

Partnerships British Columbia

2019/20
Annual Service Plan Report



partnerships
British Columbia

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

Board Chair's Accountability Statement



The *Partnerships BC 2019/20 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2019/20 – 2021/22 Service Plan* created in February 2019. I am accountable for those results as reported.

A handwritten signature in black ink that reads "Dana Hayden".

Dana Hayden
Chair, Board of Directors
June 18, 2020

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Letter from the Board Chair & CEO

Please find enclosed our Annual Service Plan Report for fiscal year 2019/20 which summarizes Partnerships BC's performance in the context of the [Mandate Letter](#) provided to us by our Shareholder, the Minister of Finance.

Partnerships BC supported the Government of B.C.'s three priorities as outlined in our 2019/20 Mandate Letter:

to make life more affordable;

to deliver the services that people count on; and

to build a strong, sustainable, innovative economy that works for everyone.

Partnerships BC brings its procurement expertise and knowledge of infrastructure development to each project ensuring that projects are meeting the needs of citizens and clients. Partnerships BC works in concert with the Ministry of Finance to ensure that our priorities align with the Government of B.C.'s infrastructure development priorities. In 2019/20 government completed its review of the mandate of Partnerships BC, concluding that the corporation continues to add significant value for its clients, and concluded that it should remain a key organization in the delivery of infrastructure projects for the BC government and for other clients.

In 2019/20, Partnerships BC worked on a significant number of projects from schools to hospitals and transit to highways.

Partnerships BC worked closely with the Ministry of Transportation and Infrastructure, Transportation Investment Corporation, and TransLink on projects including the Pattullo Bridge Replacement, the Broadway Subway, Kicking Horse Canyon Phase 4, Surrey Langley SkyTrain, and Highway 91/17 upgrades.

Partnerships BC worked with several health authorities and the BC Ministry of Health on the Royal Columbian Hospital Redevelopment Phase 2 and 3, Mills Memorial Hospital Redevelopment, Cowichan Regional Hospital, Cariboo Memorial Hospital, Dawson Creek Hospital, Stuart Lake Hospital, Lions Gate Hospital Redevelopment – Phase 3 Acute Care Facility, and Burnaby Hospital Phase 1 Redevelopment.

Finally, Partnerships BC worked with several Ministries to advance accommodation sector projects including the Abbotsford Law Courts, Royal BC Museum, Nanaimo Correctional Centre, Coast Mountain College Student Housing, and Eric Hamber Secondary School.

Stakeholder engagement continues to be a priority for Partnerships BC in 2019/20, and Partnerships BC conducted its biennial client and stakeholder survey during the fourth quarter.

During 2019/20, Jill Leversage's Board term with Partnerships BC ended. We thank her and wish her well.

As Partnerships BC's fiscal year end neared, COVID-19 was declared a pandemic by the World Health Organization (WHO) creating immediate adjustments for Partnerships BC staff and projects. Supporting the measures enacted by Government, staff began working remotely effective March 17, 2020. At the time of this report, it became clear that there may be impacts on certain project schedules in 2020-21 as a result of the COVID-19 pandemic.

Throughout the COVID-19 pandemic, Partnerships BC will continue to support its clients and the health and wellbeing of its staff. Partnerships BC is also prepared to support stimulus programs for economic recovery from all levels of government.

On behalf of the Board of Directors and executive team, we would like to thank everyone at Partnerships BC for their continued hard work and dedication.



Dana Hayden
Chair, Board of Directors
Partnerships BC



Mark Liedemann
President and CEO
Partnerships BC

Purpose of the Annual Service Plan Report

The Annual Service Plan Report is designed to meet the requirements of the [Budget Transparency and Accountability Act](#) (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, the Crown Corporation's Board is required to report on the actual results of the Crown's performance compared to the forecasted targets documented in the previous year's Service Plan.

Purpose of the Organization

Partnerships BC (the Organization) 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 [Business Corporations Act](#).

Partnerships BC's strategic direction and mandate have been set by its Shareholder in part outlined in the 2019/20 mandate letter. Partnerships BC's corporate goals reflect its mandate to ensure it is meeting Shareholder and client needs.

