

**Michael Smith Health
Research BC**

Financial Statements
March 31, 2022



Independent auditor's report

To the Members of Michael Smith Health Research BC

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Michael Smith Health Research BC (the Organization) as at March 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at March 31, 2022;
- the statement of operations for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Comparative information

The comparative information as at, and for the year ended March 31, 2021 has not been audited.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern.



If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
August 3, 2022

Michael Smith Health Research BC

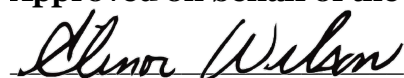
Statement of Financial Position

As at March 31, 2022

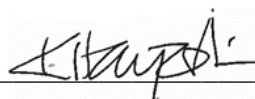
	2022 \$	2021 \$ (Unaudited – note 1)
Assets		
Current assets		
Cash	130,952,059	15,499,783
Contributions and other amounts receivable	782,425	22,732,151
Short-term investments (note 3)	69,188,365	70,697,681
Prepaid expenses and deposits	173,899	146,178
	<u>201,096,748</u>	<u>109,075,793</u>
Long-term investments (note 3)	6,035,974	8,165,207
Capital assets (note 4)	<u>760,722</u>	<u>866,282</u>
	<u>207,893,444</u>	<u>118,107,282</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,526,357	1,060,208
Grants payable	342,500	3,500
	<u>1,868,857</u>	<u>1,063,708</u>
Deferred contributions (note 5)		
Contributions for expenses of future periods	191,966,643	99,619,977
Capital contributions	760,722	866,282
Sponsored projects	9,978,057	13,238,150
	<u>202,705,422</u>	<u>113,724,409</u>
Net Assets		
Restricted for endowment purposes (note 3)	2,266,539	2,266,539
Unrestricted	1,052,626	1,052,626
	<u>3,319,165</u>	<u>3,319,165</u>
	<u>207,893,444</u>	<u>118,107,282</u>

Commitments (note 6)

Approved on behalf of the Foundation



Director



Director

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

Michael Smith Health Research BC

Statement of Operations

For the year ended March 31, 2022

	2022 \$	2021 \$ (Unaudited – note 1)
Revenue		
Contributions recognized in current year (note 5(a))	28,583,494	28,328,064
Contributions recognized in current year – sponsored projects (note 5(c))	11,631,722	16,032,430
Amortization of deferred capital contributions (note 5(b))	279,632	216,292
Other income	1,095,769	1,167,737
	<u>41,590,617</u>	<u>45,744,523</u>
Expenses		
Programs and projects		
Sponsored project expenses	11,631,722	16,032,430
Scholar program	6,860,833	5,663,834
Health professional investigator program	3,354,992	2,792,314
Partnership awards	3,200,665	3,094,729
Research trainee program	2,779,919	2,321,844
Innovation to commercialization program	2,512,677	2,405,955
Program and project delivery expenses	2,462,376	2,350,214
Other programs and projects	1,321,851	1,453,980
COVID-19 project	781,290	576,042
Implementation science team program	580,020	703,761
Convening and collaborating program	313,928	184,134
Reach program	164,601	177,602
Knowledge translation projects	11,233	-
BC SUPPORT unit project	-	2,000,000
Health research capacity building project	-	1,300,000
	<u>35,976,107</u>	<u>41,056,839</u>
Administration		
General operating (note 1)	5,334,878	4,471,392
Amortization of capital assets	279,632	216,292
	<u>41,590,617</u>	<u>45,744,523</u>
Excess of revenue over expenses	<u>-</u>	<u>-</u>

