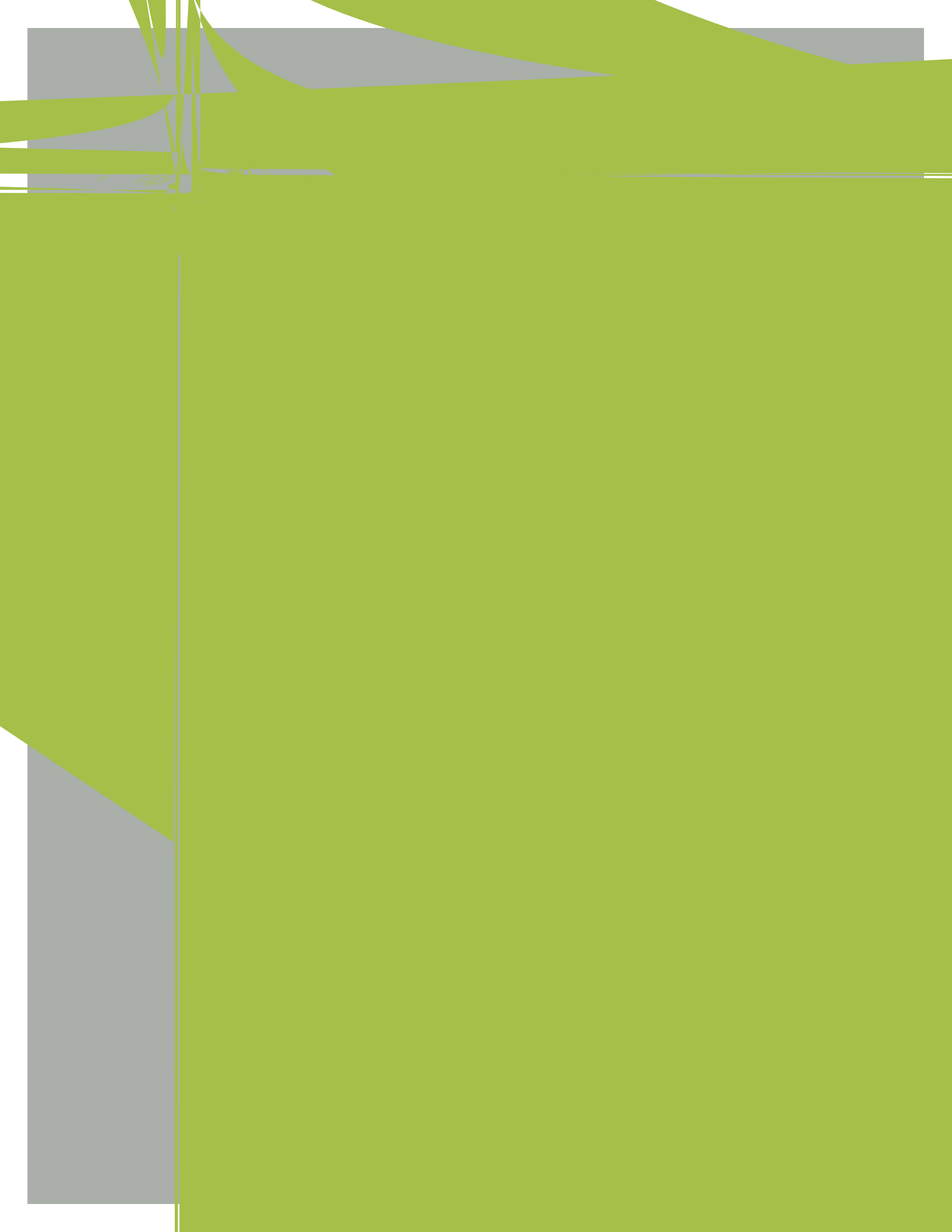

College of Physicians and Surgeons of British Columbia
Financial Statements
February 28, 2019

Contents

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

Auditors' 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 auditors' 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

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

KPMG LLP

Chartered Professional Accountants

Vancouver, B.C.
May 17, 2019

[redacted]

(Expressed in thousands of dollars [redacted])

As at February 28, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	**$ 24,339**	$ 6,898
Short-term investments (note 4)	**3,640**	18,536
Accounts receivable	**83**	134
Prepaid expenses and deposits	**799**	858
	28,861	26,426
Prepaid expenses – non-current	**325**	49
Long-term investments (note 4)	**18,378**	15,969

[redacted]

College of Physicians and Surgeons of British Columbia
Statement of Changes in Net Assets
(Expressed in thousands of dollars)
Year ended February 28, 2019, with comparative information for 2018

