

# **Partnerships British Columbia Inc.**

## **2016/17 ANNUAL SERVICE PLAN REPORT**



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

It is my pleasure to present the 2016/17 Annual Service Plan Report for Partnerships British Columbia Inc. (Partnerships BC or the "Organization").

The Partnerships BC *2016/17 Annual Report* compares the Organization's actual results to the expected results identified in the *2016/17 - 2018/19 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

Please find enclosed our Annual Service Plan Report for fiscal year 2016/17 which summarizes Partnerships BC's performance in the context of the Mandate Letter provided to us by our Shareholder, the Minister of Finance.

We delivered on the four priority actions in our 2016/17 Mandate Letter (as described below under Strategic Direction) which reflect 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 take centre stage at Partnerships BC in all facets of our work from client support to stakeholder engagement.

We have incorporated the Taxpayer Accountability Principles into our performance measures, and they continue to guide our regular activities. Meetings between the Minister of Finance and Partnerships BC's Board Chair, and between the Deputy Minister of Finance and Partnerships BC's President and CEO focus on performance against the Principles and ensure that our Organization's activities are aligned with the strategic direction provided by the Minister.

We are pleased to report that 2016/17 was a productive year at Partnerships BC as we worked with clients to deliver infrastructure projects that benefit taxpayers and citizens in several regions across B.C and in other jurisdictions.

During this fiscal year, six projects reached the operational phase, and two were successfully moved through the procurement process and are now in construction. Partnerships BC is currently supporting clients to move four other projects through procurement including: the George Massey Tunnel Replacement, the Abbotsford Law Courts, the New Westminster Secondary School, and the Victoria Capital Regional District Residual Treatment Facility. PBC also completed 11 concept plans and business cases for potential future projects, which is an indication of the continuing need for, and our clients' interest in, infrastructure development across British Columbia. Partnerships BC also worked with the Government of Nunavut and the Government of the Yukon on important infrastructure projects in their jurisdictions.

Stakeholder engagement was a priority for Partnerships BC in 2016/17 and staff, the executive and the Board were involved in planning and participating in a number of stakeholder meetings and events. Partnerships BC welcomed a new Board member in 2016/17. Steve Lornie brings a wealth of experience from the B.C. construction industry. To help integrate him quickly into our team, he attended a comprehensive orientation session in January 2017. During this fiscal year, board members took part in the second Annual Public Sector Board Governance Professional Development Forum. Board members also hosted an event in May 2016 in Penticton, B.C. which included a learning session with Interior Health and culminated in a tour of the Okanagan Correctional Centre as it neared completion. As a regular part of their responsibilities, the Executive Management Team attended events organized by Public Sector Employers' Council (PSEC) and the Crown Corporation's Employers Association (CCEA). The entire Partnerships BC team is committed to working to ensure that we are delivering on our mandate. The dedication of our Board members, executive team and staff is key to the success of Partnerships

BC's work, and we would like to thank everyone for their ongoing dedication and professionalism.

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 consistently delivering 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 cases, 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 2016/17 [Mandate Letter](#). The Mandate Letter continues to reflect considerations outlined in 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.

The strategic priority actions from Partnerships BC's 2016/17 Mandate Letter included:

1. In Partnerships BC's 2016/17 – 2018/19 Service Plan, continue to improve the clarity of the strategies, performance measures and targets, and strengthen their linkages to the goals of the agency.
2. Provide a summary of Partnerships BC's progress against the performance targets in the agency's Stakeholder Engagement Plan, as well as any emerging issues and mitigation strategies, to the Deputy Minister of Finance by May 1, 2017.
3. Provide the Ministry of Finance with a report that identifies recommendations for Partnerships BC's role in continuing to support Ministries' project boards for their major capital projects by June 30, 2016.
4. Finalize and implement conflict of interest guidelines for Partnerships BC's Board members by May 31, 2016.

During fiscal year 2016/17, Partnerships BC has implemented processes in response to the priority actions identified in the 2016/17 Mandate Letter.

Partnerships BC has reviewed and updated the Organization's service plan goals and performance measures/targets to align with the Mandate Letter direction and the recommendations of the Crown Review where applicable. Stakeholder Engagement has continued to be a key priority to effectively increase awareness and understanding of the partnership methodology and in particular, identify and respond to the needs and concerns of stakeholders. Both reports named in priority actions #2 and #3 were submitted to the Ministry of Finance. Regarding priority action #4, conflict of interest guidelines for Partnerships BC's Board of Directors were implemented on February 1, 2016.

Since its inception in 2002, Partnerships BC has participated in 52 projects with a combined capital value of more than \$18 billion. Along with our client partners, the Organization has helped to complete projects across B.C. and Canada in the following sectors: 22 Healthcare, 16 Accommodations, 10 Transportation and four in Energy and Utilities.