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

Michael Smith Health Research BC

Statement of Cash Flows

For the year ended March 31, 2022

	2022 \$	2021 \$ (Unaudited – note 1)
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	-	-
Items not affecting cash		
Amortization of capital assets	279,632	216,292
Recognition of deferred capital contributions	(105,560)	(68,198)
	<u>174,072</u>	<u>148,094</u>
Changes in non-cash working capital		
Contributions and other amounts receivable	21,949,726	(19,840,977)
Prepaid expenses and deposits	(27,721)	38,002
Accounts payable and accrued liabilities	466,149	(677,445)
Grants payable	339,000	(1,178,383)
Contributions for expenses of future periods	89,041,221	(4,954,146)
Sponsored projects	(3,260,093)	(10,937,207)
	<u>108,682,354</u>	<u>(37,402,062)</u>
Investing activities		
Purchase of capital assets	(174,072)	(148,095)
Purchase of short and long-term investments	(31,816,031)	(26,414,249)
Proceeds from sale of short and long-term investments	35,515,140	52,523,517
Investment income included in deferred contributions (note 5(a))	3,244,885	3,438,643
	<u>6,769,922</u>	<u>29,399,816</u>
Net increase (decrease) in cash	115,452,276	(8,002,246)
Cash – Beginning of year	<u>15,499,783</u>	<u>23,502,029</u>
Cash – End of year	<u>130,952,059</u>	<u>15,499,783</u>

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

Michael Smith Health Research BC

Notes to Financial Statements

March 31, 2022

1 Nature of operations

The Michael Smith Foundation for Health Research (MSFHR) is incorporated under the Societies Act (British Columbia) and is a registered charity under the Income Tax Act (Canada), under the legal name The Michael Smith Foundation for Health Research. Accordingly, the organization is exempt from income and capital taxes and is able to issue donation receipts for income tax purposes. On October 1, 2021, MSFHR completed an asset transfer agreement with the British Columbia Academic Health Science Network (BC AHSN) whereby the assets and liabilities of BC AHSN were transferred to MSFHR in order to create a dynamic and integrated health research organization, to support the growth and evolution of BC's vibrant health research system and life sciences sector. As part of the transaction, the organization was renamed Michael Smith Health Research BC (MSHR or the organization). The comparative figures have been restated to reflect the combined financial information of the MSFHR and BC AHSN, which were audited as separate entities in the prior year. The comparative figures as at March 31, 2021 have been labelled as "unaudited", as an opinion has not been issued on the combined financial information. Included in the general operating expenses, the organization has incurred \$1,161,844 towards the one-time consolidation costs during the year 2022 (2021 – \$121,558).

The organization's principal purpose is to:

- foster talent development so BC can develop, attract, and retain the very best health researchers;
- support provincial health system priorities, health system transformation and innovation;
- build capacity for research uptake; and
- optimize provincial health research investment through partnerships.

The organization primarily receives funding from the Province of British Columbia (BC) to conduct a range of peer-reviewed grant programs and other projects. On March 23, 2022, the organization received \$116,560,000 from the Province of BC to support its continuing mandate. The funding agreement requires the commitments of these funds by March 31, 2025. In addition, the organization receives funding from other sources, including the Canadian Institute of Health Research (CIHR), to undertake various projects consistent with its purpose.

2 Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada (CPA Canada) Handbook.

Revenue recognition

The organization follows the deferral method of accounting for contributions, including grants and donations from other sources.

Michael Smith Health Research BC

Notes to Financial Statements

March 31, 2022

Funding received from the Province of BC, along with the future investment income, will be directed to the granting of funds to eligible recipients, the support of strategic initiatives and the payment of the organization's operating and capital expenditures. These restricted contributions, along with any additional related grants and the investment income thereon, are initially deferred and subsequently recognized as revenue in the year in which the related expenses are incurred by the organization. Restricted contributions used for the purchase of capital assets are deferred and amortized to revenue at a rate corresponding with the amortization rate for the related capital assets.

The organization also receives various other restricted contributions through sponsored project grants, contracts or matching contributions from other organizations such as the Canadian Institute of Health Research (CIHR) that are deferred and recognized as revenue in the year in which the related expenses are incurred by the organization.

Endowment contributions are recorded as a direct increase in net assets. Realized and unrealized investment income earned on endowment investments and restricted for specific purposes is deferred and recognized as revenue in the year in which the related expenses are incurred by the organization.

