



Financial Statements

Health Care Leaders' Association of BC

March 31, 2011

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Independent auditors' report

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To the members of Health Care Leaders' Association of BC

We have audited the accompanying financial statements of the Health Care Leaders' Association of BC, which comprise the statement of financial position as at March 31, 2011, the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Health Care Leaders' Association of BC as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Victoria, Canada

August 29, 2011

Grant Thornton LLP

Chartered accountants

Health Care Leaders' Association of BC

Statement of Operations

Year Ended March 31

2011

2010

(Note 11)

Revenue

Annual leadership conference (Page 12)	\$ 258,849	\$ 245,126
Home and community care conference (Page 13)	-	17,995
Membership fees	52,500	40,000
Interest	1,509	5,966
Other	<u>1,130</u>	<u>6,098</u>
	<u>313,988</u>	<u>315,185</u>

Expenses

Amortization of capital assets	2,671	1,329
Annual leadership conference (Page 12)	228,364	187,391
Bank charges and interest	5,798	4,027
Board expenses	3,850	3,946
Home and community care conference (Page 13)	-	3,615
Management and administration services	58,274	40,287
Miscellaneous	14,033	14,519
Office and general	15,427	11,609
Professional fees	37,019	30,836
Rent	-	12,000
Telecommunications	<u>4,645</u>	<u>3,539</u>
	<u>370,081</u>	<u>313,098</u>

Excess of revenue over expenses before the under-noted item

(56,093) 2,087

Leaders for Life Program, net deficiency (Page 11)

(132,973) -

(Deficiency) excess of revenue over expenses

\$ (189,066) \$ 2,087

See accompanying notes to the financial statements.

Health Care Leaders' Association of BC

Statement of Financial Position

March 31

2011

2010

Assets

Current

Cash	\$ 547,026	\$ 45,928
Banker's acceptance	-	380,282
Receivables	140,489	226,136
Sales tax receivable	-	9,026
	<u>687,515</u>	<u>661,372</u>

Equipment (Note 3)	5,502	4,907
Intangible assets (Note 4)	<u>110,682</u>	<u>91,796</u>
	<u>\$ 803,699</u>	<u>\$ 758,075</u>

Liabilities

Current

Payable and accruals	\$ 45,225	\$ 17,050
Sales tax payable	5,833	-
Deferred other revenue	413,608	225,000
Deferred membership fee revenue	31,500	21,000
Deferred contributions (Note 5)	<u>322,098</u>	<u>320,524</u>
	<u>818,264</u>	<u>583,574</u>

Net (Deficiency) Assets

Invested in capital assets	116,184	96,703
Unrestricted	<u>(130,749)</u>	<u>77,798</u>
	<u>(14,565)</u>	<u>174,501</u>
	<u>\$ 803,699</u>	<u>\$ 758,075</u>

Commitments (Note 10)

On behalf of the Board

CHAIR

Director

Director

See accompanying notes to the financial statements.

Health Care Leaders' Association of BC Statement of Changes in Net Assets

Year Ended March 31

2011

2010

	Invested in capital <u>assets</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 96,703	\$ 77,798	\$ 174,501	\$ 172,414
(Deficiency) excess of revenue over expenses	(3,089)	(185,977)	(189,066)	2,087
Capital purchases	<u>22,570</u>	<u>(22,570)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 116,184</u>	<u>\$ (130,749)</u>	<u>\$ (14,565)</u>	<u>\$ 174,501</u>

See accompanying notes to the financial statements.

Health Care Leaders' Association of BC

Statement of Cash Flows

Year Ended March 31

2011

2010

Increase (decrease) in cash and cash equivalents

Operating		
(Deficiency) excess of revenue over expenses	\$ (189,066)	\$ 2,087
Amortization	<u>3,089</u>	<u>1,926</u>
	(185,977)	4,013
Change in non-cash operating working capital (Note 9)	<u>329,363</u>	<u>(977,085)</u>
	<u>143,386</u>	<u>(973,072)</u>
Investing		
Purchase of equipment	(3,684)	(2,764)
Development of intangible assets	<u>(18,886)</u>	<u>(91,796)</u>
	<u>(22,570)</u>	<u>(94,560)</u>
Net increase (decrease) in cash and cash equivalents	120,816	(1,067,632)
Cash and cash equivalents, beginning of year	<u>426,210</u>	<u>1,493,842</u>
Cash and cash equivalents, end of year	<u>\$ 547,026</u>	<u>\$ 426,210</u>
<hr/>		
Cash and cash equivalents consist of:		
Cash	\$ 547,026	\$ 45,928
Banker's acceptance	<u>-</u>	<u>380,282</u>
	<u>\$ 547,026</u>	<u>\$ 426,210</u>

See accompanying notes to the financial statements.