## Report on Performance

2016/17 proved to be a productive year at Partnerships BC. During this fiscal year, six projects reached the operational phase: Okanagan Correction Centre, Evergreen Line Rapid Transit, Queen Charlotte/Haida Gwaii Hospital, Site C Worker Accommodation, BC Housing Single



Room Occupancy (SRO) Renewal Initiative, and the Royal Inland Hospital Clinical Services Building. Partnerships BC is currently supporting clients with four projects through procurement including: George Massey Tunnel Replacement, Abbotsford Law Courts, New Westminster Secondary School, and the Capital Regional District Residual Treatment Facility. The procurement processes for Valleyview and Royal Columbian Hospital Redevelopment Phase One were completed in 2016/17.

Along with our B.C. projects, Partnerships BC also worked for the Government of Nunavut and the Government of Yukon on important infrastructure projects in their jurisdictions. The BC Association of Institutes and Universities became a new client of the Organization in 2016/17.

A highlight of fiscal year 2016/17 was the large number of engagements for concept plan and business plan development. Partnerships BC was engaged to develop plans for 11 major projects which speaks to the need for infrastructure development across the province. They include: St. Paul's Hospital Redevelopment, Pattullo Bridge Replacement, Surrey Rapid Transit Line, and Millennium Line Broadway Extension, Liquor Distribution Board Vancouver Warehouse Relocation, Royal Columbian Hospital Redevelopment Phases 2 and 3, Royal Inland Hospital, Abbotsford Law Courts, Comox Valley Regional District, Capital Regional District Residual Treatment Facility, and Burnaby Hospital Renewal.

Partnerships BC's staff meet with the Ministry of Finance's representatives on a regular basis to discuss progress in meeting its goals. 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. Partnerships BC also conducts client satisfaction, stakeholder engagement and workplace engagement surveys – all of these measures support the Organization's goals and vision.

A key focus in 2016/17 was the implementation of a rigorous stakeholder engagement and business development plan. Engagement and communications strategies were implemented to nurture communication with clients and stakeholders and foster a better understanding of Partnerships BC's role and the partnership model. Several tactics were used from large group workshops to one-on-one meetings to ensure that the Organization was aware of concerns and priorities of its stakeholders, clients and potential clients.

Partnerships BC's 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 an average of 30 FTEs employees for the fiscal year.

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

Since its inception in 2002, Partnerships BC has been guided by its annual Letter of Expectations, from which the Board of Directors has developed the vision, mandate, corporate goals, performance measures and service model for the company. The mandate, values, corporate goals and performance measures were reviewed and updated in the 2015/16 fiscal year, and performance measures were further refined in 2016/17. The current corporate goals, described

below, address Partnerships BC's mandate to ensure that it is meeting Shareholder and client needs effectively.

<b>Current Goals</b>
----------------------

- |  |
|--|
| 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                            |

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

### 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 demonstrating quality control.
- 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 Measures 1 – 4: Procurement objectives are met

Performance Measure	2015/16 Actual	2016/17 Target and Actual	2017/18 Target	2018/19 Target	2019/20 Target
1.) Fairness advisor report where size and scope warrants fairness review	Achieved	Target: Fairness advisor reports concluded that procurement processes were fairly administered; Result: Achieved	Fairness advisor reports concluded that procurement processes were fairly administered	Fairness advisor reports concluded that procurement processes were fairly administered	Fairness advisor reports concluded that procurement processes were fairly administered
2.) Achieve value for money at financial close	Achieved	Target: Each project that reaches financial close if expected to achieve value for money; Result: Achieved	Each project that reaches financial close is expected to achieve value for money	Each project that reaches financial close is expected to achieve value for money	Each project that reaches financial close is expected to achieve value for money
3.) Financial proposals are within capital and affordability ceilings	Achieved	Target: Each project that reaches financial close is expected to be attained within the capital and affordability ceilings; Result: Achieved	Each project that reaches financial close is expected to be attained within the capital and affordability ceilings	Each project that reaches financial close is expected to be attained within the capital and affordability ceilings	Each project that reaches financial close is expected to be attained within the capital and affordability ceilings
4.) Project is delivered based on the agreed upon procurement schedule	Achieved	Target: Each project is expected to be delivered within the agreed upon procurement schedule; Result: Achieved	Each project is expected to be delivered within the agreed upon procurement schedule	Each project is expected to be delivered within the agreed upon procurement schedule	Each project is expected to be delivered within the agreed upon procurement schedule

## Discussion

- Partnerships BC worked with client project teams to collect and publish Fairness Advisor and Value of Money reports.
- In order to ensure that financial proposals are within the capital and affordability ceilings, Partnerships BC compared the project's affordability ceiling as outlined in the Request for Proposal to the estimated project cost in the Value for Money report.\*

*\*Value for Money (VFM) is the risk-adjusted difference in present value 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

- Partnerships BC is committed to meeting or exceeding client expectations.
- Partnerships BC is committed to implementing and monitoring an updated stakeholder engagement program that uses a range of methods to gather and respond to feedback. Examples of methods that may be undertaken include surveys, market outreach sessions, meetings and briefings, workshops and information sharing events, conferences and business-to-business networking sessions.
- Partnerships BC is committed to maintaining strong market participation.