Unrestricted contributions are recognized as revenue in the current period if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Repairs and maintenance costs are charged to expense. Other capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3 years
Computer hardware	3 years
Website development	3 years
Office furniture	5 years
Office equipment	5 years
Leasehold improvements	Up to 10 years

Financial instruments

Financial instruments are initially measured at fair value. Subsequently, equity instruments quoted in an active market are measured at fair value. Other instruments are subsequently measured at amortized cost unless elected to be measured at fair value. The organization has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Michael Smith Health Research BC

Notes to Financial Statements

March 31, 2022

Financial assets measured at amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

The organization's financial instruments consist of cash, contributions and other amounts receivable, short-term and long-term investments, accounts payable and accrued liabilities and grants payable.

- a) Contributions and other amounts receivable are measured at amortized cost using the effective interest method and approximate their fair values due to the relatively short periods to maturity.
- b) Investments
 - i) Short-term investments – include any term deposits, income funds, bonds or equities, with a term to maturity of less than one year. Short-term investments are measured at fair value with subsequent changes to fair value recorded as changes in deferred contributions and recognized as revenue when the related expenses are incurred.
 - ii) Long-term investments – include any term deposits, bonds and equities with a term to maturity of more than one year or that are related to permanent endowments. Long-term investments are measured at fair value with subsequent changes in fair value recorded as changes in deferred contributions and recognized as revenue when the related expenses are incurred.
- c) Financial liabilities such as accounts payable, grants payable and accrued liabilities are measured at amortized cost using the effective interest method.

Grants and awards

Grants and awards approved by the organization are recorded as expenses in the fiscal year that the expense is incurred or the obligation arises. Amounts are usually paid in quarterly instalments in advance.

Volunteer services

The organization gratefully acknowledges the significant contribution it receives in the form of services from a large number of volunteer peer reviewers, committee members and task force participants. Such services, while essential to the organization's operations, are not recorded in these financial statements because of the difficulty of determining their fair value.

Michael Smith Health Research BC

Notes to Financial Statements

March 31, 2022

Employee pension plan

The organization's employees belong to the Municipal Pension Plan, which is a multi-employer contributory pension plan. The organization records its pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets, and costs to individual employers participating in the plan.

Employees from MSFHR and BC AHSN, the founding organizations, were enrolled in the respective Municipal Pension Plans until September 2021. From October 2021, all the employees are enrolled in the pension plan of MSHR.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3 Investments

	2022 \$	2021 \$ (Unaudited)
Income funds	40,424,615	39,742,176
Term deposits	12,342,792	16,246,567
Equities	16,355,814	16,078,159
Bonds	6,101,118	6,795,986
	<hr/> 75,224,339	<hr/> 78,862,888
Less: short-term	<hr/> 69,188,365	<hr/> 70,697,681
Long-term	<hr/> 6,035,974	<hr/> 8,165,207

Investments in term deposits mature in fiscal 2022. Bonds have maturity dates ranging from fiscal 2022 to fiscal 2024. The long-term portion consists of bonds with maturity dates beyond the next fiscal year and the holdings that are related to the endowment fund. At March 31, 2022 the market value of endowment fund investments was \$4,439,407 (2021 – \$4,093,301) based on a book value of net asset endowment contributions of \$2,266,539 (2021 – \$2,266,539).

Michael Smith Health Research BC

Notes to Financial Statements

March 31, 2022

4 Capital assets

			2022	2021 (Unaudited)
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer software	1,014,262	766,749	247,513	180,705
Website development	62,884	25,468	37,416	45,433
Computer hardware	500,221	495,990	4,231	34,275
Office furniture and equipment	351,213	266,051	85,162	153,597
Leasehold improvements	700,190	313,790	386,400	452,272
	<u>2,628,770</u>	<u>1,868,048</u>	<u>760,722</u>	<u>866,282</u>

5 Deferred contributions

Deferred contributions represent unspent grants or contract resources restricted for specific purposes and projects, and include expenses for operating as well as capital purposes.