Partnerships BC advises public sector clients how best to plan, procure and deliver capital projects to foster innovation and quality, address key service needs and to manage projects to be on time and on budget, using a variety of procurement models. These models engage the private sector and efficiently allocate risk to provide the best value and outcome for all of Partnerships BC's projects. In all cases, the public sector owns the infrastructure and maintains full oversight of the projects.

Strategic Direction

The strategic direction set by Government in 2019/20 and expanded upon in the Board Chair's [Mandate Letter](#) from the Minister Responsible in 2019 shaped the [2019/20 Partnerships BC Service Plan](#) and results reported in this annual report.

Partnerships BC is aligned with the Government's key priorities:

Government Priorities	Partnerships BC aligns with these priorities by:
Making life more affordable	<ul style="list-style-type: none"> Complex provincial infrastructure projects delivered on budget (i.e., within the projects' capital and affordability ceilings) and within the agreed upon procurement schedules. (Objectives 1.1 and 1.2)
Delivering the services people count on	<ul style="list-style-type: none"> Meet procurement objectives associated with complex infrastructure projects that provide much-needed services for the citizens of B.C. (Goal 1)
A strong, sustainable economy	<ul style="list-style-type: none"> Provincial capital project procurements contribute to job creation and thereby support a strong and sustainable economy. (Goal 2)

Operating Environment

British Columbia's economy was strong in 2019 with real GDP growth of 2.8 per cent compared to the year before. Labour market conditions in B.C. remained tight, highlighted by the lowest unemployment rate in the country at 4.7 per cent, unchanged in rank and level from 2018. Employment increased by 2.6 per cent on the year. Average weekly wages grew by 2.5 per cent, registering a second consecutive year of positive real wage growth, with the annual consumer price index up 2.3 per cent. B.C. retail sales increased by 0.6 per cent in 2019, a more moderate pace compared to 2.0 per cent growth in 2018, as consumer spending was weighed down by more cautious overall consumer behaviour and declines in housing-related spending amid falling home sales year-over-year. Meanwhile, residential construction remained strong. Although the forestry sector faced significant challenges in 2019, LNG development provided some support for economic growth and job creation in the province. On the external front, global trade policy uncertainty, escalating trade tensions and commodity price declines weighed on B.C.'s export sector in 2019.

Since its inception in 2002, Partnerships BC has participated in 60 projects with a cumulative capital investment of approximately \$19 billion. Of these, eight projects with a total capital investment of \$2.2 billion were undertaken for governments in Canada other than the Government of BC. In fiscal 2019/20 Partnerships BC supported the procurement of eleven projects, three of which concluded with the execution of a design build agreement with the private sector, and in one case, private sector financing of the construction of the project.

The construction market is very busy in all parts of B.C. and in other provinces. In particular, housing-related construction caused a shortage of skilled labour through 2019/20. This market condition has resulted in less robust competition and increased cost pressures for infrastructure projects. While the number of projects remained strong, BC has experienced a new trend whereby fewer bids per project are submitted than in the past and those proponents that do bid are more risk averse. Throughout 2019/20, Partnerships BC continued to examine innovative procurement models to deal with the challenge of fewer bidders and related market dynamics.

During the past twelve months, Partnerships BC welcomed twelve new staff members to the organization, accounting for 30% of its workforce, to support the additional workload within the organization. Understandably there was an accompanying transition time for these new team members to fully immerse themselves within their job roles and responsibilities. Partnerships BC has a sound foundation of long-term team staff members who provide guidance to new staff during their integration period.

Stakeholder engagement and business development continued to be a key focus for Partnerships BC. Large group presentations and one-on-one meetings helped to ensure that Partnerships BC understood and addressed the needs of its stakeholders, clients and potential clients, and that Partnerships BC was able to provide detailed procurement model presentations to stakeholders and clients.

Partnerships BC's mandate to be a self-sustaining organization remains unchanged. The team continued to increase the number of projects it works on, properly resourcing each project and delivering added value to our clients. In January 2018, cabinet directed the Ministry of Finance to review Partnerships BC's mandate which led to the 2019/20 revision of Partnerships BC's vision, mission and values as well as forming the 2020/21 corporate goals.

