

# Partnerships British Columbia Inc.

2015/16

## ANNUAL SERVICE PLAN REPORT



partnerships  
British Columbia

The logo features the word "partnerships" in a bold, lowercase, blue sans-serif font. Below it, the words "British Columbia" are written in a smaller, green, lowercase sans-serif font.

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## **Board Chair's Accountability Statement**

It is my pleasure to present the 2015/16 Annual Service Plan Report for Partnerships British Columbia Inc. (Partnerships BC or the Organization)

The Partnerships BC Inc. *2015/16 Annual Report* compares the Organization's actual results to the expected results identified in the *2015/16 - 2017/18 Service Plan*. I am accountable for those results as reported.



Dana Hayden  
Chair, Board of Directors  
Partnerships BC

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## ***Chair/CEO Report Letter***

We are pleased to table our Annual Service Plan Report which summarizes Partnerships BC's performance in the context of the Mandate Letter provided to us by our Shareholder, the Minister of Finance.

The direction provided in the Mandate Letter is reflected in Partnerships BC's three corporate goals – to meet procurement objectives associated with complex infrastructure projects; to add value for our clients and engage stakeholders effectively; and to maintain a resilient organization. These goals form the foundation of all our operations and activities. We are pleased to report that we have delivered on the priority actions in our 2015/16 Mandate Letter. We have incorporated the Taxpayer Accountability Principles into our performance measures, and we believe these Principles are strongly reflected in the culture of the organization. In keeping with the Taxpayer Accountability Principles, there are regular meetings between the Minister and Partnerships BC's Board Chair, and between the Deputy Minister of Finance and Partnerships BC's President and CEO, that focus on performance against the Principles and ensure that our Organization's activities are fully aligned with the strategic direction provided by the Minister.

We are pleased to report that Partnerships BC continues to effectively deliver projects across a number of sectors. In 2015/16, Partnerships BC enjoyed another strong operating year, with six new clients and two repeat clients, the latter from other Canadian provinces. Clients were supported in reaching financial or contract close with Partnerships BC on six projects and are being supported on two projects that are in active procurement. New clients included the BC Liquor Distribution Branch, Comox Valley Regional District, Camosun College, Fraser Valley Regional District, Covenant Health (Alberta), and Government of Newfoundland and Labrador, while repeat engagements were secured with the Province of Saskatchewan and the Government of Yukon.

Partnerships BC welcomed three new Board members in 2015/16. The new members bring diverse skills and expertise to the Board and we welcome their participation on the Board to guide the Organization. The new Board members attended a comprehensive orientation session in January 2016, that provided an overview of Partnerships BC's operations as well as policies and procedures. Board members also attended the Chair and Director Education event organized by the Ministry of Finance in June 2015. During the course of the year, the Executive Management Team attended events organized by Public Sector Employers' Council (PSEC) and the Crown Corporation's Employers Association (CCEA).

Partnerships BC, or specific projects that Partnerships BC has been involved with, has received a number of awards over the year. These included:

- Partnerships BC received the IJ Global Awards for Excellence as Global Grantor of the Year.
- Two projects received awards at the Canadian Council for Public Private Partnerships Conference (C2P3): the Okanagan Correctional Centre Project in Oliver (Community Involvement Award) and the Saskatchewan Joint Use Schools Project 1 and 2 in Regina; and Project 2: 12 schools on six sites in Saskatoon, Martensville and Warman (Innovative Partnerships Award).
- Sarah Clark was the recipient of the 2015 Champion Award at the C2P3 conference for her outstanding service as President and CEO of Partnerships BC from 2010 to 2014.
- At the 2015 P3 Awards in New York, the John Hart Generating Station Replacement project in Campbell River was recognized by winning the Gold Best Energy project and the Project Grand Prix. The North Island Hospitals project for Campbell River and the Comox Valley won the Silver Award for Best Social Infrastructure.

- The Wood Innovation and Design Centre in Prince George received the Design Build Award of Excellence and Lieutenant-Governor of BC Award of Merit in Architecture at the CDBI (Canadian Design Build Institute) Awards.

On behalf of the Board of Directors, we would like to thank retired board member Frank Blasetti for his wisdom and significant contribution to the Organization over four years. We would also like to acknowledge the efforts of all the Board members for their service and contribution, as well as the professionalism and dedication of the entire Partnerships BC team.

Dana Hayden



Chair, Board of Directors  
Partnerships BC

Amanda Farrell



President and CEO  
Partnerships BC

## Purpose of the Organization

Partnerships BC is owned by the Province of British Columbia and governed by a Board of Directors reporting to its sole Shareholder, the Minister of Finance. It is incorporated under the British Columbia *Business Corporations Act*.

### Vision

Partnerships BC's vision is to be a recognized leader in evaluating, structuring and implementing delivery solutions for complex public infrastructure projects while delivering consistent value to our clients.

### Mandate

Partnerships BC supports the public sector in meeting its infrastructure needs by providing leadership, expertise and consistency in the procurement of complex capital projects by utilizing private sector innovation, services and capital to deliver measureable benefits for taxpayers.

The Organization's core business is to:

- Provide specialized services in the procurement of major public projects, ranging from advice on business transactions, procurement management, and implementation.
- Provide advice on partnership project management, deal structure, risk management, procurement, and the selection and engagement of consultants.
- Foster a positive business and policy environment for successful projects and related activities by continually expanding British Columbia's and other jurisdictions' base of knowledge, understanding and expertise in these areas.
- Manage an efficient and leading edge organization that meets or exceeds performance expectations.

### Values

Consistent with the Taxpayer Accountability Principles, Partnerships BC's values are as follows:

- **Service:** Partnerships BC is committed to value-added, cost-effective, efficient client service.
- **Commitment:** Partnerships BC is committed to delivering high-quality work, to working together as a team, and to collaborating and communicating in a timely way.
- **Accountability:** Partnerships BC is committed to the transparent management of its business, to reporting out on operations and to ensuring compliance with public sector compensation guidelines.
- **Integrity:** Partnerships BC is committed to making decisions and taking actions that are transparent, ethical and free from conflict of interest, and to adhering to its ethical code of conduct.
- **Respect:** Partnerships BC is committed to engaging in equitable, compassionate, respectful and effective communications.

## Strategic Direction and Context

Partnerships BC's strategic direction and context have been set by its Shareholder, as per the Crown's 2015/16 [Mandate Letter](#). The Mandate Letter continues to reflect the Partnerships BC Crown Review (the Review) undertaken by the Government of B.C. in 2013/14. Partnerships BC also operates under the Taxpayer Accountability Principles as they represent an overarching government policy.

Priority actions in the Mandate Letter include:

- Working with the Ministry of Finance and other ministries/agencies to implement the recommendations from the Review.
- Reviewing and updating Partnerships BC's service plan goals, strategies, performance measures/targets, and financial forecast to ensure alignment with the recommendations from the Review.
- Developing and implementing an updated stakeholder engagement and communications strategy to improve understanding among owners and stakeholders outside of Government of the partnership procurement model for major capital projects.