Health Care Leaders' Association of BC

Notes to the Financial Statements

March 31, 2011

1. Status and nature of operations

The Health Care Leaders' Association of BC (the "Association") was incorporated as a not-for-profit organization under the Society Act of British Columbia on June 29, 1999 with the following purposes:

- to promote excellence in health care leadership and management through education, establishment and maintenance of professional standards, and supporting members in the practice of their profession;
- to represent and speak for health service leaders and managers in matters relating to health care in British Columbia;
- to initiate and maintain a collaborative working relationship with other allied health professional associations and organizations; and
- to promote and advocate for excellence in the delivery of health care services.

2. Summary of significant accounting policies

Revenue recognition

The Association follows the deferral method of accounting for contributions, which includes government grants. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees and interest are recorded as revenue in the period to which they relate. Where a portion of the membership fees or operating grant relates to a future period, it is deferred and recognized in the subsequent period.

The Association enters into contracts for the sale of goods and the provision of services. Revenue from these contracts is recognized proportionately with the degree of completion of the goods or services under contract.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with financial institutions (other than restricted cash) and bankers acceptances.

Equipment

Equipment is recorded at cost. Rates and bases of amortization applied to write off the cost less estimated salvage value of equipment over its estimated life is as follows:

Furniture and equipment	Straight-line over 24 months
Computer equipment	30% declining balance
Computer software	Straight-line over 24 months

Health Care Leaders' Association of BC

Notes to the Financial Statements

March 31, 2011

2. Summary of significant accounting policies (continued)

Intangible assets

Intangible assets are recorded at cost. The Association is developing a website for the Leaders for Life Program to be able to provide service delivery and content to end users. Costs that relate to the conceptual formulation, design and content development are expensed in the period incurred. Direct costs attributable to the website under development are capitalized once technical feasibility and funding is secured. Costs to maintain or service the website are expensed in the period incurred.

Financial instruments

The Association's financial instruments consist of cash and cash equivalents, receivables and payables and accruals. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

3. Equipment			<u>2011</u>	<u>2010</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 4,729	\$ 4,729	\$ -	\$ -
Computer equipment	11,805	8,653	3,152	4,503
Computer software	<u>5,200</u>	<u>2,850</u>	<u>2,350</u>	<u>404</u>
	<u>\$ 21,734</u>	<u>\$ 16,232</u>	<u>\$ 5,502</u>	<u>\$ 4,907</u>

4. Intangible assets

The intangible assets of the Association are costs incurred related to the development of the Leaders for Life website. The development of the website in its current condition was completed during the 2011 fiscal year. During the year, costs of developing the website were \$18,886 (2010: \$91,796).

Health Care Leaders' Association of BC

Notes to the Financial Statements

March 31, 2011

5. Deferred contributions

Prior to 2009, \$5 million and \$150,000 were received by the Association from the Ministry of Health Services and Vancouver Island Health Authority, respectively for the Leaders for Life program. The Association recognizes revenues for the Leaders for Life Program as expenditures are recognized. During the year, \$248,426 (2010: \$1,158,167) has been recognized as revenue which has absorbed the funds contributed to the Association for the Leaders for Life Program. The Association receives contributions from the Vancouver Island Health Authority which are to be spent in a manner determined by the Authority.

	<u>Opening Balance</u>	<u>Received during Year</u>	<u>Recognized as Revenue</u>	<u>Ending Balance</u>
Vancouver Island Health Authority	\$ 72,098	\$ 250,000	\$ -	\$ 322,098
Ministry of Health Services	<u>248,426</u>	<u>-</u>	<u>248,426</u>	<u>-</u>
	<u>\$ 320,524</u>	<u>\$ 250,000</u>	<u>\$ 248,426</u>	<u>\$ 322,098</u>

6. Allocated expenses

It is the practice of the Association to allocate 25% and 75% of the amounts paid to the Chief Executive Officer and Executive Coordinator between administration and the Leaders for Life Program, respectively. The allocation is based on management's estimate of the resources required for the respective functions.

7. Capital management

The capital structure of the Association consists of net assets invested in capital assets and a general fund. The primary objective of the Association's capital management is to provide adequate funding to ensure efficient delivery of its service activities.

Net assets invested in capital assets represent the amount of net assets that are unavailable for other purposes because they have been invested.

General funds are funds available for future operations and are preserved so the Association can have financial stability should opportunities arise in the future.