### Performance Measures 5 – 7: Delivering value and engaging stakeholders

Performance Measure	2015/16 Actual	2016/17 Target and Actual	2017/18 Target	2018/19 Target	2019/20 Target
5.) Client satisfaction	Client survey not completed in 2015/16 due to a stakeholder engagement survey conducted in May 2015 which included some clients	Target: 85% or higher client satisfaction rating; Result: Achieved 92.8% rating	Achieve 85% or higher client satisfaction rating	Achieve 85% or higher client satisfaction rating	Achieve 85% or higher client satisfaction rating
6.) Stakeholder satisfaction	Following a stakeholder engagement survey in May 2015, the Board set a stakeholder satisfaction baseline rating of 80% or higher	Target: 80% or higher stakeholder satisfaction rating; Result: Achieved 83.3% rating	Maintain or improve upon previous year's performance	Maintain or improve upon previous year's performance	Maintain or improve upon previous year's performance
7.) Competitive procurements	Target met	Target: At least four qualified respondents at RFQ stage; Result: Target met	At least four qualified respondents at RFQ stage	At least four qualified respondents at RFQ stage	At least four qualified respondents at RFQ stage

#### Discussion:

- Client satisfaction and effective stakeholder outreach and engagement in procurement practices have been identified as priority performance measures.
- 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. Partnerships BC has set baseline targets and performance is measured against the 2015/16 baseline of 80 per cent stakeholder satisfaction and is expected to be sustained or improved over time.

- The client and stakeholder satisfaction ratings have a standard error of +/- 8 per cent at the 95 per cent level of confidence.

A fundamental tenet of Partnerships BC-led procurements is that the public sector obtains value from procurements with robust competition.

### Goal 3: Maintain a responsive and resilient organization

- 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 Measures 8 – 10: Maintaining a responsive and resilient organization

Performance Measure	2015/16 Actual	2016/17 Target and Actual	2017/18 Target	2018/19 Target	2019/20 Target
8.) Self sufficiency	Achieved net income target	Target: Achieve net income target. Result: Achieved net income target	Achieve net income target	Achieve net income target	Achieve net income target
9.) Employee satisfaction	78% employee satisfaction rating	Target: Achieve 80% or higher rating in employee satisfaction survey. Result: Employee satisfaction survey has been scheduled for fall 2017.	Achieve 80% or higher rating in employee satisfaction survey	Achieve 80% or higher rating in employee satisfaction survey	Achieve 80% or higher rating in employee satisfaction survey
10.) Voluntary employee turnover	Voluntary employee turnover of 7% (industry average at 6% to 8%)	Target: Lower than industry average. Result: Not achieved. Voluntary employee turnover of 15.6%	Lower than industry average	Lower than industry average	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 on an annual basis.
- Retaining knowledgeable and experienced staff is key to ensuring the continuity of project success.
- Employee satisfaction is measured through surveys, with a target 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 current goal has been in place since fiscal year 2015/16. With increasingly experienced staff, Partnerships BC lost staff to vertical opportunities in the marketplace and inside Government in fiscal year 2016/17. The data for the industry average can be obtained from organizations such as the Human Resources Management Association and the Conference Board of Canada. Partnerships BC measures itself against the industry average and sets a target lower than this on an annual basis.



## Financial Report

### *Discussion of Results and Financial Report Summary Table*

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 2016/17 financial performance in comparison to the previous fiscal year and 2016/17 budget.

### **Comparison of 2016/17 and 2015/16 Financial Performance**

During the year, the Organization reached final project agreements on two projects and currently has another four projects in procurement. These projects significantly contributed to the Organization's work fees revenue in 2016/17. The Organization had revenues of \$7,424,776 in 2016/17 compared to \$6,494,918 in 2015/16, which was an increase of \$929,858 or 14.3%. The increase in work fee revenues was due to the size and complexity of the projects in procurement. In addition, the Organization supported its clients on a number of business cases in the transportation, health and accommodation sectors.

In 2016/17, 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:

- Royal Columbian Hospital Redevelopment Phase 1 Project;
- Valleyview Project;
- George Massey Tunnel Replacement Project;
- Capital Regional District Residual Treatment Facility Project;
- New Westminster Secondary School Project; and
- Abbotsford Law Courts Project.

Completed project business cases included Liquor Distribution Board Vancouver Warehouse Relocation Project, Royal Columbian Hospital Redevelopment Phases 2 and 3 Project, Royal Inland Hospital Project, and Abbotsford Law Courts Project. Projects still in the business case development phase include St. Paul's Hospital Redevelopment Project, Pattullo Bridge Replacement Project, Surrey Rapid Transit Line Project, and Millennium Line Broadway Extension Project.

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

The table below presents a comparison of selected Statements of Operations of fiscal 2016/17 with those of the previous fiscal year.