- a) Deferred contributions relating to expenses of future periods:

	2022 \$	2021 \$ (Unaudited)
Balance – Beginning of year	99,619,977	97,035,220
Changes in contributions during the year		
Grant from the Province of BC	116,560,000	-
Grant from PHSA, funded by the Province of BC	-	22,000,000
Federal and other grants	1,418,697	652,896
Transfer from sponsored projects	1,012,000	-
Investment income	3,244,885	3,438,643
Unrealized (loss) gain on investments	(1,141,431)	4,885,317
	<u>220,714,128</u>	<u>128,012,076</u>
Amounts recognized as revenue during the year	(28,583,494)	(28,328,064)
Amounts applied toward capital assets purchased during the year	(163,991)	(64,035)
	<u>(28,747,485)</u>	<u>(28,392,099)</u>
Balance – End of year	<u>191,966,643</u>	<u>99,619,977</u>

Michael Smith Health Research BC

Notes to Financial Statements

March 31, 2022

b) Deferred contributions relating to capital assets:

	2022 \$	2021 \$ (Unaudited)
Balance – Beginning of year	866,282	934,479
Allocation of deferred contributions	174,072	148,095
Amounts amortized to revenue	(279,632)	(216,292)
Balance – End of year	<u>760,722</u>	<u>866,282</u>

c) Deferred contributions relating to sponsored projects with restricted funding:

	2022				
	Balance – Beginning of year \$	Transfer to contributions for expenses of future periods \$	Contributions and donations received \$	Amounts recognized to revenue \$	Balance – End of year \$
BC Influenza Vaccine Program	52,423	-	-	-	52,423
Health Services and Policy Research Support	55,484	-	-	-	55,484
BC Nursing Research Initiative	18,426	-	-	-	18,426
COVID-19	10,702	-	750,000	(454,708)	305,994
Children and Youth with Special Needs	400,356	-	-	(18,736)	381,620
Interior Health Capacity Building	3,748	-	-	-	3,748
Human Papillomavirus 2	380,063	-	-	(142,827)	237,236
Alzheimer's Disease Research	83,631	-	-	-	83,631
Overdose response evaluation	-	-	25,000	(25,000)	-
BC SUPPORT Unit	10,077,520	-	7,408,629	(9,202,237)	8,283,912
BC Health Sector Priorities	1,889,741	(1,012,000)	-	(877,741)	-
Long-term care – Quality Improvement	266,056	-	900,000	(857,712)	308,344
Clinician Fellowship in Health Care Quality	-	-	300,000	(52,761)	247,239
	<u>13,238,150</u>	<u>(1,012,000)</u>	<u>9,383,629</u>	<u>(11,631,722)</u>	<u>9,978,057</u>

Michael Smith Health Research BC

Notes to Financial Statements

March 31, 2022

	2021 (Unaudited)			
	Balance – Beginning of year \$	Contributions and donations received \$	Amounts recognized to revenue \$	Balance – End of year \$
BC Influenza Vaccine Program	52,423	-	-	52,423
Health Services and Policy Research Support	55,484	-	-	55,484
BC Nursing Research Initiative	12,250	6,176	-	18,426
COVID-19	2,000,000	-	(1,989,298)	10,702
Children and Youth with Special Needs	811,951	-	(411,595)	400,356
Interior Health Capacity Building	3,748	-	-	3,748
Human Papillomavirus 2	547,231	-	(167,168)	380,063
Alzheimer's Disease Research	83,631	-	-	83,631
Overdose response evaluation	119,250	-	(119,250)	-
BC SUPPORT Unit	16,990,302	5,089,046	(12,001,828)	10,077,520
BC Health Sector Priorities	2,010,908	-	(121,167)	1,889,741
Long-term care – Quality Improvement	1,488,180	-	(1,222,124)	266,056
	<u>24,175,358</u>	<u>5,095,222</u>	<u>(16,032,430)</u>	<u>13,238,150</u>

6 Commitments

a) Grant commitments

Through a variety of targeted granting programs, the organization commits the majority of its funds to providing peer-reviewed research awards or strategic projects aimed at fulfilling the organization's mandate. Some of the commitments made through these granting programs and projects have terms that span more than one fiscal year. Such grants have ongoing eligibility criteria and, consequently, grant commitments are expensed in the period that the expense is incurred or the obligation arises.

