

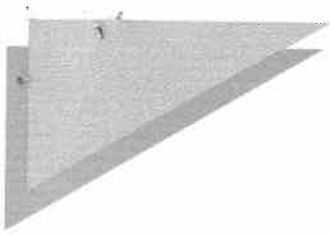
**Vohora  
& Company**

*Chartered Accountants*

**THE UNITED CHURCH HEALTH SERVICES SOCIETY**

**Consolidated Financial Statements**

**Year Ended March 31, 2010**



**Vohora  
& Company**

*Chartered Accountants*

**THE UNITED CHURCH HEALTH SERVICES SOCIETY**

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**Year Ended March 31, 2010**

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## Vohora & Company

Chartered Accountants

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### AUDITORS' REPORT

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To the Directors of The United Church Health Services Society

We have audited the consolidated statement of financial position of The United Church Health Services Society as at March 31, 2010 and 2009 and the consolidated statements of revenue and expenditures, changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the society's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In common with many charitable organizations, the society derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the society and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the society as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act of British Columbia, we report that in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Vancouver, BC  
September 14, 2010

Vohora  
&  
Company

**THE UNITED CHURCH HEALTH SERVICES SOCIETY**

**Consolidated Statement of Revenue and Expenditures**

**Year Ended March 31, 2010**

	2010	2009
<b>REVENUE</b>		
Provincial government grant revenue <i>(Schedule 1)</i>	\$ 18,793,998	\$ 16,694,149
Pharmacy revenue	3,953,149	3,391,321
Recoveries and other	3,204,144	2,203,999
Amortization of deferred capital contributions	986,558	1,105,335
Dental revenue	883,235	881,596
Medical clinic - 3rd party revenue	534,039	500,965
Patient care fees	511,249	466,006
Other revenue	322,911	323,242
Other supplementary grants	139,139	12,635
House and trailer rentals	190,398	169,497
Unrealized gain on marketable securities	99,990	18,890
Investment revenue	65,485	28,727
	<u>29,684,295</u>	<u>25,796,362</u>
<b>EXPENSES</b>		
Administrative and management fees	1,573,509	1,964,124
Advertising and recruitment	10,202	51,848
Amortization of capital assets	1,149,269	1,246,833
Automotive	3,981	5,662
Bad debts (recovery)	(5,498)	1,270
Bank charges	27,350	24,779
Bursaries	-	500
Conference fees, dues and licences	26,178	27,034
Contract payments - Dentists	299,258	300,807
Contract payments - Physicians	6,976,719	4,938,287
Dental supplies and lab costs	178,461	191,034
Drug purchases	2,866,804	2,589,877
Emergency call payments	540,961	534,351
Medical clinic supplies and patient support	1,794,892	1,865,161
Office supplies and miscellaneous	401,525	254,831
Physician recruitment and retention	1,376,695	1,076,459
Professional fees	33,290	31,600
Rent, property taxes, utilities and insurance	140,023	143,688
Repairs and maintenance	199,813	209,611
Salaries and employee benefits	11,447,599	10,938,769
Sub-contractors and purchased services	416,234	892,949
Telephone	61,144	52,140
Training and special projects	6,303	23,663
Travel	79,747	145,385
	<u>29,604,459</u>	<u>27,510,662</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 79,836</u>	<u>\$ (1,714,300)</u>

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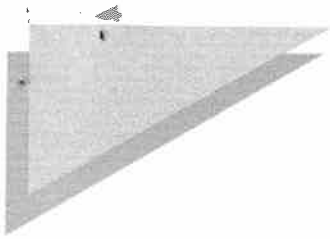
*Chartered Accountants*

**THE UNITED CHURCH HEALTH SERVICES SOCIETY**

**Consolidated Statement of Changes in Net Assets**

**Year Ended March 31, 2010**

	Unrestricted	Invested in Capital Assets	Internally Restricted	2010	2009
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ (256,953)	\$ 959,375	\$ 760,096	\$ <b>1,462,518</b>	\$ 3,176,818
Excess of revenue over expenses	241,795	(162,711)	752	<b>79,836</b>	(1,714,300)
Transfer to invested in capital assets	(266,879)	266,879	-	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ (282,037)	\$ 1,063,543	\$ 760,848	\$ <b>1,542,354</b>	\$ 1,462,518