Towards the end of 2019-20, COVID-19 was declared a pandemic by the World Health Organization (WHO). This instantly changed daily operations for Partnerships BC staff. Supporting the measures enacted by Government, staff began working remotely effective March 17, 2020. Staff and the Board are planning for the future and ensuring that Partnerships BC's expertise and staff will be available to complete existing projects and those that will form an important part of restarting the economy.

Report on Performance: Goals, Objectives, Measures and Targets

Goal 1: Meet procurement objectives associated with complex infrastructure projects

Objective 1.1: Achieve agreed-upon project procurement schedules

Key Highlights

- Used effective processes and contractual requirements to meet project procurement schedules under various partnership models.
- Used appropriate governance models throughout the project procurement process.

Performance Measure	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
1.1 Project is delivered based on the agreed upon procurement schedule	Achieved	Expect to achieve	One of three projects did not meet target	Expect to achieve	Expect to achieve

Discussion of Results

Due to proponent team changes, one project was not delivered within the agreed upon schedule however the project did reach final a project agreement with the private sector and is proceeding. COVID-19 may cause further schedule challenges in coming year(s). Partnerships BC will mitigate this impact in achieving schedule targets to the best of its ability by balancing schedule flexibility in conjunction with client's availability.

Objective 1.2: Meet capital and affordability ceilings and achieve value for money for projects

Key Highlights

- Promoted robust market competition for project procurement under various partnership models.
- Developed risk-based cost analysis for projects at the Business Case stage and updated as necessary prior to release of the Request for Proposals (RFP).
- Implemented procurement processes that deliver projects within established capital and affordability ceilings.
- Developed a library of lessons learned with respect to planning, procurement, design development, construction, commissioning and operations.

Performance Measures	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
1.2a Each project that reaches financial close is within capital and affordability ceilings	Achieved	Expect to achieve	One of three projects did not meet target	Expect to achieve	Expect to achieve
1.2b Achieve value for money at financial close ¹	Achieved	Expect to achieve	N/A	N/A	Expect to achieve

¹Value for money is the risk-adjusted difference in present value dollar terms between the partnership and traditional delivery models costs. Not all benefits are captured in a value for money 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).

Discussion of Results

1.2a Capital and affordability ceilings are determined within the business case. One project did not meet the capital and affordability ceilings due to the discrepancy between the original budget and current market conditions which included increased competition for resources and raw materials. Three projects reached financial close in fiscal 2019/20.

1.2b Value for Money reports are developed for projects using the design build finance maintain procurement model. There were no projects using this model in fiscal 2019/20.

Objective 1.3: Maintain fairness and transparency in project procurement processes

Key Highlights

- Initiated innovative procurement processes and contracts and worked with clients and the market to achieve procurement objectives.
- Published fairness advisor reports that assess the fairness of the procurement process.

Performance Measure	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
1.3 Clean Fairness Advisor report where size and scope warrants fairness review	Achieved	Expect to achieve	Achieved	Expect to achieve	Expect to achieve

Discussion of Results

Project size determines if a fairness advisor will be engaged. Partnerships BC published fairness advisor reports that assessed the fairness of the procurement process for the projects with which an advisor was engaged. Three projects had fairness advisor reports in fiscal 2019/20.

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

Objective 2.1: Promote strong market participation

Key Highlights

- Consistently engaged with market participants.
- Arranged market sounding initiatives for projects.
- Actively solicited feedback from potential market proponents regarding interest and availability to participate in projects.

Performance Measure	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
2.1 Competitive procurements	Two procurements did not receive at least four qualified respondents at RFQ stage.	At least four qualified respondents at RFQ stage	Five out of nine procurements did not receive 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 of Results

Despite significant efforts to engage potential bidders, market pressures (as described above in the Operating Environment) led to challenges in securing four qualified bidders in the healthcare and accommodation infrastructure sectors. Extreme market pressures were experienced in capital projects throughout 2019/20. There are limited contractors with the experience to successfully undertake major capital projects. Additionally, there were a large number of competing projects in the private sector with attractive risk profiles and margins.