Michael Smith Health Research BC

Notes to Financial Statements

March 31, 2022

The following table summarizes grant commitments approved by the organization, by major grant program or project, funded by the unrestricted deferred contributions from note 5a:

	Grant commitment for the years ending March 31,		Total \$
	2023 \$	2024 and thereafter \$	
Grant programs			
Scholar program	2,356,250	45,000	2,401,250
Research trainee program	1,647,188	63,625	1,710,813
Health Professional investigator program	2,099,792	165,000	2,264,792
Innovation to commercialization program	762,485	-	762,485
Implementation of science team program	80,774	-	80,774
	<hr/>	<hr/>	<hr/>
	6,946,489	273,625	7,220,114

b) Grant commitments – Sponsored projects

Through a variety of specialized granting programs, the organization also may commit significant amounts of project funding to providing peer-reviewed research awards aimed at fulfilling each project's specific mandate. Some of the commitments made through these granting programs have terms that span more than one fiscal year. Such grants have ongoing eligibility criteria and, consequently, grant commitments are expensed in the period that the expense is incurred or the obligation arises.

There are no significant commitments for sponsored projects.

c) Office space and equipment lease commitments

The organization rents two office spaces. The space at 1285 West Broadway is under a long-term lease that expires October 31, 2028 and provides for an additional five-year extension at the option of the organization. The space at 1367 West Broadway is under a long-term lease that expires October 31, 2026 and provides for an additional five-year extension at the option of the organization.

The organization also leases various types of office equipment.

Michael Smith Health Research BC

Notes to Financial Statements

March 31, 2022

The organization has future minimum lease payments under these operating leases as follows:

	\$
Years ending March 31,	
2023	751,830
2024	763,355
2025	779,502
2026	793,589
2027	705,599
2028 and beyond	<u>896,522</u>
	<u>4,690,397</u>

7 Financial risk management

Credit risk

Credit risk is the risk of financial loss to the organization if a counterparty to a financial instrument fails to meet its contractual obligations. The organization's investments in any term deposits, bonds, income funds and equities are subject to credit risk. The maximum exposure to credit risk on these instruments is their carrying value. The organization manages the risk by retaining professional investment counselors who act in accordance with the organization's investment policies. These policies include asset mix guidelines and minimum investment grade levels for each asset class.

Other credit risks can arise from holding receivables. The organization has minimal accounts receivable, other than from government and, as such, the credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they fall due. The majority of the organization's assets are held as short-term investments that can be readily liquidated and, therefore, the organization's liquidity risk is considered minimal. In addition, the organization aims to retain a sufficient cash position to manage liquidity.

Market risk

Market risk is the risk that changes in market prices, as a result of changes in foreign exchange rates, interest rates and equity prices, will affect the organization's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while earning an acceptable return.

a) Currency risk

Investments in foreign securities are exposed to currency risk due to fluctuations in foreign exchange rates.

The organization holds minimal investments in foreign currencies; as such, the risk is minimal.

Michael Smith Health Research BC

Notes to Financial Statements

March 31, 2022

b) Interest rate risk

Interest rate risk relates to the risk that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the organization. The organization is invested in term deposits and income funds that may be impacted by changes in the market interest rate.

The organization manages interest rate risk on term deposits by choosing instruments that have fixed rates of return and terms that will match the projected cash flow requirements. Interest rate risk on income funds is managed through professional investment counselors, by holding instruments that have a high liquidity in the marketplace or by choosing instruments with fixed terms that align with projected cash flow requirements.

8 Employee pension plan

The organization and its employees contribute to the Municipal Pension Plan (jointly trustee pension). The boards of trustees, representing plan members and employers, is responsible for administering the pension plan, including investing assets and administering benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula.

The latest actuarial valuation for the Municipal Pension Plan as at December 31, 2018 indicated a \$2.8 billion funding surplus for basic pension benefits.

The organization paid \$498,733 for employer contributions to the plan during the year ended March 31, 2022 (2021 – \$453,801).

9 Remuneration

a) Remuneration of directors

Remuneration paid to the former BC AHSN directors during the year ended March 31, 2022 was \$8,700 (2021 – \$14,600). The directors of the organization are not remunerated.

b) Top ten employee compensation

The top ten employees and contractors received compensation in excess of \$75,000 per individual for the year ended March 31, 2022. Their combined compensation, including the top ten from both the founding organizations, for the year ended March 31, 2022 was \$1,650,412 (2021 – \$1,918,620).