration – Province of British Columbia (Ministry of Finance and Corporate Relations)	157,500	157,500
Depreciation	9,852	9,833
Indemnification costs – Province of British Columbia (Ministry of Finance and Corporate Relations) (note 4)	22,584,000	14,500,000
Insurance costs	23,240	24,080
Loss inspection/property pooled fund – Province of British Columbia (Ministry of Finance and Corporate Relations) (note 4)	2,215,728	2,215,630
Legal fees	32,699	28,656
Office	56,935	39,453
Salaries and benefits	416,756	329,309
Travel	34,523	31,158
	<u>25,541,729</u>	<u>17,352,441</u>
Excess of Revenue over Expenses	<u>8,058</u>	<u>40,524</u>
Surplus - Beginning of Year (as previously reported)	325,730	266,684
Change in accounting policy (note 5)	-	18,522
As restated	<u>325,730</u>	<u>285,206</u>
Surplus - End of Year	<u>333,788</u>	<u>325,730</u>

B.C. Health Care Risk Management Society

Statement of Cash Flow For the Year Ended March 31, 2000

	2000 \$	1999 \$
Cash Provided from (Used for)		
Operating Activities		
Excess of revenue over expenses	8,058	40,524
Item not affecting cash:		
Depreciation	9,852	9,833
	17,910	50,357
Changes in non-cash working capital balances related to operations -		
Accounts receivable	685	(647)
Due from (to) Province of British Columbia (Ministry of Health)	(8,084,000)	2,750,000
Due to (from) Province of British Columbia (Ministry of Finance and Corporate Relations)	8,084,000	(2,750,000)
Accounts payable and accrued liabilities	4,767	(4,974)
Prepaid expenses	(399)	(26,993)
	22,963	17,743
Investing Activity		
Purchase of capital assets	(769)	(11,608)
Increase in Cash	22,194	6,135
Cash - Beginning of Year	302,495	296,360
Cash - End of Year	324,689	302,495

B.C. Health Care Risk Management Society

Notes to Financial Statements For the Year Ended March 31, 2000

1. Purpose of the Organization

The B.C. Health Care Risk Management Society ("society") is a non-profit organization and was incorporated under the Society Act on October 21, 1986. The purpose of the society is to provide risk management services for Regional Health Boards ("RHBs"), Community Health Councils ("CHCs"), Community Health Services Societies ("CHSSs"), their amalgamated entities, non-amalgamated acute and extended care hospitals and other select health care entities. These risk management services include the administration of the Health Care Protection Program ("HCPP") and other risk, insurance or loss funding programs which may arise, the provision of direct or indirect risk management advisory or inspection services including consultation, education, loss control and communication support for its member RHBs/CHCs/CHSSs, health care agencies and providers. The society has taken over the property and crime coverage programs of HCPP which were previously provided by B.C. Health Services.

2. Significant Accounting Policies

The society follows the deferral method of accounting for contributions.

Basis of Accounting

The society records transactions on an accrual basis. Under this basis, revenues are recorded in the period in which they become due and expenses are recorded when goods are received or services rendered.

Capital Assets and Depreciation

Capital assets are carried at cost less accumulated depreciation. Depreciation is charged against income using the straight-line method in amounts sufficient to amortize the cost of capital assets over their estimated useful lives at the following annual rates:

Computers	33.3%
Furniture and equipment	20%

A half year of depreciation is taken in the year of acquisition.

3. Capital Assets

	2000		1999	
	Cost \$	Accumulated depreciation \$	Net \$	Net \$
Computers	37,003	29,629	7,374	14,473
Furniture and equipment	15,675	11,835	3,840	5,824
	52,678	41,464	11,214	20,297

B.C. Health Care Risk Management Society

Notes to Financial Statements For the Year Ended March 31, 2000

4. Indemnification Costs

The society has arranged with the Province of British Columbia to provide RHBs/CHCs/CHSSs and other specifically identifiable health care facilities with an indemnification for liability claims against the facility. The cost of \$22,584,000 (1999 - \$14,500,000) is intended to protect the society's member entities against liability claims where the incident occurred during the fiscal year ended March 31, 2000. In addition, there was a transfer of funds (\$2,215,728 in 2000) from the Province of British Columbia to provide the pooled fund to pay the property losses of member entities.

5. Change in Accounting Policy

For fiscal years commencing on or after April 1, 1997, The Canadian Institute of Chartered Accountants recommended changes in connection with the presentation of capital assets. The society adopted the recommendations in the prior fiscal year. As a result, the society changed its method of accounting for capital assets, on a retroactive basis, from expensing its furniture and equipment, and computers to capitalizing and depreciating them over their estimated useful lives on a straight-line basis. For 1999, the effect of that change increased net capital assets and surplus by \$18,522.

6. Operating Leases

The society's total obligations under operating leases are:

	<u>\$</u>
Year ending March 31, 2001	15,351
2002	<u>17,813</u>
	<u>33,164</u>

7. Financial Instruments

The society's financial instruments consist of cash, accounts receivable, prepaid expenses, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that, under normal circumstances, the society is not exposed to significant interest, currency or credit risks arising from these financial instruments.