Partnerships BC is developing new procurement models for consideration to increase competition on all projects.

Objective 2.2: Maintain client satisfaction**Key Highlights**

- Partnerships BC conducts client surveys to measure satisfaction with Partnerships BC's services. Performance will be compared to the 2015/16 baseline of 80 percent satisfaction.

Performance Measure	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
2.2 Client satisfaction	N/A ¹	Achieve 85% client satisfaction or higher	Achieved	N/A ¹	Achieve 85% client satisfaction or higher

¹The most recent survey was held in Q4 of 2019/20 fiscal year and will be held biennially thereafter.

Discussion of Results

Partnerships BC received a score of 88/100 in the 2019/20 survey. Partnerships BC results showed that virtually all survey participants saw value in Partnerships BC's work, with almost seven out of ten viewing the organization's work as "very valuable".

Objective 2.3: Maintain stakeholder satisfaction**Key Highlights**

- Implemented a stakeholder engagement program that used a range of methods to gather and respond to feedback. Examples include surveys, market outreach sessions, meetings and briefings, workshops and information sharing events, conferences and business-to-business networking sessions.
- Executed effective stakeholder outreach and engagement in procurement practices.

Performance Measure	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
2.3 Stakeholder satisfaction ¹	N/A ²	Maintain or improve upon previous survey's performance	Achieved	N/A ²	Maintain or improve upon previous survey's performance

¹The client and stakeholder satisfaction ratings have a standard error of +/- 13 percent at the 95 percent level of confidence. Partnerships BC has a limited number of clients and stakeholders, and as a result, the percentage satisfaction rating may fluctuate from year to year.

²The most recent survey was held in Q4 of 2019/20 fiscal year and will continue biennially thereafter.

Discussion of Results

Partnerships BC received a score of 88/100 in the 2019/20 survey. This is an increase of 5% from the previous survey conducted in fiscal 2016/17. Partnerships BC is seen by stakeholders as “an enabler to get projects procured in a consistent, professional way”.

Goal 3: Maintain a responsive and resilient organization

Objective 3.1: Achieve annual financial self-sufficiency

Key Highlights

- Actively assessed revenue-generating opportunities through the development and application of Partnerships BC’s business development plan. The plan identifies key strategies and tactics necessary to ensure the agency maintains financial self-sufficiency.
- Created an effective project work/revenue flow, with appropriate accountability, resourcing, and effective delegation across the agency.
- Diversified revenue sources throughout the three main sectors: Transportation and Utilities, Health Care and Accommodations with no one sector accounting for less than 25 percent of total revenues.
- Increased or expanded support to Government on complex infrastructure projects and other Government priorities.

Performance Measures	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
3.1a Self sufficiency	Achieved	Expect to achieve net income target	Achieved See discussion of financial results	Expect to achieve net income target of \$0.60M	Expect to achieve net income target of \$0.91M
3.1b Each sector will contribute at least 25% to consulting fees revenue ¹	New measure for 2019/20	Expect to achieve	Achieved	Expect to achieve	Expect to achieve
3.1c Total revenues from out-of-entity clients 10%	New measure for 2019/20	Expect to achieve	Target not met	N/A ²	N/A

¹Sectors include Transportation and Utilities, Health Care and Accommodations.

²Measure Discontinued

Discussion of Results

3.1a Partnerships BC net income achieved was \$584, 513 which exceeded its net income target of \$299,835.

3.1b The Healthcare, Transportation, Accommodation and Social Infrastructure sectors within Partnerships BC all contributed a minimum of 25% consulting fees revenue.

3.1c Going forward, target discontinued as Partnerships BC is focused on supporting the Province of BC's significant infrastructure commitments. Partnerships BC had three clients who were not part of the B.C. Government Reporting Entity during the year, however Partnerships BC did not have sufficient revenues from those clients to meet the target. Partnerships BC had opportunities for additional out of entity work that were declined to meet the needs of the Province of BC.