**Vohora  
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*Chartered Accountants*

**THE UNITED CHURCH HEALTH SERVICES SOCIETY**

**Consolidated Statement of Financial Position**

**March 31, 2010**

	2010	2009
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 1,860,695	\$ 1,920,080
Marketable securities	1,862,721	1,838,660
Accounts receivable	1,329,570	953,412
Inventories of materials and supplies <i>(Note 4)</i>	856,791	827,992
Prepaid expenses	171,601	124,411
	<u>6,081,378</u>	5,664,555
<b>LONG TERM INVESTMENT</b>	<b>25,205</b>	<b>24,453</b>
<b>CAPITAL ASSETS <i>(Note 5)</i></b>	<b><u>6,614,839</u></b>	<b><u>7,312,431</u></b>
	<b><u>\$ 12,721,422</u></b>	<b><u>\$ 13,001,439</u></b>


**THE UNITED CHURCH HEALTH SERVICES SOCIETY**

**Consolidated Statement of Financial Position**

**March 31, 2010**

	2010	2009
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities <i>(Note 6)</i>	\$ 2,211,280	\$ 1,528,218
Deferred income	418,096	332,778
Accumulated post-graduate fund	19,960	24,553
Due to health authorities <i>(Note 7)</i>	1,942,621	2,312,448
Current portion of obligations under capital lease <i>(Note 8)</i>	5,597	5,107
Current portion of employee future benefits <i>(Note 9)</i>	171,091	191,881
	<u>4,768,645</u>	<u>4,394,985</u>
OBLIGATIONS UNDER CAPITAL LEASE <i>(Note 8)</i>	22,176	27,773
EMPLOYEE FUTURE BENEFITS <i>(Note 9)</i>	718,120	761,855
DEFERRED CONTRIBUTIONS <i>(Note 10)</i>	5,670,127	6,354,308
	<u>11,179,068</u>	<u>11,538,921</u>
<b>NET ASSETS</b>		
Unrestricted	(282,037)	(256,953)
Invested in capital assets <i>(Note 11)</i>	1,063,543	959,375
Internally restricted	760,848	760,096
	<u>1,542,354</u>	<u>1,462,518</u>
	<u>\$ 12,721,422</u>	<u>\$ 13,001,439</u>

**ON BEHALF OF THE BOARD**

 Director  
 Director

**THE UNITED CHURCH HEALTH SERVICES SOCIETY**

**Consolidated Statement of Cash Flows**

**Year Ended March 31, 2010**

	2010	2009
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 79,836	\$ (1,714,300)
Items not affecting cash:		
Amortization of property, plant and equipment	1,149,269	1,246,833
Unrealized gain on marketable securities	(99,990)	(18,890)
Amortization of deferred capital contributions	(986,558)	(1,103,410)
	<u>142,557</u>	<u>(1,589,767)</u>
Changes in non-cash working capital:		
Accounts receivable	(376,158)	(113,168)
Inventories of materials and supplies	(28,799)	(4,959)
Accounts payable and accrued liabilities	682,901	(150,032)
Deferred income	85,318	(123,202)
Prepaid expenses	(47,190)	(7,731)
GST payable (receivable)	-	688
Accumulated post-graduate fund	(4,593)	(894)
Due to health authorities	(369,827)	1,396,401
Due from related party	-	2,627
Employee future benefits	(64,525)	34,413
	<u>(122,873)</u>	<u>1,034,143</u>
Cash flow from (used by) operating activities	<u>19,684</u>	<u>(555,624)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(451,516)	(912,940)
Purchase of marketable securities	75,177	(82,861)
Cash flow used by investing activities	<u>(376,339)</u>	<u>(995,801)</u>
<b>FINANCING ACTIVITIES</b>		
Capital contribution	302,377	630,216
Repayment of obligations under capital lease	(5,107)	(6,611)
Cash flow from financing activities	<u>297,270</u>	<u>623,605</u>
<b>DECREASE IN CASH FLOW</b>	<b>(59,385)</b>	<b>(927,820)</b>
Cash - beginning of year	<u>1,920,080</u>	<u>2,847,900</u>
<b>CASH - END OF YEAR</b>	<b>\$ 1,860,695</b>	<b>\$ 1,920,080</b>