			<b>% of revenues</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Revenues	\$ 7,565,624	\$ 6,639,559	100.0%	100.0%
Salaries and benefits	(4,946,116)	(4,537,195)	-65.4%	-68.3%
General and administrative expenses	(1,478,551)	(1,496,814)	-19.5%	-22.5%
Amortization	(72,486)	(64,742)	-1.0%	-1.0%
Operating surplus	\$ 1,068,471	\$ 540,808	14.1%	8.2%

### Revenues

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

			<b>% of revenues</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Work fees	\$ 7,424,776	\$ 6,494,918	98.1%	97.8%
Interest income	140,848	144,641	1.9%	2.2%
	\$ 7,565,624	\$ 6,639,559	100.0%	100.0%

### Comparison to Budget

The table below provides details of the Organization's actual and budgeted revenues for 2016/17.

	<b>2017 Actual</b>	<b>2017 Budget</b>	<b>Change</b>	<b>%</b>
Work fees	\$ 7,424,776	\$ 8,055,520	\$ (630,744)	-7.8%
Interest income	140,848	140,000	848	0.6%
	\$ 7,565,624	\$ 8,195,520	\$ (629,896)	-7.7%

For the year ended March 31, 2017, gross revenues were 7.7 per cent below budget. The decrease in work fees was largely due to timing changes of certain procurements and business case engagements which are often beyond the Organization's control. The Organization constantly reviews its resourcing requirements and any changes to project schedules will delay the timing of hiring of additional employees. The impact of this strategy contributed to a lower than budgeted operating expenses in 2016/17.

## Expenses

The table below provides details of the Organization's operating expenses for 2016/17 and 2015/16.

	<b>2017</b>	<b>2016</b>	<b>Change</b>	<b>%</b>
Salaries and benefits	\$ 4,946,116	\$ 4,537,195	\$ 408,921	9.0%
Administration	250,185	230,935	19,250	8.3%
Building occupancy	559,833	563,855	(4,022)	-0.7%
Corporate relations	21,070	56,353	(35,283)	-62.6%
Information systems	309,801	271,869	37,932	14.0%
Professional fees	183,910	261,887	(77,977)	-29.8%
Travel	153,752	111,915	41,837	37.4%
Amortization	72,486	64,742	7,744	12.0%
<b>Total General and Administrative Expenses</b>	<b>1,551,037</b>	<b>1,561,556</b>	<b>(10,519)</b>	<b>-0.7%</b>
<b>Total Operating Expenses</b>	<b>\$ 6,497,153</b>	<b>\$ 6,098,751</b>	<b>\$ 398,402</b>	<b>6.5%</b>
<b>% of expenses to revenues</b>	<b>85.9%</b>	<b>91.9%</b>		
<b>% of general and administration expenses to revenues</b>	<b>20.5%</b>	<b>23.5%</b>		

For the year ended March 31, 2017, there was an increase in operating expenses of \$398,402 or 6.5 per cent compared to last year. The increase was primarily attributable to the following:

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

The increase in salaries and benefits for the year ended March 31, 2017 was largely attributable to the increase in the number of employees required to deliver on the procurements and business cases for clients. The increase in the number of employees also contributed to an increase in administration costs.

Overall, total general and administrative expenses were \$10,519 lower in 2016/17 compared to 2015/16.

There were a number of one-time initiatives undertaken in 2016/17 to account for the increase in information systems expenses. There was an upgrade to the Organization's computer systems to the latest Windows operating system, and Office and other software. Secondly, the Organization, implemented a secondary video conference system in the fourth quarter to reduce travel costs going forward.

The increase in travel costs was due to the increased stakeholder engagement initiatives which required travel to other parts of British Columbia to meet with industry and construction associations to listen to their concerns and feedback. In addition, the Organization increased its attendees at local and national conferences to provide staff with learning and networking opportunities.

There were decreases in corporate relations and professional fees in 2016/17 compared to 2015/16. With respect to professional fees, there were a number of one-time transactions in 2015/16 which did not recur in 2016/17. In 2015/16, there was a number of a Freedom of Information (FOI) requests which required significant client consultation to complete, the development of a revised succession plan after the successful implementation of the previous plan, and the completion of an employee workplace engagement survey.

The decrease in corporate relations expenses was due to the vacancy at the Director of Corporate Relations position in the second quarter. When the position was filled, the new Director was able to deliver on the majority of the Organization's communications plan and other initiatives without the support of external consultants.

Overall, for the year ended March 31, 2017, total expenses as a percentage of revenues were 85.9 per cent compared to 91.9 per cent for the year ended March 31, 2016. Total general and administrative expenses, as a percentage of revenues, were 20.5 per cent compared to 23.5 per cent for the year ended March 31, 2016. This reflects a conscious effort by the Organization to manage its operating costs which is in line with government's goals and objectives.

## Comparison to Budget

The table below provides details of the Company's actual and budgeted expenses for 2016/17.