Partnerships BC has implemented strategies in response to the priority actions identified in the 2015/16 Mandate Letter, including working with the Ministry of Finance and other ministries to either fully or substantially implement the recommendations from the Review. In addition, Partnerships BC updated the Organization's service plan goals, performance measures/targets and financial forecast to align with the Review's recommendations. Partnerships BC also developed and implemented a Stakeholder Engagement Plan, together with communications tools, to consistently and effectively increase awareness of the partnership methodology and value of the model and identify and respond to the needs and concerns of stakeholders.

Since its inception in 2002, Partnerships BC has participated in 48 projects with an investment value of more than \$18 billion. These projects – which are already in operation or under construction – will deliver significant benefits to British Columbians and taxpayers in other jurisdictions.

## **Report on Performance**

Partnerships BC had a successful year in 2015/16 supporting project owners in B.C. and across a number of other Canadian jurisdictions in reaching financial or contract close on six projects, and currently has two projects in the market.

Partnerships BC also undertook the development and implementation of business development, stakeholder engagement and communications strategies to improve understanding of the partnership model among project owners and stakeholders. As a result, internal reporting mechanisms, such as timesheet codes and monthly reports, were revised to facilitate a shift in focus from policy, practices and guidance development to increase the commitment to client and stakeholder engagements, and communications initiatives.

Partnerships BC's staff regularly meet with the Ministry of Finance's representatives to review, discuss and exchange information to ensure that Partnerships BC's goals are being met. Measures and targets to meet the Taxpayer Accountability Principles are incorporated and outlined in the 2016/17 – 2018/19 Annual Service Plan and this Annual Service Plan Report. In addition to tracking project procurement objectives, Partnerships BC also conducts client satisfaction, stakeholder engagement and workplace engagement surveys.

While a key focus in 2015/16 was on stakeholder engagements, the commitment to be a self-sustaining organization remained unchanged. The team continued to develop a pipeline of projects, properly resourcing them and delivering value add to our clients. The projects that were within BC and out-of-province were



supported by 28.5 full-time equivalent (FTEs) employees and contractors. The out-of-province engagements included SaskBuilds, the provincial infrastructure entity for the Province of Saskatchewan, Government of Yukon, Yukon Hospital Corporation, and the Province of Newfoundland and Labrador. Partnerships BC managed and successfully closed the following out-of-province procurements – Saskatchewan Hospital North Battleford Integrated Correctional Centre Project and Saskatchewan Joint Use Schools Project 1 and 2 for SaskBuilds, Whitehorse General Hospital Redevelopment Project for Yukon Hospital Corporation and Whistle Bend Continuing Care Project for the Government of Yukon. These engagements created opportunities for B.C. companies to participate in other markets, in alignment with the Government of BC's job creation and investment goals. They also provide opportunities for Partnerships BC to refine its best practices and learn lessons from working with other jurisdictions, which may then be applied to B.C. based projects, and earn revenue to sustain the Organization.

The out-of-province engagements, when added to active engagements in British Columbia, contributed to Partnerships BC's operating surplus of \$540,808.

### ***Goals, Strategies, Measures and Targets***

Partnerships BC helps governments (through their ministries and Crown corporations) to efficiently plan infrastructure projects, including selection of the best partner to build important infrastructure. Partnerships BC is an efficient organization of professionals with specific and unique industry expertise. The global partnership market and other jurisdictions consistently validate that B.C.-led procurements have a reputation for being well-run, fair, open and transparent, all of which attracts vibrant competition among bidders and helps ensure that our clients achieve value for money on their projects.

As directed by its Shareholder in the 2015/16 Mandate Letter, Partnerships BC reviewed its service model and subsequently revised its vision, mandate, values, corporate goals and performance measures for the current year and they are reflected in our 2015/16 Annual Service Plan Report. The revised corporate goals, described below, ensure that Partnerships BC is meeting Shareholder and client needs effectively:

#### **Current Goals**

1. Meet procurement objectives associated with complex infrastructure projects.
2. Deliver value-add to our clients and engage stakeholders effectively.
3. Maintain a responsive and resilient Organization.

The Organization's three corporate goals, along with the strategies, measures and targets for achieving these goals, were selected to reflect the nature of the business model under which Partnerships BC operates and the maturity of the market.

The following sections report on Partnerships BC's performance against its 2015/16 goals, strategies, measures and targets. Subsequent annual reports will reflect the 2016/17 Mandate Letter and the resulting revisions, including the continuing reporting out on progress against the Taxpayer Accountability Principles.

### ***Goal 1: Meet procurement objectives associated with complex infrastructure projects***

Partnerships BC shares with its clients a commitment to planning and structuring the optimal delivery solution for public infrastructure projects. Partnerships BC adds value to projects through business case analysis that determines the best procurement method to meet project objectives. The Organization undertakes a detailed risk analysis on all projects and risks are allocated to parties best suited to manage them.

The demand for infrastructure in the health, transportation, accommodation, and energy sectors continues. Partnerships BC is focused on opportunities in these and other sectors.

#### ***Strategies***

- Partnerships BC is committed to being a centre of expertise in planning and procurement, to maintaining an updated library of guidance and best practice documents, and to ensuring quality practices are in place.
- Partnerships BC is committed to initiating innovative procurement processes and contractual structures, and working with its clients and the market to achieve procurement objectives such as fairness, transparency, attracting robust competition, achieving value for money, and meeting procurement schedules.

Performance Measure	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 – 2017/18 Target
Procurement objectives are met	New	100% of procurement objectives are met.	100% of procurement objectives met.	100% of procurement objectives are met.
Market and client satisfaction	New	Establish a baseline for market and client satisfaction.	Established baseline market and client satisfaction ratings of 80% and 85% respectively.	New targets have been set (see Service Plan 2016/17 – 2018/19).

### Discussion

- Partnerships BC worked towards meeting the 2015/16 Mandate Letter priority actions and revised its vision, mandate, values, corporate goals and performance measures/targets. The performance measures and targets were refined to improve the assessment of the Organization's performance against specific procurement objectives (e.g. positive fairness opinions from fairness advisors, projects achieving value for money\* at financial close, financial proposals are within capital and affordability ceilings and projects being delivered based on agreed upon procurement schedules).
- The refined performance measures and targets are included in Partnerships BC's 2016/17 Service Plan and the Organization's progress against these measures/targets will be reported in its 2016/17 Annual Service Plan Report.

*\*Value for Money (VFM) is the risk-adjusted difference in dollar terms between the PPP and traditional delivery models' costs of integrating design and construction as well as the cost of major maintenance over the duration of the PPP contract.*

*Not all benefits are captured in a VFM number. Examples of such benefits include early completion and delivery of associated services to the public or improved long term service outcomes (e.g. better clinical outcomes in a hospital).*

## ***Goal 2: Deliver value-add to our clients and engage stakeholders effectively***

A continued focus for Partnerships BC is designing and implementing competitive selection processes that are efficient, fair and transparent. Efficient competitive selection processes help to save time and money for both the public and private sectors. Partnerships BC remains committed to maintaining a high level of public disclosure related to procurements.