1. PURPOSE AND CONTINUANCE OF SOCIETY

The United Church Health Services Society ("*Society*") was incorporated under the Province of British Columbia Society Act on March 31, 2008 by the United Church of Canada to assume the responsibilities of owning, operating and managing the hospitals and clinics formerly operated by the church itself through its Conference in British Columbia. It became a registered charity on February 10, 2009 and as a result it is not subject to Federal or Provincial Income or Capital Taxes under S.149(1)(f) of the *Income Tax Act (Canada)*.

The Society administers medical clinics, dental clinics, pharmacies and programs in the Villages of Bella Bella, Bella Coola and Hazelton through three different sites: RW Large Memorial Hospital, Bella Coola General Hospital and Wrinch Memorial Hospital.

The Society is funded by the Ministry of Health Services ("*Ministry*") and maintains a strategic alliance through the Northern Health and Vancouver Coastal Health Authorities ("*Health Authorities*") through affiliation agreements. The affiliation agreements establish operating provisions, accountability, funding arrangements and termination rights between the Society and the Health Authorities. Under these agreements the Society retains all surpluses reported from its operations to be used to fund any service or project that benefits the residents of the community it services. Operating and capital deficits incurred by the Society in its operations are not taken as those of the Health Authorities but are the responsibility of the Society.

The Society is dependent upon the Ministry and the Health Authorities to provide sufficient funding to continue operations, to replace equipment and to complete other capital projects. The funding from the Health Authorities is expected to continue into the future and as a result these financial statements have been prepared assuming that the Society will continue on a going concern basis.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

Basis of consolidation

The consolidated financial statements include the assets and liabilities and results of operations of the Society, RW Large Memorial Hospital, Bella Coola General Hospital and Wrinch Memorial Hospital.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Society follows the deferral method of accounting for contributions which include donations and government contributions. Under the Health Insurance Act and Regulations thereto, the Society is funded primarily by the Province of British Columbia in accordance with budget arrangements established and approved by the Ministry and the Health Authorities. Approved operating contributions are provided to the Society by the Ministry through the Health Authorities.

Unrestricted contributions are recognized as revenue in the period in which they are received or become receivable, if the amount receivable can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the period in which the related expense is incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis consistent with the related capital asset.

Pharmacy revenue, dental clinic revenue, medical clinic revenue and other revenue are recognized when the sales occur and/or when the services have been performed and collection is reasonably assured.

Rental revenue is recognized in the period in which it is earned.

Cash and cash equivalents

Short-term investments with a maturity of three months or less at the date of purchase are treated as cash equivalents.

Inventories of materials and supplies

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis and net realizable value being based on the market value of the items. If there is any subsequent increase in the value of inventories following a write-down, a reversal of the previous write-down is recorded.

Capital assets

Purchased capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Land		non-amortizable
Land improvements	5 - 25 years	straight-line method
Buildings and trailers	10 - 50 years	straight-line method
Equipment	3 - 25 years	straight-line method

The society regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Asset retirement obligations

The Society recognizes an asset retirement obligation in the period in which it incurs a legal obligation associated with the retirement of a tangible long-lived asset, including leased premises, resulting from acquisition, construction, development and/or normal use of the asset. The fair value of the asset retirement cost is capitalized as part of the carrying value of the related long-lived asset and is depreciated over the life of the asset. The liability may be changed to reflect the passage of time and changes in tech fair value assessment of the retirement obligation.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

The Society classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired or liability incurred. The Society's policy for each category is as follows:

Assets held-for-trading

Financial instruments classified as assets held-for-trading are reported at fair value at each balance sheet date, and any change in fair value is recognized in net income (loss) in the period during which the change occurs. Transaction costs are expensed when incurred. In these financial statements, cash and cash equivalents and marketable securities have been classified as held-for-trading.