	<u>2017 Actual</u>	<u>2017 Budget</u>	<u>Change</u>	<u>%</u>
Salaries and benefits	\$ 4,946,116	\$ 5,655,768	\$ (709,652)	-12.5%
Administration	250,185	258,000	(7,815)	-3.0%
Building occupancy	559,833	559,734	99	0.0%
Corporate relations	21,070	60,000	(38,930)	-64.9%
Information systems	309,801	288,400	21,401	7.4%
Professional fees	183,910	297,000	(113,090)	-38.1%
Travel	153,752	143,000	10,752	7.5%
Amortization	72,486	72,603	(117)	-0.2%
Total General and Administrative Expenses	<u>1,551,037</u>	<u>1,678,737</u>	<u>(127,700)</u>	<u>-7.6%</u>
Total Operating Expenses	<u>\$ 6,497,153</u>	<u>\$ 7,334,505</u>	<u>\$ (837,352)</u>	<u>-11.4%</u>
% of expenses to revenues	<u>85.9%</u>	<u>89.5%</u>		
% of general and administrative expenses to revenues	<u>20.5%</u>	<u>20.5%</u>		

Salaries and benefits for the year ended March 31, 2017 were below budget by \$709,652 or 12.5 per cent. The Organization had budgeted for 34 FTEs but averaged 30 FTEs for the full year. Going forward, the Organization has budgeted for an increase in FTE and compensation costs to reflect the increase in project resource requirements.

Total general and administration costs for the year ended March 31, 2017 were under budget by \$127,700. This was due to the reductions in administrative expenses, corporate relations, professional fees, net of increases in information systems and travel.

Administration expenses for the year ended March 31, 2017 were under budget by \$7,815 as the Organization had fewer employees than budgeted.

Corporate relations for the year ended March 31, 2017 were under budget by \$38,930 as the Organization's new Director of Corporate Relations was able to deliver on the majority of the Organization's communications plan and other initiatives without the support of external consultants.

Professional fees for the year ended March 31, 2017 were under budget by \$113,090 as the projected increase in the number of FOI requests did not materialize and the Organization decided to postpone the annual employee workplace engagement survey to coincide with the Public Service Agency's schedule.

Information systems expenses for the year ended March 31, 2017 were over budget by \$21,401. This was due to the upgrades to the Organization's computer systems to the latest Windows operating system, and Office and other software. The Organization also implemented a secondary video conference system in the fourth quarter to reduce travel costs going forward.

Travel expenses for the year ended March 31, 2017 were over budget by \$10,752. This reflected the increase in stakeholder engagement initiatives to meet with all industry and contractor associations to listen to their feedback and concerns.

Total expenses for the year ended March 31, 2017 as a percentage of revenues were 85.9 per cent compared to budget of 89.5 per cent. General and administrative expenses for the year ended March 31, 2017, as a percentage of revenues, were 20.5 per cent which was comparable to budget.

## 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.

	2017	2016	Change	%
<b>Financial Assets</b>				
Cash	\$ 11,445,072	\$ 10,757,214	\$ 687,858	6.4%
Accounts receivable	2,126,764	1,490,723	636,041	42.7%
Portfolio investments	4,305,283	4,274,020	31,263	0.7%
<b>Total Financial Assets</b>	17,877,119	16,521,957	1,355,162	8.2%
<b>Liabilities</b>				
Accounts payable and accrued liabilities	988,220	684,106	304,114	44.5%
<b>Total Liabilities</b>	988,220	684,106	304,114	44.5%
<b>Net Financial Assets</b>	\$ 16,888,899	\$ 15,837,851	\$ 1,051,048	6.6%
<b>Non-Financial Assets</b>	\$ 239,238	\$ 219,535	\$ 19,703	9.0%
<b>Accumulated Surplus</b>	\$ 17,128,137	\$ 16,057,386	\$ 1,070,751	6.7%

Cash increased by \$687,858 from \$10,757,214 as at March 31, 2016 to \$11,445,072 as at March 31, 2017. 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, increased by \$636,041 from \$1,490,723 as at March 31, 2016 to \$2,126,764 as at March 31, 2017. Current accounts receivable represented 70 per cent of the balance at year-end. The Organization did not provide for any doubtful accounts as at March 31, 2017.

There were no significant changes to non-financial assets. Capital asset additions total \$53,960, which was in line with the Organization's approved 2016/17 capital expenditures budget.

### Liabilities and accumulated surplus

Accounts payable and accrued liabilities increased by \$304,114 from \$684,106 as at March 31, 2016 to \$988,220 as at March 31, 2017. The increase in accounts payable and accrued liabilities was directly related to the increase in project recoveries at year-end.

The increase in accumulated surplus was attributable to an annual operating surplus of \$1,068,471 together with a re-measurement gain of \$2,280.