				2019	2018
	Investment in property, equipment and intangible assets	Internally restricted (note 2(h))	Unrestricted	Total	Total
Fund balances, beginning of year	**$ 38,325**	**$ 3,890**	**$ 4,055**	**$ 46,270**	$ 42,633
Interfund transfer (note 3)	**-**	**898**	**(898)**	**-**	-
Remeasurement (loss) gain for employee future benefits (note 8(b))	**-**	**-**	**(98)**	**(98)**	237
Excess (deficiency) of revenues over expenses	**(2,132)**	**-**	**6,536**	**4,404**	3,400
Changes in net assets invested in property, equipment and intangible assets (note 6)	**(207)**	**(788)**	**995**	**-**	-
Fund balances, end of year	**$ 35,986**	**$ 4,000**	**$ 10,590**	**$ 50,576**	$ 46,270

See accompanying notes to financial statements.

College of Physicians and Surgeons of British Columbia
Statement of Cash Flows
(Expressed in thousands of dollars)
Year ended February 28, 2019, with comparative information for 2018

	2019	2018
Operating activities		
Excess of revenues over expenses	**$ 4,404**	$ 3,400
Non-cash items		
Amortization	**2,132**	2,000
Gain on sale of property and equipment	**(1,101)**	-
Provision for pension benefits	**(311)**	(1,480)
Unrealized (gain) loss on investments	**(388)**	152
	4,736	4,072
Changes in operating working capital (note 11)	**(1,478)**	1,181
	3,258	5,253
Investing activities		
Purchase of property and equipment	**(992)**	(390)
Purchase of intangible assets	**(838)**	(1,199)
Proceeds from sale of property and equipment	**3,138**	-
Net changes in investments	**12,875**	(4,231)
	14,182	(5,820)
Net increase (decrease) in cash		

1. Purpose of the organization

The purpose of the College of Physicians and Surgeons of British Columbia (the "College") is to set and enforce standards of practice and ethics within the medical profession in British Columbia.

The College is defined under the Health Professions Act (RSBC 1996) as a not-for-profit organization. As a not-for-profit organization, the College is not subject to income taxes.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") of the Chartered Professional Accountants Canada and include the following significant accounting policies:

(a) Financial instruments

The College initially measures its financial assets and financial liabilities at fair value when it becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments, other than investments, are measured at cost or amortized cost.

Investments are measured at fair value and any changes in fair value are recognized in the Statement of Operations in the period incurred.

Transaction costs related to the acquisition of financial instruments measured at fair value are expensed as incurred. Transaction costs related to the acquisition of other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the Statement of Operations as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the College recognizes in the Statement of Operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the College expects to realize by exercising its right to any collateral. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the Statement of Operations in the period the reversal occurs, not exceeding the initial carrying value.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and term deposits with a maturity of three months or less from the date of acquisition.

2. Summary of significant accounting policies (continued)

(f) Revenue recognition (continued)

Amounts received that relate to the period following the College's year-end are recorded as unearned revenue. Externally restricted grant revenue, if any, is recognized as revenue when the associated services are provided or costs incurred if the amount to be received can be reasonably estimated and collection is reasonably assured.

(g) Use of estimates

8. Pension plans (continued)

(a) British Columbia Public Service Pension Plan (continued)

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

The College paid $1,225,205 for employer contributions to the plan in fiscal year 2019 (2018 - $1,177,364). Contributions paid by employees in fiscal year 2019 were $932,854 (2018 - $879,9

8. Pension plans (continued)

The following tables show the status of the College's defined benefit supplementary pension plan as well as figures related to the College's participation in the B.C. Public Service Pension Plan:

	2019	2018
Accrued benefit obligation		

9. Investment income

12. Financial instruments (continued)

(b) Interest rate risk

Interest rate risk is the risk that the value of the College's financial instruments will vary due to fluctuations in interest rates and the degree of volatility of these rates. The College is exposed to interest rate risk on its cash equivalents and a portion of its investments primarily related to the bond fund holdings. The College does not use derivative instruments to reduce its exposure to fluctuations in market interest rates. There has been no change to this risk exposure from 2018.

(c) Liquidity risk

Liquidity risk is the risk that the College will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The College's objective is to have sufficient liquidity to meet its liabilities when they come due. The College monitors its cash balances and cash flows generated from operations to meet its requirements. As at February 28, 2019, the most significant financial liabilities are accounts payable and accrued liabilities, and accrued pension liabilities. There has been no change to this risk exposure from 2018.

13. Comparative information

Certain comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.