Assets held-to-maturity

Financial instruments classified as held-to-maturity are carried at amortized cost using the effective interest rate method. Transaction costs are added to the fair value of the instrument and amortized to operations using the effective interest rate method. In these financial statements long-term investment has been classified as held-to-maturity.

Loans and receivables

Financial instruments classified as loans and receivables are carried at amortized cost using the effective interest rate method. Transaction costs are added to the fair value of the instrument and amortized to operations using the effective interest rate method. In these financial statements accounts receivable has been classified as loans and receivables.

Other financial liabilities

Financial instruments classified as other financial liabilities are carried at amortized cost using the effective interest rate method. Transaction costs are expensed when incurred. In these financial statements, accounts payable and accrued liabilities, accumulated post-graduate fund and due to health authorities as other financial liabilities.

The Society has elected to defer applying Section 3862, *Financial Instruments - Disclosure* and 3863, *Financial Instruments - Presentation*. Sections 3862 and 3863 place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how an entity manages those risks. The Society has elected to continue to apply the financial instrument disclosure and presentation standards in accordance with Section 3861.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee future benefits

Liabilities, net of plan assets, are recorded for employee retirement allowance benefits and multiple-employer defined benefit plans as employees render services to earn the benefits. The actuarial determination of the accrued benefit obligations uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors). For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Actuarial gains and losses that exceed 10% of that benefit obligation are amortized over the average remaining service period of active covered employees.

The average remaining service period of active covered employees entitled to sick and severance benefits is 10 years (2009 - 10 years). Past service costs arising from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

Defined contribution plan accounting is applied to multi-employer defined benefit plans and accordingly, contributions are expensed.

Asset and service contributions

Volunteers contribute a significant amount of time each year to assist the Society in carrying out its programs and services. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Changes in significant accounting policies

*Revisions to Not-for-Profit accounting standards:*

As of April 1, 2009 the Society adopted amendments made by the CICA to Section 4400 - *Financial Statement Presentation by Not-For-Profit Organizations* and 4470 - *Disclosure of Allocated Expenses by Not-for-Profit Organizations*. The amendments remove the requirement to treat net assets invested in capital assets, clarify capital asset recognition criteria and amortization and add a requirement for disclosure of allocated fundraising and general support expenses by not-for-profit organizations and a requirement to follow Handbook Section 1540 - *Cash Flow Statements*. The implementation of these amendments did not have any significant impact on the Society's financial statements.

*Amendments to Section 1000, Financial Statement Concepts:*

As of April 1, 2009 the Society adopted the amendments in CICA Handbook Section 1000 - *Financial Statement Concepts*. The amendments clarify the relationship between incurring expenditures and creating assets and clarified that items which do not meet the definition of assets or liabilities are not eligible for recognition. The implementation of the amendments did not have any significant impact on the Society's financial statements.

Future changes in significant accounting policies

The Society is currently classified as a government not-for-profit organization. Under the direction of the Public Sector Accounting Standards Board (PSAB), the Society adheres to the standards for not-for-profit (NPO) organizations in the CICA Handbook.

PSAB proposes to incorporate into the PSAB Handbook the current NPO Sections (4400 Standards) of the CICA Handbook to deal with areas not currently addressed by PSAB framework. PSAB has decided not to make any further substantive changes to the Sections at this time. The exposure draft proposes to amend the Introduction so that the PSAB standards will be applicable to all government NPO organizations, for fiscal years beginning on or after January 1, 2012.