## 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>2017</b>	<b>2016</b>	<b>Change</b>
Cash	\$ 11,445,072	\$ 10,757,214	\$ 687,858
Accounts receivable	2,126,764	1,490,723	636,041
Portfolio investments	4,305,283	4,274,020	31,263
Other current assets	<u>112,991</u>	<u>74,762</u>	<u>38,229</u>
	17,990,110	16,596,719	1,393,391
Accounts payable and accrued liabilities	<u>988,220</u>	<u>684,106</u>	<u>304,114</u>
Net working capital	<u>\$ 17,001,890</u>	<u>\$ 15,912,613</u>	<u>\$ 1,089,277</u>

As at March 31, 2017, the Organization's principal sources of liquidity included cash of \$11,445,072 accounts receivable of \$2,126,764, and portfolio investments of \$4,305,283. The Organization has \$988,220 in accounts payable and accrued liabilities due next year. As a result, the Organization's net working capital improved by \$1,089,277 to \$17,001,890 as at March 31, 2017.

### **Commitments and Contractual Obligations**

The Organization is committed to payments under operating leases for premises through fiscal 2023/24 as follows:

	<b>Amount</b>
2018	\$ 551,500
2019	498,757
2020	507,480
2021	522,724
2022	538,002
2023 and beyond	<u>953,489</u>
	<u>\$ 3,571,952</u>

The Organization's Vancouver and Victoria office leases are scheduled to expire on November 29, 2017 and August 31, 2017 respectively. New leases have been signed for Vancouver and Victoria, which expire on February 28, 2024 and August 31, 2023 respectively.



During the year, Partnerships BC did not enter into any contractual obligations or off-balance sheet arrangements in fiscals 2017 and 2016. In addition, the Organization did not have any pending litigation or contingencies as at March 31, 2017.

### **Selected Annual Information**

The following table presents selected financial information for the years ended March 31, 2017, 2016, 2015, 2014, and 2013.

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total revenues	\$ 7,565,624	\$ 6,639,559	\$ 7,052,026	\$ 8,588,029	\$ 9,636,402
Total operating expenses	\$ 6,497,153	\$ 6,098,751	\$ 6,512,047	\$ 7,988,860	\$ 8,302,829
Annual operating surplus	\$ 1,068,471	\$ 540,808	\$ 539,979	\$ 599,169	\$ 1,333,573
Total current assets	\$ 17,990,110	\$ 16,596,719	\$ 16,176,949	\$ 16,437,440	\$ 16,330,851
Total assets	\$ 18,116,357	\$ 16,741,492	\$ 16,327,620	\$ 16,577,838	\$ 16,489,199
Total current liabilities	\$ 988,220	\$ 684,106	\$ 809,547	\$ 1,600,007	\$ 2,109,945
Total liabilities	\$ 988,220	\$ 684,106	\$ 809,547	\$ 1,600,007	\$ 2,109,945



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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, 2017 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, 2017 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.

*BDO Canada LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
May 25, 2017

***Audited Financial Statements*****Partnerships British Columbia Inc.  
Statement of Financial Position  
As at March 31, 2017 and 2016**

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
<b>Financial assets</b>		
Cash	\$ 11,445,072	\$ 10,757,214
Accounts receivable (Note 3)	2,126,764	1,490,723
Portfolio investments (Note 4)	4,305,283	4,274,020
Total Financial Assets	<u>17,877,119</u>	<u>16,521,957</u>
<b>Liabilities</b>		
Accounts payable & accrued liabilities (Note 5)	988,220	684,106
Total Liabilities	<u>988,220</u>	<u>684,106</u>
<b>Net financial assets</b>	<u>16,888,899</u>	<u>15,837,851</u>
<b>Non-financial assets</b>		
Prepaid expenses	112,991	74,762
Tangible capital assets (Note 7)	126,247	144,773
Total Non-financial Assets	<u>239,238</u>	<u>219,535</u>
<b>Accumulated surplus</b>	<u>\$ 17,128,137</u>	<u>\$ 16,057,386</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 17,118,885	\$ 16,050,414
Accumulated remeasurement gains	9,250	6,970
Share capital (Note 8)	2	2
	<u>\$ 17,128,137</u>	<u>\$ 16,057,386</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, 2017 and 2016**

	<b>Budget</b>	<b>March 31,</b>	<b>March 31,</b>
	(Note 13)	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Work fees	\$ 8,055,520	\$ 7,424,776	\$ 6,494,918
Interest income	140,000	140,848	144,641
<b>Total Revenues</b>	<b>8,195,520</b>	<b>7,565,624</b>	<b>6,639,559</b>
<b>Expenses</b>			
Administration	258,000	250,185	230,935
Amortization	72,603	72,486	64,742
Building occupancy	559,734	559,833	563,855
Corporate relations	60,000	21,070	56,353
Information systems	288,400	309,801	271,869
Professional services	297,000	183,910	261,887
Salaries and benefits	5,655,768	4,946,116	4,537,195
Travel	143,000	153,752	111,915
<b>Total Expenses</b>	<b>7,334,505</b>	<b>6,497,153</b>	<b>6,098,751</b>
<b>Reimbursable costs</b>			
Project recoveries	1,850,000	2,922,454	1,231,264
Less: Project expenses	(1,850,000)	(2,922,454)	(1,231,264)
<b>Net reimbursable costs</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Annual operating surplus</b>	<b>861,015</b>	<b>1,068,471</b>	<b>540,808</b>
<b>Accumulated operating surplus, beginning of year</b>	<b>16,050,414</b>	<b>16,050,414</b>	<b>15,509,606</b>
<b>Accumulated operating surplus, end of year</b>	<b>\$ 16,911,429</b>	<b>\$ 17,118,885</b>	<b>\$ 16,050,414</b>