Objective 3.2: Provide a workplace that promotes employee engagement and satisfaction

Key Highlights

- Promoted strong teamwork and open communication amongst all staff members and provided significant learning opportunities.
- Measured employee satisfaction through surveys, with a target of 80 percent satisfaction. Partnerships BC conducts an employee survey every two years through anonymous feedback and a third-party service provider. The employee satisfaction survey and employee retention are instrumental in ensuring the continuity of project success.
- Developed employee skills and satisfaction through professional development as well as to improve staff retention.

Performance Measures	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
3.2a Employee satisfaction survey with a goal to achieve 80% or higher rating*	NA	Achieve 80% or higher rating in employee satisfaction survey	Achieved 82% rating	N/A	Expect to achieve
3.2b Investment in staff professional development	NA	Invest a minimum of 140 days in staff professional development	Achieved	N/A**	N/A**

*The most recent survey was held in Q4 of 2019/20 fiscal year and biennially thereafter.

** Going forward, target discontinued as measure is captured within employee satisfaction (3.2a).

Discussion of Results

3.2a Partnerships BC received a score of 82/100 in the 2019/20 survey. The employee satisfaction survey and employee retention are instrumental in ensuring the continuity of project success. Overall responses were positive. Employees value their work with Partnerships BC.

3.2b Partnerships BC invested 175 days in staff professional development. Staff participated in individual professional development days as well as training and development sessions that were coordinated by the organization. Sessions included GBA+ and Indigenous Relations training.

Financial Report

Discussion of Results

This Discussion of Results of Partnerships British Columbia Inc. (Partnerships BC or the ‘Organization’) 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.

This Discussion of Results presents an analysis of Partnerships BC’s 2019/20 financial performance in comparison to the previous fiscal year and 2019/20 budget. Some totals may not be precise due to rounding.

Comparison of 2019/20 and 2018/19 Financial Performances

During the year, the Organization had consulting fee revenues of \$8,220,846 in 2019/20 compared to \$7,155,667 in 2018/19; an increase of \$1,065,179 or 15 percent. The increase in consulting fee revenues was largely due to the number of projects in procurement in 2019/20 – eleven versus seven in 2018/19 together with several projects in the business case phase.

The Organization reached final project agreements on two projects, Highway 91/17 Upgrade and Pattullo Bridge Replacement, with Eric Hamber Secondary School at the preferred proponent stage. The Organization has eight projects in procurement, which are Broadway Subway Line, Burnaby Hospital Redevelopment Phase 1, Coast Mountain College Student Housing, Lions Gate Hospital Redevelopment – Phase 3 Acute Care Facility, Mills Memorial Hospital, Nanaimo Correctional Centre, Kicking Horse Canyon Phase 4, and Royal Columbian Hospital Redevelopment Phase 2 and 3.

In 2019/20, the majority of Partnerships BC's consulting fee revenues were generated from the following projects:

Project	Delivery Model	Business Case	Procurement
Highway 91/17 Upgrades	DB	Procurement commenced in fiscal 2018/19 and a contract with the private sector was executed in fiscal 2019/20	
Pattullo Bridge Replacement	DBF	Procurement commenced in fiscal 2018/19 and a contract with the private sector was executed in fiscal 2019/20	
Eric Hamber Secondary School Replacement	DB	Procurement commenced in fiscal 2018/19 and owner is finalizing a contract with the preferred proponent	
Broadway Subway	DBF	Business case was completed in fiscal 2018/19	In procurement
Burnaby Hospital Redevelopment Phase 1	DBF	Business case was completed in fiscal 2018/19	In procurement
Coast Mountain College Student Housing	DB	Partnerships BC was not involved in the business case	In procurement
Kicking Horse Canyon Phase 4	DB	Partnerships BC was not involved in the business case	In procurement
Lions Gate Hospital Redevelopment – Phase 3 Acute Care Facility	DB	Partnerships BC was not involved in the business case	In procurement
Mills Memorial Hospital	DB	Business case was completed in fiscal 2018/19	In procurement
Nanaimo Correctional Centre	DB	Business case was completed in fiscal 2019/20	In procurement
Royal Columbian Hospital Redevelopment Phase 2 and 3	DB	Revised business case was completed in fiscal 2018/19	In procurement

During the year, Partnerships BC also supported the development and/or completion of concept plans and/or business cases for the following projects:

- Cariboo Memorial Hospital;
- Cowichan District Hospital;
- Dawson Creek Hospital;
- Stuart Lake Hospital;
- Surrey Langley SkyTrain; and
- Royal BC Museum.