Project success starts with creating an attractive market for bidders. Creating a strong and competitive market for projects encourages innovation and increases value for clients and taxpayers. In turn, international companies will invest in B.C. and partner with local firms to take advantage of their skills and expertise.

As the partnership program has matured and more projects have entered the construction and operations phase, Partnerships BC is well-positioned to provide support based on its knowledge of how project agreements are structured, and the allocation of roles and responsibilities between the public and private sector partners. There remains a concerted effort to review projects in the operations stage to gather real-time feedback and lessons to be applied to subsequent projects.

### ***Strategies***

- Partnerships BC is committed to meeting high client expectations. Clients are organizations that include Ministries within the Province of BC and other Provinces, Health Authorities, Crown corporations, and local and federal governments which engage Partnerships BC for professional advice or services.
- Partnerships BC is committed to the effective engagement of its stakeholders and responding to their needs and concerns in a timely and comprehensive manner. Stakeholders are organizations or groups that include project owners, market participants, contractor and industry associations, business advisory firms, and stakeholders within government.
- Partnerships BC is committed to maintaining strong market participation.

Performance Measure	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 – 2017/18 Target
Client Satisfaction	<p>Achieve an 85% client satisfaction rating.</p> <p>Client survey not conducted in 2014/15 due to Crown Review by government.</p>	Achieve an 85% client satisfaction rating.	<p>Client survey to be conducted in fiscal 2016/17.</p> <p>Client survey not completed in 2015/16 due to a stakeholder engagement survey conducted in May 2015 which included some clients.</p>	85% or higher client satisfaction rating.
Stakeholder Engagement	New	Establish a stakeholder engagement baseline rating.	Following a survey in May 2015, the Board set a stakeholder engagement baseline rating of 80%.	Maintain or improve upon previous year's performance.
Competitive Procurements	<p>At least four qualified respondents at the RFQ stage.</p> <p>Achieved a minimum of four qualified respondents at the RFQ stage of every competitive process on nine out of eleven projects.</p> <p>The other two projects were outside of B.C., where the market is still developing.</p>	At least four qualified respondents at RFQ stage.	Exceeded target on three procurements that commenced in fiscal 2015/16.	At least four qualified respondents at RFQ stage.

#### Discussion

- Client satisfaction and effective stakeholder outreach and engagement in procurement practices have all been identified as priority performance measures.

- The performance against associated targets was measured through data sources such as client surveys; numbers of, and feedback from, stakeholder interactions conducted through various methods, levels of awareness and support from stakeholders; and number of market participants for each procurement. In subsequent years, performance against the 2015/16 baseline will be measured and is expected to be sustained or improved over time.
- A fundamental tenant of Partnerships BC-led procurement is that the public sector obtains value from procurements through robust competition.
- The stakeholder engagement satisfaction rating arose from a survey that was completed by a third party and has a standard error of +/-8 per cent at the 95 per cent level of confidence.

### ***Goal 3: Maintain a responsive and resilient Organization***

Partnerships BC is committed to the principles of fiscal responsibility and financial sustainability. The Board establishes net income targets which reflect direction from the Minister of Finance.

As a fee-for-service organization, Partnerships BC must demonstrate its value to clients to ensure repeat business. Over the years, there has been considerable depth of knowledge and expertise developed at Partnerships BC, as well as a comprehensive library of guidance documents, templates and project examples to support clients with new projects in new sectors. Knowledge management and transfer are key components of demonstrating value to clients.

Partnerships BC continues to diversify with new clients and new sectors where its expertise can add value. The Organization continues its outreach activities to help develop and maintain a positive reputation among its clients and key stakeholders. In addition to providing services within B.C., Partnerships BC offers value to clients in other jurisdictions. This creates opportunities for B.C. companies to participate in other markets, in alignment with Government's job creation and investment goals.

Partnerships BC strives to create a positive corporate culture for its employees. The ability to attract and retain high-performing staff is critical to achieving corporate goals. Performance planning and regularly structured learning opportunities are offered to staff on a wide range of topics. The results of the annual workplace engagement survey are compared to industry standards and are an indication of the Organization's performance.

#### ***Strategies***

- Partnerships BC is committed to ensuring an effective project work/revenue flow, with appropriate accountability, resourcing and effective delegation across the Organization.
- Partnerships BC is committed to a workplace that promotes employee engagement.

Performance Measure	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 – 2017/18 Target
Self Sufficiency	Achieve positive net income.  Net income of \$540,000.	Achieve positive net income.	Net income of \$541,000.	Achieve positive net income.
Employee Satisfaction	Achieve an 80% or higher employee satisfaction rating.  Note: survey not conducted in 2014/15 due to changes in senior leadership team.	Achieve an 80% or higher employee satisfaction rating.	78% employee satisfaction rating.	Achieve an 80% or higher employee satisfaction rating.
Voluntary Employee Turnover	New	Lower than industry average (industry average currently at 6% to 8%).	Voluntary employee turnover of 7%.	Lower than industry average.

#### Discussion

- Partnerships BC is required by its Shareholder to be financially self-sufficient, a condition met by achieving a positive net income target through fee revenue on an annual basis.
- Success is measured through surveys, with an initial baseline of 80 per cent satisfaction. Partnerships BC conducts the employee survey through anonymous feedback and a third party service provider.
- Voluntary employee turnover has historically been lower than industry average. The baseline measure (6-8 per cent) was obtained from organizations such as the Human Resources Management Association and the Conference Board of Canada. Partnerships BC measures itself against industry average and sets a target lower than this on an annual basis.

## Discussion of Results

This Discussion of Results of Partnerships BC is intended to be read in conjunction with the audited financial statements and accompanying notes. The results reported are prepared in accordance with Canadian Public Sector Accounting Standards using guidelines developed by the Public Sector Accounting (PSA) Board of the Chartered Professional Accountants of Canada and are presented in Canadian dollars.

This Discussion of Results presents an analysis of Partnerships BC's 2015/16 financial performance in comparison to the previous fiscal year and 2015/16 budget.

### Comparison of 2015/16 and 2014/15 Financial Performances

The Organization reached final project agreements on six projects and currently has two projects in the market. Work fee revenues from the eight projects significantly contributed to the Organization's revenues in 2015/16. The Organization had revenues of \$6,639,559 in 2015/16 compared to \$7,052,026 in 2014/15, which was a decrease of \$412,467 or 5.8%. The decrease was largely due to a fewer number of procurements in 2015/16 compared to 2014/15.

In 2015/16, the majority of Work fee revenue was generated from the following projects which either reached a final project agreement or were in the procurement phase:

- Site C Clean Energy Project Worker Accommodation Contract;
- Penticton Patient Care Tower Project;
- Saskatchewan Joint-Use Schools Project 1 and 2;
- Saskatchewan Hospital North Battleford Integrated Correctional Centre Project;
- Whitehorse General Hospital Redevelopment Project;
- Whistle Bend Continuing Care Project;
- Royal Columbian Hospital Redevelopment Phase 1 Project; and
- Valleyview Project.