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, 2017 and 2016**

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
<b>Accumulated remeasurement gains, beginning of year</b>	<u>\$ 6,970</u>	<u>\$ 8,465</u>
Plus: Unrealized gains attributable to: Portfolio investments	31,409	29,547
Less: Amounts reclassified to the Statement of Operations: Portfolio investments	<u>(29,129)</u>	<u>(31,042)</u>
Net remeasurement gains (losses) for the year	<u>2,280</u>	<u>(1,495)</u>
<b>Accumulated remeasurement gains, end of year</b>	<u><u>\$ 9,250</u></u>	<u><u>\$ 6,970</u></u>

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, 2017 and 2016**

	<b>Budget</b>	<b>March 31,</b>	<b>March 31,</b>
	(Note 13)	<b>2017</b>	<b>2016</b>
Annual operating surplus	\$ 861,015	\$ 1,068,471	\$ 540,808
Acquisition of tangible capital assets	(52,500)	(53,960)	(58,844)
Amortization of tangible capital assets	72,603	72,486	64,742
	<u>20,103</u>	<u>18,526</u>	<u>5,898</u>
Additions to prepaid expenses	-	(281,791)	(191,046)
Use of prepaid expenses	(2,723)	243,562	188,323
	<u>(2,723)</u>	<u>(38,229)</u>	<u>(2,723)</u>
Effect of remeasurement gains (losses) for the year	-	2,280	(1,495)
<b>Increase in net financial assets for the year</b>	878,395	1,051,048	542,488
<b>Net financial assets, beginning of year</b>	<u>15,837,851</u>	<u>15,837,851</u>	<u>15,295,363</u>
<b>Net financial assets, end of year</b>	<u>\$ 16,716,246</u>	<u>\$ 16,888,899</u>	<u>\$ 15,837,851</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, 2017 and 2016**

	<b>March 31,</b> <b>2017</b>	<b>March 31,</b> <b>2016</b>
<b>Operating transactions</b>		
Annual operating surplus	\$ 1,068,471	\$ 540,808
Non-cash item included in surplus:		
Amortization of tangible capital assets	72,486	64,742
	<u>1,140,957</u>	<u>605,550</u>
<b>Changes in operating accounts</b>		
Accounts receivable	(636,041)	4,025
Prepaid expenses	(38,229)	(2,723)
Accounts payable and accrued liabilities	304,114	(125,441)
	<u>(370,156)</u>	<u>(124,139)</u>
<b>Total operating transactions</b>	<u>770,801</u>	<u>481,411</u>
<b>Capital transactions</b>		
Purchase of tangible capital assets	(53,960)	(58,844)
	<u>(53,960)</u>	<u>(58,844)</u>
<b>Investing transactions</b>		
Increase in portfolio investments, net	(28,983)	(30,905)
	<u>(28,983)</u>	<u>(30,905)</u>
<b>Net increase in cash for the year</b>	687,858	391,662
<b>Cash, beginning of year</b>	<u>10,757,214</u>	<u>10,365,552</u>
<b>Cash, end of year</b>	<u>\$ 11,445,072</u>	<u>\$ 10,757,214</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 (the “Province”) 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 to:

- Provide specialized services in the procurement of major public projects, ranging from advice to business cases, 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, local and statutory authorities in British Columbia and other Provinces, and local governments. 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 (“PSAS”) using guidelines developed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

### b. Portfolio investments

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



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

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 and the provision of post-retirement health benefits 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 lesser of 5 years or remaining lease period

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

### 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.

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

### **f. Revenue recognition**

Revenues are recognized on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues. Work fees are recognized when services are delivered. Project recoveries are recognized when services are performed or when costs are incurred.

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.

Reimbursable project expenses are expensed when services are performed or when costs are incurred.

### **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, 2017</b>	<b>March 31, 2016</b>
Revenues receivable	\$ 2,117,264	\$ 1,481,559
Accrued interest	9,500	9,164
	<b>\$ 2,126,764</b>	<b>\$ 1,490,723</b>

There was no provision for doubtful accounts required as at March 31, 2017 and 2016.