The Society intends to continue applying the existing NPO standards and is awaiting the finalization of the new standards. Once the new standards are finalized, the Society will determine the impact on the financial statements.

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**THE UNITED CHURCH HEALTH SERVICES SOCIETY**

**Notes to Consolidated Financial Statements**

**Year Ended March 31, 2010**

3. FINANCIAL INSTRUMENTS

The society's financial instruments consist of cash and cash equivalents, marketable securities, accounts receivable, long-term investment, accounts payable and accrued liabilities, due to health authorities and accumulated post-graduate fund. Unless otherwise noted, it is management's opinion that the society is not exposed to significant interest or currency risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

*Concentration of credit risk*

A substantial portion of the Society's revenue is received as funding from the Ministry of Health Services through the Health Authorities. Accordingly, any disruption in that funding could have a significant effect upon operations of the Society.

4. INVENTORIES OF MATERIALS AND SUPPLIES

Inventories of materials and supplies are comprised of:

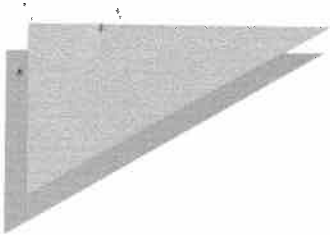
	2010	2009
Medical and dental supplies	\$ 289,598	\$ 277,252
Pharmaceuticals	567,193	550,740
	<u>\$ 856,791</u>	<u>\$ 827,992</u>

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2010 Net book value	2009 Net book value
Land and improvements	\$ 45,060	\$ 10,038	\$ 35,022	\$ 35,022
Buildings and trailers	21,454,351	16,938,062	4,516,289	4,780,285
Equipment	9,162,192	7,098,664	2,063,528	2,223,289
Capital projects in progress	-	-	-	273,835
	<u>\$ 30,661,603</u>	<u>\$ 24,046,764</u>	<u>\$ 6,614,839</u>	<u>\$ 7,312,431</u>

The following assets included above are held under capital lease (Note 8):

Equipment	\$ 34,346	\$ 8,326	\$ 26,020	\$ 32,785
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**THE UNITED CHURCH HEALTH SERVICES SOCIETY**

**Notes to Consolidated Financial Statements**

**Year Ended March 31, 2010**

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consists of:

	<u>2010</u>	<u>2009</u>
Trade accounts payable and accrued liabilities	\$ 1,458,625	\$ 904,082
Salaries and benefits payable	462,267	351,935
Accrued vacation payable	239,224	213,415
Continuing medical education	51,164	58,786
	<u>\$ 2,211,280</u>	<u>\$ 1,528,218</u>

7. DUE TO HEALTH AUTHORITIES

	<u>2010</u>	<u>2009</u>
Due to Northern Health Authority (i)	\$ 25,926	\$ 203,988
Due to Vancouver Coastal Health Authority (ii)	1,916,695	2,108,460
	<u>\$ 1,942,621</u>	<u>\$ 2,312,448</u>

(i) The amount due to Northern Health Authority is unsecured, non-interest bearing and due on demand. The amount arises from overfunding paid to the Society for the physician contracts. The amount due is reduced by funds held on the behalf of the Wrinch Memorial Hospital in the amount of \$231,927 (2009 - \$48,708). During the year the Society paid \$216,002 (2009 - \$216,002) in administrative fees to the Northern Health Authority.

(ii) The amount due to the Vancouver Coastal Health Authority is unsecured, non-interest bearing and due on demand. The amount arises from payments made by the VCHA on behalf of RW Large Memorial Hospital and Bella Coola General Hospital. During the year the Society paid \$100,000 (2009 - \$100,000) in administrative fees to the Vancouver Coastal Health Authority.