In addition, Partnerships BC provided advisory services during design, construction and operations on the BC Housing Single Room Occupancy Project, Evergreen Line Rapid Transit Project, Iqaluit Airport Improvement Project, Emily Carr University of Art and Design Campus Redevelopment Project, Okanagan Correctional Centre Project, City of Surrey Biofuel Processing Facility Project, Swift Current Long Term Care Facility, Saskatchewan Hospital North Battleford Integrated Correctional Centre Project, Saskatchewan Joint Use Schools Project 1 and 2; and Whitehorse General Hospital Redevelopment Project.

The table below presents a comparison of selected Statements of Operations of fiscal 2015/16 with those of the previous fiscal year.



			% of revenues	
	2016	2015	2016	2015
Revenues	\$ 6,639,559	\$ 7,052,026	100.0%	100.0%
Salaries and benefits	(4,537,195)	(4,938,389)	-68.3%	-70.0%
General and administrative expenses	(1,496,814)	(1,512,125)	-22.5%	-21.4%
Amortization	(64,742)	(61,533)	-1.0%	-0.9%
Operating surplus	\$ 540,808	\$ 539,979	8.1%	7.7%

## Revenues

The table below provides changes to the Organization's revenues by category.

	2016	2015	Change
Work fees	\$ 6,494,918	\$ 6,894,373	\$ (399,455)
Interest income	144,641	157,653	(13,012)
	\$ 6,639,559	\$ 7,052,026	\$ (412,467)

## Comparison to Budget

The table below provides details of the Organization's actual and budgeted revenues for 2015/16.

	2016 Actual	2016 Budget	Change	%
Work fees	\$ 6,494,918	\$ 7,177,440	\$ (682,522)	-9.5%
Interest income	144,641	140,000	4,641	3.3%
	\$ 6,639,559	\$ 7,317,440	\$ (677,881)	-9.3%

For the year ended March 31, 2016, gross revenues were 9.3 per cent below budget. The decrease in work fees was largely due to the timing of certain procurements and business case engagements. The change in schedule also delayed the hiring of additional employees from 2015/16 to 2016/17. The impact of this strategy is reflected in lower than budgeted operating expenses in 2015/16.

**Expenses**

The table below provides details of the Organization's operating expenses for 2015/16 and 2014/15.

	<b>2016</b>	<b>2015</b>	<b>Change</b>	<b>%</b>
Salaries and benefits	\$ 4,537,195	\$ 4,938,389	\$ (401,194)	-8.1%
Administration	230,935	241,839	(10,904)	-4.5%
Building occupancy	563,855	621,225	(57,370)	-9.2%
Corporate relations	56,353	2,744	53,609	1953.7%
Information systems	271,869	330,104	(58,235)	-17.6%
Professional fees	261,887	196,783	65,104	33.1%
Travel	111,915	119,430	(7,515)	-6.3%
Amortization	64,742	61,533	3,209	5.2%
<b>Total General and Administrative Expenses</b>	<b>1,561,556</b>	<b>1,573,658</b>	<b>(12,102)</b>	<b>-0.8%</b>
<b>Total Operating Expenses</b>	<b>\$ 6,098,751</b>	<b>\$ 6,512,047</b>	<b>\$ (413,296)</b>	<b>-6.3%</b>
% of expenses to revenues	91.9%	92.3%		
% of general and administration expenses to revenues	23.5%	22.3%		

For the year ended March 31, 2016, there was a decrease in operating expenses of \$413,296 or 6.3 per cent compared to last year. The decrease was primarily attributable to the following:

- Salaries and benefits,
- Administration,
- Travel,
- Building occupancy, and
- Information systems.

The decrease in salaries and benefits for the year ended March 31, 2016 was largely attributable to the costs from a corporate restructuring and contracted services for a chief project officer on behalf of a client in 2014/15.

The decrease in administration and travel costs were due to the reduction in FTEs during the year as administration and travel costs are generally a function of the number of employees.

The decrease in building occupancy costs was attributable to the reduction in the Organization's Vancouver office space in October 2014. The reduction was part of the Organization's overall strategy to reduce its total general and administrative costs, which was in line with Government direction to Crown corporations to

continue to seek more efficient and cost-effective ways of delivering services and value to the taxpayers of British Columbia.

The decrease in information technology expenditures of \$58,235 was due to a reduction in network connectivity costs and the consolidation of all information technology support services under one contract. In addition, in 2014/15 there were one-time costs associated with the office move in October 2014.

The increase in professional fees of \$65,104 was largely due to a Freedom of Information (FOI) request which required significant client consultation to complete. In addition, the Organization prepared and delivered a revised succession plan after the successful implementation of the previous plan which led to the internal appointments of the Vice-President, Projects, the Vice-President, Client and Market Engagement, and promotion of certain Project Directors to Assistant Vice-Presidents.

Corporate relations costs increased by \$53,609 largely due to consulting support for the Organization's new Director of Corporate Relations to develop a communications plan and corporate key messages. These costs were in line with the Organization's approved corporate relations budget.

Overall, for the year ended March 31, 2016, total expenses as a percentage of revenues were 91.9 per cent compared to 92.3 per cent for the year ended March 31, 2015. Total general and administrative expenses, as a percentage of revenues, were 23.5 per cent compared to 22.3 per cent for the year ended March 31, 2015.

## Comparison to Budget

The table below provides details of the Company's actual and budgeted expenses for 2015/16.

	<b>2016 Actual</b>	<b>2016 Budget</b>	<b>Change</b>	<b>%</b>
Salaries and benefits	\$ 4,537,195	\$ 5,018,192	\$ (480,997)	-9.6%
Administration	230,935	252,399	(21,464)	-8.5%
Building occupancy	563,855	562,284	1,571	0.3%
Corporate relations	56,353	70,000	(13,647)	-19.5%
Information systems	271,869	316,000	(44,131)	-14.0%
Professional fees	261,887	248,000	13,887	5.6%
Travel	111,915	117,400	(5,485)	-4.7%
Amortization	64,742	71,859	(7,117)	-9.9%
<b>Total General and Administrative Expenses</b>	<b>1,561,556</b>	<b>1,637,942</b>	<b>(76,386)</b>	<b>-4.7%</b>
<b>Total Operating Expenses</b>	<b>\$ 6,098,751</b>	<b>\$ 6,656,134</b>	<b>\$ (557,383)</b>	<b>-8.4%</b>
<b>% of expenses to revenues</b>	<b>91.9%</b>	<b>91.0%</b>		
<b>% of general and administrative expenses to revenues</b>	<b>23.5%</b>	<b>22.4%</b>		

Salaries and benefits for the year ended March 31, 2016 were below budget by \$480,997 or 9.6 per cent. The Organization had budgeted for 32.4 FTEs but averaged 28.5 FTEs for the complete year. Going forward, the Organization has budgeted for an increase in compensation costs to reflect the increase in project resource requirements.

Total general and administration costs for the year ended March 31, 2016 were under budget by \$76,386. This was due to the reductions in administrative expenses, information technology, and travel expenses, net of increases in building occupancy costs and professional fees.