During the year, Partnerships BC provided advisory services during design, construction and operations on the following projects:

- Royal Columbian Hospital Redevelopment Phase 1; and
- Abbotsford Courthouse.

The table below presents a comparison of selected Statements of Operations for fiscal 2019/20 with those of the previous fiscal year.

			% of revenues	
	2020	2019	2020	2019
Revenues	\$ 8,637,717	\$ 7,518,903	100.0%	100.0%
Human resources	6,294,927	5,273,179	72.9%	70.1%
General and administrative expenses	1,589,110	1,396,377	18.4%	18.6%
Amortization	169,167	131,127	2.0%	1.7%
Operating surplus	\$ 584,513	\$ 718,220	6.8%	9.6%

Revenues

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

			% of revenues	
	2020	2019	2020	2019
Consulting fees	\$ 8,220,846	\$ 7,155,667	95.2%	95.2%
Interest income	416,871	363,236	4.8%	4.8%
	\$ 8,637,717	\$ 7,518,903	100.0%	100.0%

Comparison to Budget

The table below provides details of the Organization's actual and budgeted revenues for 2019/20.

	2020 Actual	2020 Budget	Change	%
Consulting fees	\$ 8,220,846	\$ 8,124,680	\$ 96,166	1.2%
Interest income	416,871	388,000	28,871	7.4%
	\$ 8,637,717	\$ 8,512,680	\$ 125,037	1.5%

For the year ended March 31, 2020, total revenues were 1.5 percent above budget.

Partnerships BC's budget was developed based on the number of projects in the procurement, business case, implementation, and advisory phases, and the number of staff required to deliver on those projects. Partnerships BC budgeted for 36.9 Full Time Equivalent (FTE) staff in 2019/20 but averaged 35.2 FTEs during the year. As at March 31, 2020, the organization had 38 FTEs compared to 33.2 FTEs as at March 31, 2019. The overall increase was due to the requirement to deliver on a significant number of projects for the Province of BC.

The increase in interest income was due to the change in investment policy where the Organization invested the excess cash with the Ministry of Finance Central Deposit Program (the 'Program'). The Program pays an interest equal to the prime lending rate of the principal banker to the Province of BC minus 1.5 percent.

Expenses

The table below provides details of the Organization's operating expenses for 2019/20 and 2018/19.

	2020	2019	Change	%
Human resources	\$ 6,294,927	\$ 5,273,179	\$ 1,021,748	19.4%
Administration	275,934	251,407	24,527	9.8%
Building occupancy	492,986	486,901	6,085	1.2%
Information systems	259,896	230,843	29,053	12.6%
Professional fees	337,003	288,404	48,599	16.9%
Travel	223,291	138,822	84,469	60.8%
Amortization	169,167	131,127	38,040	29.0%
Total General and Administrative Expenses	1,758,277	1,527,504	230,773	15.1%
Total Operating Expenses	\$ 8,053,204	\$ 6,800,683	\$ 1,252,521	18.4%
% of expenses to revenues	93.2%	90.4%		
% of general and administration expenses to revenues	20.4%	20.3%		

For the year ended March 31, 2020, there was an increase in operating expenses of \$1,252,521 or 18.4 percent compared to last year. The increase was primarily attributable to the following:

- Human resources,
- Information systems,
- Professional fees, and
- Travel.

The increase in human resources expenses was due to the increase in the number of professional staff required to support the significant number of projects. In addition, there was an increase in vacation liability expense as a result of staff cancelling their spring break vacations because of travel restrictions implemented as a result of COVID-19.

The increase in information systems expenses was primarily related to a one-time initiative that upgraded the Organization's accounting software. The upgrade commenced in fiscal 2018/19 and concluded in fiscal 2019/20.

The increase in professional fees expenses was due to the hiring of a contractor to support the Organization with a recommendation from the Crown review and the undertaking of three

assessment surveys – Board of Directors, employee engagement, and client and stakeholder engagement.