**THE UNITED CHURCH HEALTH SERVICES SOCIETY**

**Notes to Consolidated Financial Statements**

**Year Ended March 31, 2010**

8. OBLIGATIONS UNDER CAPITAL LEASE

The following is a schedule of future minimum lease payments under the capital lease for the year ended March 31:

2011	\$	7,920
2012		7,920
2013		7,920
2014		7,920
2015		1,980
Total minimum lease payments		33,660
Less: amount representing interest at 9.2%		(5,887)
Present value of minimum lease payments		27,773
Less: current portion		5,597
Long-term portion	\$	<u>22,176</u>

9. EMPLOYEE FUTURE BENEFITS

(a) Retirement benefits:

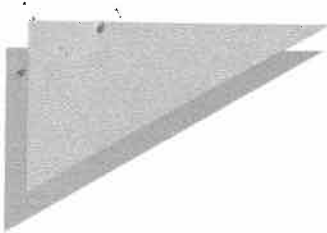
Certain employees of the Society with ten or twenty years of service and having reached a certain age are entitled to receive special payments upon retirement or as specified in the collective agreements. These payments are based upon accumulated sick leave credits and entitlements for each year of service.

The Society's liabilities are based on an actuarial valuation as at December 31, 2009. The next valuation will be as of December 31, 2012.

Information about employee retirement allowance benefits is as follows:

	<u>2010</u>	<u>2009</u>
Employee future benefits, beginning of year	\$ 953,736	\$ 826,069
Additions to employee future benefits	22,156	172,554
Benefits paid	<u>(86,681)</u>	<u>(44,887)</u>
Total employee future benefits	889,211	953,736
Less: Current portion	<u>(171,091)</u>	<u>(191,881)</u>
Long-term portion of employee future benefits	<u>718,120</u>	<u>761,855</u>

*(continues)*



9. EMPLOYEE FUTURE BENEFITS *(continued)*

The significant actuarial assumptions adopted in measuring the Society's accrued retirement allowance are as follows:

Accrued benefit obligation as at March 31:

Discount rate	<b>6.25%</b>	7.25%
Rate of compensation increase	<b>2.50%</b>	2.50%

Benefit costs for years ended March 31:

Discount rate	<b>7.25%</b>	5.50%
Rate of compensation increase	<b>2.50%</b>	2.50%

(b) Long-term disability:

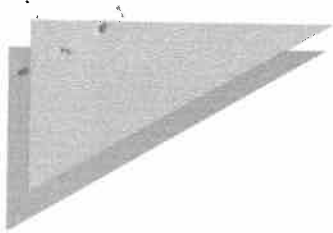
The Society belongs to the Health Employers' Association of B.C. Healthcare Benefit Trust ("Trust"), under a multi-employer defined benefit plan that covers group long-term disability, life, accidental death and dismemberment, extended health and dental claims for employees belonging to the Hospital Employees' Union, the British Columbia Nurses' Union, the International Union of Operating Engineers, the British Columbia Government and Service Employees' Union, the Canadian Union of Public Employees, the Health Sciences Association, the Professional Association of Residents and Interns and certain non-unionized employees. The most recent actuarial valuation at December 31, 2009 indicated a surplus of \$42.1 million. The next required valuation will be as of December 31, 2010.

While the trust has been restricted, the Society and other participating employers continue to be responsible for the liabilities of the Trust should any participating employers be unable to meet their obligation to contribute to the Trust. As a multi-employer plan, the actuary does not attribute any unfunded liability to individual employers. Consequently, the Society's share of this unfunded liability cannot be determined.

(c) Employee pension benefits:

The Society and certain of its employees contribute to the Municipal Pension Plan, a multi-employer defined benefit pension plan governed by the *B.C. Public Sector Pension Plans Act*.

Employer contributions to the Municipal Pension Plan of \$735,529 (2009 - \$579,131) 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, 2006 indicated a surplus of \$438 million. The actuary does not attribute portions of the surplus to individual employers. The plan covers approximately 157,000 active employees, of which 166 are employees of the Society.