Administration and travel expenses for the year ended March 31, 2016 were under budget by \$21,464 and \$5,485 respectively as the Organization averaged fewer employees and Board members compared to the previous fiscal year.

Information systems expenses for the year ended March 31, 2016 were \$44,131 under budget. This was due to the reduction in our network connectivity costs and the consolidation of all information technology support services under one service provider. There was also a reduction in the number of systems and the licenses required to operate them.

Professional fees for the year ended March 31, 2016 were \$13,887 over budget due to an FOI request which required significant client consultation to complete. Going forward, the budget for professional fees was increased to reflect a potential increase in FOI requests.

Total expenses for the year ended March 31, 2016 as a percentage of revenues were 91.9 per cent compared to budget of 91.0 per cent. General and administrative expenses for the year ended March 31, 2016, as a percentage of revenues, were 23.5 per cent versus 22.4 per cent.

### Statement of Financial Position

The table below presents a comparison of selected financial position items of the current fiscal year with those of the previous fiscal year.

	<b>2016</b>	<b>2015</b>	<b>Change</b>	<b>%</b>
<b>Financial Assets</b>				
Cash	\$10,757,214	\$10,365,552	\$ 391,662	3.8%
Accounts receivable	1,490,723	1,494,748	(4,025)	-0.3%
Portfolio investments	4,274,020	4,244,610	29,410	0.7%
<b>Total Financial Assets</b>	<b>16,521,957</b>	<b>16,104,910</b>	<b>417,047</b>	<b>2.6%</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	684,106	809,547	(125,441)	-15.5%
<b>Total Liabilities</b>	<b>684,106</b>	<b>809,547</b>	<b>(125,441)</b>	<b>-15.5%</b>
<b>Net Financial Assets</b>	<b>\$15,837,851</b>	<b>\$15,295,363</b>	<b>\$ 542,488</b>	<b>3.5%</b>
<b>Non-Financial Assets</b>	<b>\$ 219,535</b>	<b>\$ 222,710</b>	<b>\$ (3,175)</b>	<b>-1.4%</b>
<b>Accumulated Surplus</b>	<b>\$16,057,386</b>	<b>\$15,518,073</b>	<b>\$ 539,313</b>	<b>3.5%</b>

Cash increased by \$391,662 from \$10,365,552 as at March 31, 2015 to \$10,757,214 as at March 31, 2016. The increase in cash was mainly due to the positive operating activities during the year.

Accounts receivable, which consists of work fees, project recoverable expenses and accruals at year-end, decreased by \$4,025 from \$1,494,748 as at March 31, 2015 to \$1,490,723 as at March 31, 2016. Current accounts receivable represented 94 per cent of the balance at year-end reflecting a strong collection of outstanding receivables. The Organization did not allow for any doubtful accounts as at March 31, 2016.

There were no significant changes to non-financial assets. Amortization expense was \$64,742. Capital asset additions totalled \$58,844, which was under the Organization's approved 2015/16 capital expenditures budget.

## Liabilities and accumulated surplus

Accounts payable and accrued liabilities decreased by \$125,441 from \$809,547 as at March 31, 2015 to \$684,106 as at March 31, 2016. The decrease in accounts payable and accrued liabilities was directly related to the reduction in project recoveries at year-end and the payment of the restructuring costs.

The increase in accumulated surplus was attributable to an annual operating surplus of \$540,808, net of a re-measurement loss of \$1,495.

## Statement of Cash Flows

### *Liquidity and capital resources*

The table below presents a comparison of the Organization's working capital position for the current fiscal year with that of the previous fiscal year.

	<b>2016</b>	<b>2015</b>	<b>Change</b>
Cash	\$10,757,214	\$10,365,552	\$ 391,662
Accounts receivable	1,490,723	1,494,748	(4,025)
Portfolio investments	4,274,020	4,244,610	29,410
Other current assets	74,762	72,039	2,723
	<u>16,596,719</u>	<u>16,176,949</u>	419,770
Accounts payable and accrued liabilities	<u>684,106</u>	<u>809,547</u>	(125,441)
Net working capital	<u>\$15,912,613</u>	<u>\$15,367,402</u>	\$ 545,211

As at March 31, 2016, the Organization's principal sources of liquidity included cash of \$10,757,214, accounts receivable of \$1,490,723, and portfolio investments of \$4,274,020. The Organization has \$684,106 in accounts payable and accrued liabilities due next year. As a result, the Organization's net working capital improved by \$545,211 to \$15,912,613 as at March 31, 2016.

## Commitments and Contractual Obligations

The Organization is committed to payments under operating leases for premises through fiscal 2017/18 as follows:

	<b>Amount</b>
2017	\$ 540,214
2018	<u>311,382</u>
	<u>\$ 851,596</u>

During the year, Partnerships BC did not enter into any contractual obligations or off-balance sheet arrangements in fiscals 2016 and 2015. In addition, the Organization did not have any pending litigation or contingencies as at March 31, 2016.

### Selected Annual Information

The following table presents selected financial information for the years ended March 31, 2016, 2015, 2014, 2013, and 2012.

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Total revenues	\$ 6,639,559	\$ 7,052,026	\$ 8,588,029	\$ 9,636,402	\$ 8,469,672
Total operating expenses	\$ 6,098,751	\$ 6,512,047	\$ 7,988,860	\$ 8,302,829	\$ 7,921,699
Annual operating surplus	\$ 540,808	\$ 539,979	\$ 599,169	\$ 1,333,573	\$ 547,973
Total current assets	\$16,596,719	\$16,176,949	\$16,437,440	\$16,330,851	\$14,714,884
Total assets	\$16,741,492	\$16,327,620	\$16,577,838	\$16,489,199	\$14,987,535
Total current liabilities	\$ 684,106	\$ 809,547	\$ 1,600,007	\$ 2,109,945	\$ 1,945,675
Total liabilities	\$ 684,106	\$ 809,547	\$ 1,600,007	\$ 2,109,945	\$ 1,945,675



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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors and Shareholder of Partnerships British Columbia Inc.

We have audited the accompanying financial statements of Partnerships British Columbia Inc., which comprise the Statement of Financial Position as at March 31, 2016 and the Statements of Operations, Remeasurement Gains and Losses, Change in Net Financial 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 public sector accounting standards, 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.