For the year ended March 31, 2011, the management of the Association is not aware of any externally imposed capital requirements.

Health Care Leaders' Association of BC

Notes to the Financial Statements

March 31, 2011

8. Risk management

In the normal course of operations, the Association is exposed to interest rate risk and credit risk. The Association's primary risk management objective is to protect earnings and cash flow, and ultimately to continue to promote excellence in health care leadership and management through education, establishment and maintenance of professional standards, and supporting members in the practice of their profession. These risks and actions taken to manage them are as follows:

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Association's main interest rate exposure relates to its investments that are invested in term deposits. It minimizes their exposure to interest rate risk whenever possible by utilizing a conservative investment policy.

Credit risk

Credit risk arises from the possibility that a debtor is unable to discharge its obligations to the Association in a timely manner. The Association minimizes its risk through regular monitoring and follow up of its outstanding receivables.

9. Supplemental cash flow information

	<u>2011</u>	<u>2010</u>
Change in non-cash operating working capital		
Receivables	\$ 85,647	\$ (224,703)
Sales tax receivable/payable	14,859	54,098
Payables and accruals	28,175	(104,313)
Deferred other revenue	188,608	225,000
Deferred membership	10,500	(19,000)
Deferred contributions	<u>1,574</u>	<u>(908,167)</u>
	<u>\$ 329,363</u>	<u>\$ (977,085)</u>

Health Care Leaders' Association of BC

Notes to the Financial Statements

March 31, 2011

10. Commitments

On December 1, 2008 the Association entered into a contract with the Centre for Health Care Management at UBC for services relating to web portal, operations research network, knowledge translation and education. The contract is ongoing until completed with a maximum commitment of \$250,000. As at March 31, 2011 the Association has provided \$160,000 in funding for this contract.

The Association has a contract to lease office space located at Shoal Point in Victoria at a rate of \$2,917, per month. This contract expires on March 31, 2013, resulting in a commitment of \$35,000 for the 2012 fiscal year.

During the year, the Association entered into a contract with Portfolio the Marketing Collaborative Inc. for the planning and management of the 2011 HCLABC Leadership Conference to be held October 12 and 13, 2011. The contract commitment by the Association is \$40,000 plus approved disbursements.

11. Comparative figures

Certain 2010 comparative figures have been reclassified to conform to the presentation adopted in the current year.

Health Care Leaders' Association of BC

Schedule of Leaders for Life Program

Year Ended March 31

2011

2010

Revenue		
Grants	\$ 248,426	\$ 1,158,167
Sales	<u>145,607</u>	<u>674</u>
	<u>394,033</u>	<u>1,158,841</u>
Expenses		
Operating		
Administration, office and general	53,189	515,351
Amortization of capital assets	418	597
Capital cost charges	-	20,497
Communication	39,698	31,355
Consultants	123,858	153,763
Program direction	87,920	117,170
Planning and development	507	59,694
Rent	35,000	32,968
Subscriptions	-	37,095
Telephone and web	22,569	6,670
Travel and accommodation	<u>42,501</u>	<u>30,335</u>
	<u>405,660</u>	<u>1,005,495</u>
Program		
Academic support	50,000	153,346
Assessments	67,875	-
Communication	<u>3,471</u>	<u>-</u>
	<u>121,346</u>	<u>153,346</u>
	<u>527,006</u>	<u>1,158,841</u>
Deficiency of revenue over expenses	\$ <u>(132,973)</u>	\$ <u>-</u>

Health Care Leaders' Association of BC Schedule of Annual Leadership Conference

Year Ended March 31

2011

2010

Revenue

Registration fees	\$ 157,049	\$ 138,626
Sponsorship	<u>101,800</u>	<u>106,500</u>
	<u>258,849</u>	<u>245,126</u>

Expenses

Catering and facility	95,247	71,538
Event planning	42,562	25,000
Honorarium and speakers	73,201	46,698
Printing, supplies and materials	15,041	17,087
Program	<u>2,313</u>	<u>27,068</u>
	<u>228,364</u>	<u>187,391</u>

Excess of revenue over expenses	<u>\$ 30,485</u>	<u>\$ 57,735</u>
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Health Care Leaders' Association of BC Schedule of Home and Community Care Conference

Year Ended March 31

2011

2010

Revenue			
Registration fees	\$	-	\$ 17,995
Expenses			
Printing, supplies and materials		-	3
Planning		<u>-</u>	<u>3,612</u>
		<u>-</u>	<u>3,615</u>
Excess of revenue over expenses	\$	<u>-</u>	\$ <u>14,380</u>