**THE UNITED CHURCH HEALTH SERVICES SOCIETY**

**Notes to Consolidated Financial Statements**

**Year Ended March 31, 2010**

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent externally restricted contributions and other funding received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	<u>2010</u>	<u>2009</u>
Deferred capital contributions, beginning of year	\$ 6,354,308	\$ 6,821,698
Capital contributions received or receivable	302,377	636,020
Subtotal	<u>6,656,685</u>	<u>7,457,718</u>
Less: amortization for the year	<u>(986,558)</u>	<u>(1,103,410)</u>
	<u>\$ 5,670,127</u>	<u>\$ 6,354,308</u>

Deferred capital contributions are comprised of the following:

Contributions used to purchase capital assets	\$ 5,523,343	\$ 6,314,354
Unspent contributions	<u>146,784</u>	<u>39,954</u>
	<u>\$ 5,670,127</u>	<u>\$ 6,354,308</u>

11. INVESTED IN CAPITAL ASSETS

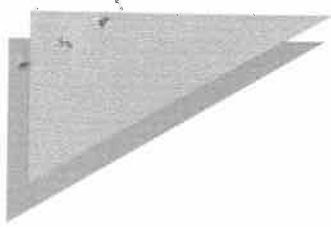
(a) Invested in capital assets is calculated as follows:

	<u>2010</u>	<u>2009</u>
Capital assets	\$ 6,614,659	\$ 7,312,411
Obligation under capital lease	(27,773)	(32,880)
Amount financed by deferred capital contributions	<u>(5,523,343)</u>	<u>(6,320,157)</u>
	<u>\$ 1,063,543</u>	<u>\$ 959,374</u>

(b) Deficiency of revenue over expenses:

Amortization of deferred capital contributions	\$ 986,558	\$ 1,103,410
Amortization of capital assets	<u>(1,149,269)</u>	<u>(1,246,833)</u>
	<u>\$ (162,711)</u>	<u>\$ (143,423)</u>

*(continues)*



11. INVESTED IN CAPITAL ASSETS *(continued)*

(c) Transfer to invested in capital assets:

Acquisition of capital assets	\$ 451,516	\$ 947,230
Amounts funded by deferred capital contributions	(189,744)	(581,392)
Amounts funded by capital lease	-	(34,346)
Capital lease repayments, net	<u>5,107</u>	<u>6,611</u>
	<u>\$ 266,879</u>	<u>\$ 338,103</u>

12. CAPITAL MANAGEMENT

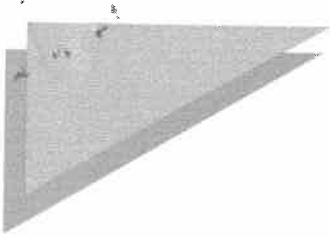
The Society receives its principal source of capital through funding received from the Ministry of Health Services through the Health Authorities. The Society defines capital to be net assets and deferred capital contributions.

The Society's objectives when managing capital is to ensure sufficient resources are available to service its patients and community. The Society plans to achieve these objectives by focusing on cost control, investing excess funds and adjusting the asset mix of investments as necessary and by relying on funding.

The Society is not subject to debt covenants or any other capital requirements with respect to operating funding, however internal restrictions have been imposed. Funding received for designated purposes must be used for the purpose outlined in the funding letter. The hospital has complied with the external restrictions on the funding provided.

13. COMPARATIVE FIGURES

Historically the Society has not prepared consolidated financial statements. Accordingly the comparative figures have been restated to include the assets and liabilities and the results of operations of the Society, RW Large Memorial Hospital, Bella Coola General Hospital and Wrinch Memorial Hospital.



**Vohora  
& Company**

*Chartered Accountants*

**THE UNITED CHURCH HEALTH SERVICES SOCIETY**

**Provincial government grant revenue**

*(Schedule 1)*

**Year Ended March 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>PROVINCIAL GOVERNMENT GRANTS</b>		
Basic	\$ 15,308,089	\$ 13,854,431
Program support funding	1,133,570	1,132,184
Emergency call payments	540,258	536,795
Recruitment	1,735,749	1,130,489
Other	76,332	40,250
	<u>\$ 18,793,998</u>	<u>\$ 16,694,149</u>