### Auditor's 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 auditor's 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 Partnerships British Columbia Inc. as at March 31, 2016 and its results of operations, changes in remeasurement gains and losses, net financial assets and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants

Vancouver, British Columbia  
May 26, 2016




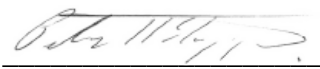
**Partnerships British Columbia Inc.**  
**Statement of Financial Position**  
**As at March 31, 2016 and 2015**

	<b>March 31, 2016</b>	<b>March 31, 2015</b>
<b>Financial assets</b>		
Cash	\$ 10,757,214	\$ 10,365,552
Accounts receivable (Note 3)	1,490,723	1,494,748
Portfolio investments (Note 4)	4,274,020	4,244,610
Total Financial Assets	<u>16,521,957</u>	<u>16,104,910</u>
<b>Liabilities</b>		
Accounts payable & accrued liabilities (Note 5)	684,106	809,547
Total Liabilities	<u>684,106</u>	<u>809,547</u>
<b>Net financial assets</b>	<u>15,837,851</u>	<u>15,295,363</u>
<b>Non-financial assets</b>		
Prepaid expenses	74,762	72,039
Tangible capital assets (Note 7)	144,773	150,671
Total Non-financial Assets	<u>219,535</u>	<u>222,710</u>
<b>Accumulated surplus (Note 8)</b>	<u>\$ 16,057,386</u>	<u>\$ 15,518,073</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 16,050,414	\$ 15,509,606
Accumulated remeasurement gains	6,970	8,465
Share capital	2	2
	<u>\$ 16,057,386</u>	<u>\$ 15,518,073</u>

The accompanying notes are an integral part of these financial statements.

**APPROVED ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_  
 D. Hayden, Chair

  
 \_\_\_\_\_  
 P. Kappel, Director

**Partnerships British Columbia Inc.**  
**Statement of Operations**  
**For the Years Ended March 31, 2016 and 2015**

	<b>Budget</b>	<b>March 31,</b>	<b>March 31,</b>
	(Note 13)	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Work fees	\$ 7,177,440	\$ 6,494,918	\$ 6,894,373
Interest income	140,000	144,641	157,653
<b>Total Revenues</b>	<u>7,317,440</u>	<u>6,639,559</u>	<u>7,052,026</u>
<b>Expenses</b>			
Administration	252,399	230,935	241,839
Amortization	71,859	64,742	61,533
Building occupancy	562,284	563,855	621,225
Corporate relations	70,000	56,353	2,744
Information systems	316,000	271,869	330,104
Professional services	248,000	261,887	196,783
Salaries and benefits	5,018,192	4,537,195	4,938,389
Travel	117,400	111,915	119,430
<b>Total Expenses</b>	<u>6,656,134</u>	<u>6,098,751</u>	<u>6,512,047</u>
<b>Reimbursable costs</b>			
Project recoveries	2,250,000	1,231,264	1,627,097
Less: Project expenses	(2,250,000)	(1,231,264)	(1,627,097)
<b>Net reimbursable costs</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Annual operating surplus</b>	<u>661,306</u>	<u>540,808</u>	<u>539,979</u>
<b>Accumulated operating surplus, beginning of year</b>	15,509,606	15,509,606	14,969,627
<b>Accumulated operating surplus, end of year</b>	<u>\$ 16,170,912</u>	<u>\$ 16,050,414</u>	<u>\$ 15,509,606</u>

The accompanying notes are an integral part of these financial statements.

**Partnerships British Columbia Inc.**  
**Statement of Remeasurement Gains and Losses**  
**For the Years Ended March 31, 2016 and 2015**

	<b>March 31, 2016</b>	<b>March 31, 2015</b>
<b>Accumulated remeasurement gains, beginning of year</b>	\$ 8,465	\$ 8,202
Plus: Unrealized gains attributable to: Portfolio investments	29,547	48,822
Less: Amounts reclassified to the Statement of Operations: Portfolio investments	(31,042)	(48,559)
Net remeasurement gains (losses) for the year	(1,495)	263
<b>Accumulated remeasurement gains, end of year</b>	<b>\$ 6,970</b>	<b>\$ 8,465</b>

The accompanying notes are an integral part of these financial statements.

**Partnerships British Columbia Inc.**  
**Statement of Changes in Net Financial Assets**  
**For the Years Ended March 31, 2016 and 2015**

	<b>Budget</b>	<b>March 31,</b>	<b>March 31,</b>
	(Note 13)	<b>2016</b>	<b>2015</b>
Annual operating surplus	\$ 661,306	\$ 540,808	\$ 539,979
Acquisition of tangible capital assets	(39,000)	(58,844)	(71,806)
Amortization of tangible capital assets	71,859	64,742	61,533
	<u>32,859</u>	<u>5,898</u>	<u>(10,273)</u>
Additions to prepaid expenses	-	(191,046)	(254,539)
Use of prepaid expenses	(2,961)	188,323	235,867
	<u>(2,961)</u>	<u>(2,723)</u>	<u>(18,672)</u>
Effect of remeasurement gains (losses) for the year	-	(1,495)	263
<b>Increase in net financial assets for the year</b>	691,204	542,488	511,297
<b>Net financial assets, beginning of year</b>	<u>15,295,363</u>	<u>15,295,363</u>	<u>14,784,066</u>
<b>Net financial assets, end of year</b>	<u>\$ 15,986,567</u>	<u>\$ 15,837,851</u>	<u>\$ 15,295,363</u>

The accompanying notes are an integral part of these financial statements

**Partnerships British Columbia Inc.**  
**Statement of Cash Flows**  
**For the Years Ended March 31, 2016 and 2015**

	<b>March 31, 2016</b>	<b>March 31, 2015</b>
<b>Operating transactions</b>		
Annual operating surplus	\$ 540,808	\$ 539,979
Non-cash item included in surplus:		
Amortization of tangible capital assets	64,742	61,533
	<u>605,550</u>	<u>601,512</u>
<b>Changes in operating accounts</b>		
Accounts receivable	4,025	535,866
Prepaid expenses	(2,723)	(18,672)
Accounts payable and accrued liabilities	(125,441)	(790,460)
	<u>(124,139)</u>	<u>(273,266)</u>
<b>Total operating transactions</b>	<u>481,411</u>	<u>328,246</u>
<b>Capital transactions</b>		
Purchase of tangible capital assets, net	(58,844)	(71,806)
	<u>(58,844)</u>	<u>(71,806)</u>
<b>Investing transactions</b>		
Increase in portfolio investments	(30,905)	(48,440)
	<u>(30,905)</u>	<u>(48,440)</u>
<b>Net increase in cash for the year</b>	391,662	208,000
<b>Cash, beginning of year</b>	<u>10,365,552</u>	<u>10,157,552</u>
<b>Cash, end of year</b>	<u>\$ 10,757,214</u>	<u>\$ 10,365,552</u>

The accompanying notes are an integral part of these financial statements.

## 1. Nature of Operations

Partnerships British Columbia Inc. (Partnerships BC or the Organization) is a company owned by the Province of British Columbia and is governed by a Board of Directors reporting to its sole Shareholder; the Minister of Finance. The Organization was incorporated under the British Columbia Business Corporations Act in May 2002. It has two issued shares; both are held by the Minister of Finance.

The Organization's vision is to be a recognized leader in evaluating, structuring, and implementing delivery solutions for complex public infrastructure while delivering consistent value to its clients. Partnerships BC provides a variety of planning services to public sector agencies wishing to explore innovative options for building and managing public infrastructure like highways, bridges, hospitals, public transit and accommodations facilities.