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

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Provincial governments	\$ 1,387,148	\$ 1,142,442
Other government organizations	696,479	69,170
	<b>\$ 2,083,627</b>	<b>\$ 1,211,612</b>

### 4. Portfolio Investments

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Fair market value	\$ 4,305,283	\$ 4,274,020
Less: Original cost	(4,296,033)	(4,267,050)
Unrealized gain	<b>\$ 9,250</b>	<b>\$ 6,970</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, 2016, the fund had an annualized return of 0.7 percent (2015: 0.9 percent).

## 5. Accounts Payable and Accrued Liabilities

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Accounts payables and accrued liabilities	\$ 597,207	\$ 366,360
Salaries and benefits payable	168,252	150,306
Accrued vacation pay	222,761	167,440
	<b>\$ 988,220</b>	<b>\$ 684,106</b>

## 6. Employee Future Benefits

Partnerships BC and its employees contribute to 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. As such, no pension liability for this type of plan is included in the financial statements.

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% (2016: 9.43%). Partnerships BC's contributions exceed the employee contributions to the plan. During the year ended March 31, 2017, Partnerships BC contributed \$390,711 (2016: \$343,488) to the Plan. These contributions are the Organization's pension expense which is included under salaries and benefits expense.

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>2017 Total</b>
<b>Cost</b>					
Opening Balance	\$ 87,177	\$ 404,539	\$ 139,957	\$ 408,408	1,040,081
Additions	-	50,193	3,767	-	53,960
Closing Balance	87,177	454,732	143,724	408,408	1,094,041
<b>Accumulated Amortization</b>					
Opening Balance	87,177	345,841	121,636	340,654	895,308
Amortization	-	45,760	10,320	16,406	72,486
Closing Balance	87,177	391,601	131,956	357,060	967,794
<b>Net book value</b>	<b>\$ -</b>	<b>\$ 63,131</b>	<b>\$ 11,768</b>	<b>\$ 51,348</b>	<b>\$ 126,247</b>

	<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
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
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>

## 8. Share Capital

The authorized share capital is 5,000,000 common shares at no par value. There are two issued shares held by the Minister of Finance.

## 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 the Province's government ministries, agencies and Crown corporations. The majority of the Organization's clients are also the Province's government ministries, agencies and Crown corporations.

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.

Financial assets and liabilities with related parties as at March 31, 2017 and 2016 were:

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	<hr/>	<hr/>
Accounts receivable	\$ 1,320,155	\$ 991,621
Accounts payable and accrued liabilities	\$ 78,114	\$ 68,172

## 11. Commitments

The Organization is committed to payments under operating leases for premises through 2023/24 as follows:

<b>Year</b>	<b>Amount</b>
2018	\$ 551,500
2019	498,757
2020	507,480
2021	522,724
2022	538,002
2023 and beyond	953,489
	<u>\$ 3,571,952</u>

The Organization's Vancouver and Victoria office leases are scheduled to expire on November 29, 2017 and August 31, 2017 respectively. New leases have been signed for Vancouver and Victoria, which expire on February 28, 2024 and August 31, 2023 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, interest rate risk, and other price risk. There have been no changes to the risks the Organization is exposed to from the prior year.

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

### **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 receives 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.

There have been no changes in the objectives, policies and processes for managing risk from the prior year.

### **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.

### **e. Liquidity risk**

Liquidity risk is the risk that the Organization may be unable to generate or obtain sufficient cash 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.



## 12. Risk Management (continued)

### 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, 2017, the Organization's total exposure to market risk is \$4,305,283. The Organization's best estimate of the effect on net assets as at March 31, 2017, 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 \$215,264 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 budget approved by the Board of Directors. These budgeted figures were included in the Organization's 2016/17 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)

### ***Contact Information***

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## Appendix B – Partnerships BC Mandate Letter Direction and Actions Summary

In the 2016/17 Mandate Letter from the minister responsible, Partnerships British Columbia Inc. received direction on strategic priorities for the 2016/17 fiscal year. These priorities and the Crown corporation's resulting actions are summarized below:

Mandate Letter Direction	Crown Corporation's Action
1. In Partnerships BC's 2016/17 – 2018/19 Service Plan, continue to improve the clarity of the strategies, performance measures and targets, and strengthen their linkages to the goals of the agency.	Partnerships BC has reviewed and updated the Organization's service plan goals and performance measures/targets to address the Mandate Letter direction and align with the recommendations of the Crown Review where applicable.
2. Provide a summary of Partnerships BC's progress against the performance targets in the agency's Stakeholder Engagement Plan, as well as any emerging issues and mitigation strategies, to the Deputy Minister of Finance by May 1, 2017.	This summary was submitted to the Ministry of Finance on May 9, 2017.
3. Provide the Ministry of Finance with a report that identifies recommendations for Partnerships BC's role in continuing to support Ministries' project boards for their major capital projects by June 30, 2016.	The draft Project Board report was presented to Ministry of Finance on or before June 30, 2016. The final report was approved by the Partnerships BC Board on December 8, 2016.
4. Finalize and implement conflict of interest guidelines for Partnerships BC's Board members by May 31, 2016.	Implemented conflict of interest guidelines effective February 1, 2016.