The Organization's core business is:

- Provide specialized services in the procurement of major public projects, ranging from advice to business transactions, procurement management, and implementation.
- Provide advice on partnership project management, deal structure, risk management, procurement, and the selection and engagement of consultants.
- Foster a positive business and policy environment for successful projects and related activities by continually expanding British Columbia's and other jurisdictions' base of knowledge, understanding and expertise in these areas.
- Manage an efficient and leading edge organization that meets or exceeds performance expectations.

The Organization's clients are public sector agencies, including ministries, Crown corporations and local authorities such as regional health authorities. To serve these clients effectively, Partnerships BC is also working to build strong relationships with private sector partners such as businesses, investors and the financial services sector.

Partnerships BC is exempt from income taxes under the *Income Tax Act*.

## 2. Summary of Significant Accounting Policies

### a. Basis of accounting

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards using guidelines developed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

## 2. Summary of Significant Accounting Policies (continued)

### b. Portfolio investments

Partnerships BC invests in government and corporate debt securities through pooled fund products managed by the British Columbia Investment Management Corporation (bcIMC), a corporation established under the Public Sector Pension Plans Act.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized as remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the Statement of Remeasurement Gains and Losses and recognized in the Statement of Operations.

Interest attributable to financial instruments is reported in the Statement of Operations.

### c. Employee future benefits

The employees of Partnerships BC belong to the Public Service Pension Plan (the Plan), which is a multi-employer joint trustee plan. This Plan is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service, and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding.

The joint board of trustees of the Plan determines the required Plan contributions annually.

The contribution of Partnerships BC to the Plan is recorded as an expense for the year.

### d. Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the tangible capital asset.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

- Computer software 2 years
- Computer hardware 3 years
- Furniture and equipment 5 years
- Leasehold improvements 5 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to Partnerships BC's ability to provide goods and services.

## **2. Summary of Significant Accounting Policies (continued)**

### **e. Prepaid expenses**

Prepaid expenses include software licenses, insurance premiums, and travel costs, and are charged to expense over the periods expected to benefit from it.

### **f. Revenue recognition**

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

### **g. Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

### **h. Measurement uncertainty**

The preparation of financial statements in conformity with PSA standards requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of tangible capital assets, estimated employee benefits, rates for amortization, and the impairment of tangible capital assets.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.



### 3. Accounts Receivable

	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Revenues receivable	\$ 1,481,559	\$ 1,484,579
Accrued interest	9,164	10,169
	<b>\$ 1,490,723</b>	<b>\$ 1,494,748</b>

There was no provision for doubtful accounts required as at March 31, 2016 and 2015.

Included in accounts receivable are the following amounts receivable from government and other government organizations.

	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Provincial governments	\$ 1,142,442	\$ 1,444,779
Other government organizations	69,170	33,868
	<b>\$ 1,211,612</b>	<b>\$ 1,478,647</b>

### 4. Portfolio Investments

	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Fair market value	\$ 4,274,020	\$ 4,244,610
Less: Original cost	(4,267,050)	(4,236,145)
Unrealized gain	<b>\$ 6,970</b>	<b>\$ 8,465</b>

Portfolio investments consist of investments in the Canadian Money Market Fund ST2 managed by bcIMC. The fund invests in government and corporate debt securities, including commercial paper. For the calendar year ending December 31, 2015, the fund had an annualized return of 0.9 percent compared to an annualized return of 1.1 per cent for the prior year.

### 5. Accounts Payable and Accrued Liabilities

	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Accounts payables and accrued liabilities	\$ 366,360	\$ 378,866
Salaries and benefits payable	150,306	283,410
Accrued vacation pay	167,440	147,271
	<b>\$ 684,106</b>	<b>\$ 809,547</b>

## **6. Employee Future Benefits**

Partnerships BC and its employees contribute to the Public Service Pension Plan (the Plan) in accordance with the Public Sector Pension Plan Act. BC Pension Corporation administers the Plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension Plan is a multi-employer, defined benefit plan.

Partnerships BC and its employees contribute to the Plan in accordance with the Public Sector Pension Plan Act. The Plan provides defined pension benefits to employees based on their length of service and salary. The maximum contribution rate for eligible employees was 9.43% (2015: 9.43%). Partnerships BC's contributions exceed the employee contributions to the plan. During the year ended March 31, 2016, Partnerships BC contributed \$343,488 (2015: \$380,863) to the Plan. These contributions are the Organization's pension expense which is included under salaries and benefits expense. No pension liability for this type of plan is included in the financial statements.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The latest valuation as at March 31, 2014 showed that the Plan had a surplus of \$194 million and is 101 percent funded as it had assets of \$20.472 billion and liabilities of \$20.278 billion. The actuary does not attribute portions of the unfunded liability to individual employers. The next valuation will be as at March 31, 2017 with results available mid-2017.

## 7. Tangible Capital Assets

	<b>Computer software</b>	<b>Computer hardware</b>	<b>Furniture and equipment</b>	<b>Leasehold improvements</b>	<b>2016 Total</b>
<b>Cost</b>					
Opening Balance	\$ 87,177	\$ 372,107	\$ 138,495	\$ 383,458	\$ 981,237
Additions	-	32,432	1,462	24,950	58,844
Disposals	-	-	-	-	-
Closing Balance	87,177	404,539	139,957	408,408	1,040,081
<b>Accumulated Amortization</b>					
Opening Balance	87,177	305,534	108,617	329,238	830,566
Amortization	-	40,307	13,019	11,416	64,742
Disposals	-	-	-	-	-
Closing Balance	87,177	345,841	121,636	340,654	895,308
<b>Net book value</b>	<b>\$ -</b>	<b>\$ 58,698</b>	<b>\$ 18,321</b>	<b>\$ 67,754</b>	<b>\$ 144,773</b>

	<b>Computer software</b>	<b>Computer hardware</b>	<b>Furniture and equipment</b>	<b>Leasehold improvements</b>	<b>2015 Total</b>
<b>Cost</b>					
Opening Balance	\$ 119,432	\$ 407,270	\$ 162,699	\$ 392,174	\$ 1,081,575
Additions	-	19,130	1,738	57,079	77,947
Disposals	(32,255)	(54,293)	(25,942)	(65,795)	(178,285)
Closing Balance	87,177	372,107	138,495	383,458	981,237
<b>Accumulated Amortization</b>					
Opening Balance	119,432	317,926	116,337	387,482	941,177
Amortization	-	41,901	15,045	4,587	61,533
Disposals	(32,255)	(54,293)	(22,765)	(62,831)	(172,144)
Closing Balance	87,177	305,534	108,617	329,238	830,566
<b>Net book value</b>	<b>\$ -</b>	<b>\$ 66,573</b>	<b>\$ 29,878</b>	<b>\$ 54,220</b>	<b>\$ 150,671</b>

## 8. Accumulated Surplus

The accumulated surplus is made up as follows:

	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Accumulated operating surplus	\$ 16,050,414	\$ 15,509,606
Accumulated remeasurement gains	6,970	8,465
	<u>16,057,384</u>	<u>15,518,071</u>
Share capital	2	2
	<u><b>\$ 16,057,386</b></u>	<u><b>\$ 15,518,073</b></u>

The authorized share capital is 5,000,000 common shares at no par value.

## 9. Expenses by Object

The entity is a sole purpose organization and therefore does not report by function and does not provide segmented information.

## 10. Related Party Transactions

Partnerships BC is related through common ownership to all provincial government ministries, agencies and Crown corporations. The majority of the Organization's clients are also provincial government ministries, agencies and Crown corporations.

Transactions with these entities, considered to be in the normal course of operations, are recorded at the exchange amounts. Transfers of assets are recorded at fair value.

In the normal course of operations, Partnerships BC entered into transactions with the Province and certain Crown corporations, at prevailing market prices and credit terms.

## 10. Related Party Transactions (continued)

The Statement of Operations includes the following transactions with related parties:

	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Work fees	\$ 4,075,900	\$ 3,881,347
Interest income	139,778	151,022
	<u>\$ 4,215,678</u>	<u>\$ 4,032,369</u>
Operating expenses:		
Professional services	\$ 16,682	\$ 6,825
Administration	42,554	42,440
	<u>\$ 59,236</u>	<u>\$ 49,265</u>
Project recoveries	<u>\$ 695,356</u>	<u>\$ 1,080,914</u>

Financial assets and liabilities with related parties as at March 31, 2016 and 2015 were:

	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Accounts receivable	\$ 991,621	\$ 576,110
Accounts payable and accrued liabilities	68,172	43,219

## 11. Commitments

The Organization is committed to payments under operating leases for premises through 2017/18 as follows:

<b>Year</b>	<b>Amount</b>
2017	\$ 540,214
2018	311,382
	<u>\$ 851,596</u>

The Organization's Vancouver and Victoria office leases are scheduled to expire on November 29, 2017 and August 31, 2017 respectively.

## **12. Risk Management**

### **a. Fair value of financial instruments**

The fair value of a financial instrument is the estimated amount that the Organization would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair values of accounts receivable and accounts payable and accrued liabilities approximate their carrying values given their short-term maturities.

The fair value of the portfolio investments are determined by reference to published bid price quotations in an active market at year-end.

### **b. Financial management risk objectives and policies**

In the normal course of business, the Organization is exposed to financial risks that have the potential to negatively impact its financial performance. These risks may include credit risk, liquidity risk, and interest rate risk.

### **c. General objectives, policies and processes**

The Audit and Risk Management Committee has overall responsibility for the determination of the Organization's risk management objectives and policies.

The Audit and Risk Management Committee has delegated the authority to ensure effective implementation of the objectives and policies of the Organization to the Chief Executive Officer (CEO) and Senior Management Team. The Audit and Risk Management Committee and Board of Directors receive quarterly reporting from the CEO and Senior Management to ensure all processes and policies put in place are effectively meeting the objectives of the Organization.

### **d. Credit risk**

Credit risk is the risk that the Organization's counterparties will fail to meet their financial obligations to the Organization, causing a financial loss.

Accounts receivable arise primarily as a result of consulting work to governments, ministries, agencies and Crown corporations; therefore, collection risk is low. The Organization does not consider its exposure to credit risk to be material.

## 12. Risk Management (continued)

### e. Liquidity risk

Liquidity risk is the risk that the Organization may be unable to generate or obtain sufficient cash or its equivalent in a timely and cost-effective manner to meet its commitments as they come due.

The Organization has in place a planning, budgeting and forecasting process to help determine the funds required to support the Organization's normal operating requirements. The Organization's annual Service Plan and budget are approved by the Board of Directors. The Organization also provides a quarterly forecast to the Audit and Risk Management Committee.

### f. Market risk

The Organization is exposed to market risk through the fluctuation of financial instrument fair values due to changes in market prices. The significant market risks to which the Organization is exposed are interest rate and other price risks.

#### i. Interest rate risk

The interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market interest rates. Portfolio investments entered into by the Organization may bear interest at a fixed rate, thus exposing it to the risk of changes in fair value arising from interest rate fluctuations. These portfolio investments are invested in high grade, highly liquid instruments, and as such, the Organization manages its exposure to potential interest rate fluctuations in the short-term. The Organization has no interest bearing debt.

#### ii. Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk). The Organization is exposed to price risk through its portfolio investments.

As at March 31, 2016, the Organization's total exposure to market risk is \$4,274,020. The Organization's best estimate of the effect on net assets as at March 31, 2016, due to a 5% increase or decrease in the market value of the investment portfolio, with all other variables held constant, would approximately amount to an increase or decrease of \$213,701 respectively. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

## **12. Risk Management (continued)**

### **g. Sensitivity analysis**

The sensitivity analysis included in this note should be used with caution as the changes are hypothetical and are not predictive of future performance. The above sensitivities are calculated with reference to year-end balances and will change due to fluctuations in the balances in the future. In addition, for the purpose of the sensitivity analysis, the effect of a variation in a particular assumption on the fair value of the financial instruments was calculated independently of any change in another assumption. Actual changes in one factor may contribute to changes in another factor, which may magnify or counteract the effect on the fair value of the financial instrument.

## **13. Budgeted figures**

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Board of Directors. These budgeted figures were included in the Organization's 2015/16 Service Plan.



## **Appendix A: Additional Information**

For further information on Partnerships BC, please visit our website at [www.partnershipsbc.ca](http://www.partnershipsbc.ca)

### ***Corporate Governance***

Partnerships BC is governed by a Board of Directors that is responsible to the Minister responsible for the implementation of government direction. The Board's direction is implemented by management, who carries out the day-to-day operations of the Corporation under the supervision of the President and Chief Executive Officer. For more information on Corporate Governance, please refer to our web page at [www.partnershipsbc.ca](http://www.partnershipsbc.ca)

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## Appendix B: Partnerships BC's Mandate and Action Summary

In the 2015/16 Mandate Letter from the minister responsible, Partnerships BC received direction on strategic priorities for the 2015/16 fiscal year. These priorities and Partnerships BC's resulting actions are summarized below:

Mandate Letter Direction	Partnerships BC's Action
1. Work with the Ministry of Finance and other ministries/agencies, as appropriate, to review and implement the recommendations of the Crown Review.	Partnerships BC worked with the Ministry of Finance and other ministries/agencies to either fully or substantially implement the recommendations of the Crown Review.
2. Review and update service plan goals, strategies, performance measures/targets, and financial forecast to ensure alignment with the recommendations of the Crown Review.	Partnerships BC updated its service plan goals, strategies, performance measures/targets, and financial forecast in 2015/16 to ensure alignment with the recommendations of the Crown Review. The performance measures/targets were further refined in 2016/17 to improve the assessment of the Organization's performance against specific procurement objectives. These performance measures/targets will be reported in Partnerships BC's 2016/17 Annual Service Plan Report.
3. Develop and implement an updated stakeholder engagement and communications strategy to improve understanding among project owners and stakeholders outside of Government of the partnership procurement model for major capital projects.	Partnerships BC implemented an updated stakeholder engagement and communications strategy. This includes various strategies (e.g. workshops with project owners, and attending meetings and industry forums) to improve understanding among project owners and stakeholders outside of Government of the partnership procurement model for major capital projects.