The increase in travel costs was connected to staff attendance at conferences to support staff professional development and travel to develop a better understanding of the Alliance Contracting procurement model.

The increase in administrative expenses reflects the increase in the number of staff during the year.

Overall, for the year ended March 31, 2020, total expenses as a percentage of revenues were 93.2 percent compared to 90.4 percent for the year ended March 31, 2019. Total general and administrative expenses, as a percentage of revenues, were 20.4 percent compared to 20.3 percent for the year ended March 31, 2019. As reported above, the increase was largely attributable to the increase in human resources expenses.

Comparison to Budget

The table below provides details of the Organization's actual and budgeted expenses for 2019/20.

	2020 Actual	2020 Budget	Change	%
Human resources	\$ 6,294,927	\$ 6,453,677	\$ (158,750)	-2.5%
Administration	275,934	282,201	(6,267)	-2.2%
Building occupancy	492,986	482,214	10,772	2.2%
Information systems	259,896	373,600	(113,704)	-30.4%
Professional fees	337,003	327,000	10,003	3.1%
Travel	223,291	164,000	59,291	36.2%
Amortization	169,167	130,153	39,014	30.0%
Total General and Administrative Expenses	1,758,277	1,759,168	(891)	-0.1%
Total Operating Expenses	\$ 8,053,204	\$ 8,212,845	\$ (159,641)	-1.9%
% of expenses to revenues	93.2%	96.5%		
% of general and administrative expenses to revenues	20.4%	20.7%		

For the year ended March 31, 2020, human resources expenses were \$6,294,927 compared to budget of \$6,453,677, resulting in a positive variance of \$158,750 or 2.5 percent. The Organization had budgeted for 36.9 FTEs but averaged 35.2 FTEs during the year. Going forward, the Organization has budgeted for 40.4 FTEs with a corresponding increase to human resources expenses to reflect the increase in project resource requirements to deliver on the significant number of projects in procurement, business case, and post-implementation phase. Given the challenging situation associated with COVID-19 with the majority of staff working remotely, the Organization has postponed all recruiting initiatives.

For the year ended March 31, 2020, total general and administrative expenses were \$1,758,277 compared to budget of \$1,759,168, resulting in a positive variance of \$891 or 0.1 percent.

Administration expenses were under budget by \$6,267 or 2.2 percent as this expense is directly related to positive variance within human resources expenses.

Information technology expenses were under budget by \$113,704 because the Organization did not renew its existing Microsoft licenses during the year. Instead, the Organization will transition all users to Office 365 in fiscal 2020/21. This strategy should reduce the number of servers required going forward, which should also reduce the Organization's information technology expenses.

Travel expenses were over budget by \$59,291 primarily due to increased number of attendees for some out-of-town conferences and travel to develop a better understanding of the Alliance Contracting procurement model. This was necessary because of the current market capacity challenges experienced on some healthcare and accommodation projects.

Total expenses for the year ended March 31, 2020 as a percentage of revenues were 93.2 percent which was lower than budget of 96.5 percent. General and administrative expenses for the year ended March 31, 2020, as a percentage of revenues, were 20.4 percent which was lower than budget of 20.7 percent.

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.

	2020	2019	Change	%
Financial Assets				
Cash	\$16,914,167	\$17,341,977	\$ (427,810)	-2.5%
Accounts receivable	2,527,920	1,557,845	970,075	62.3%
Total Financial Assets	19,442,087	18,899,822	542,265	2.9%
Liabilities				
Accounts payable and accrued liabilities	1,084,450	1,114,043	(29,593)	-2.7%
Deferred lease inducement	166,483	208,989	(42,506)	-20.3%
Total Liabilities	1,250,933	1,323,032	(72,099)	-5.4%
Net Financial Assets	\$18,191,154	\$17,576,790	\$ 614,364	3.5%
Non-Financial Assets	\$ 570,880	\$ 600,731	\$ (29,851)	-5.0%
Accumulated Surplus	\$18,762,034	\$18,177,521	\$ 584,513	3.2%

Cash decreased by \$427,810 from \$17,341,977 as at March 31, 2019 to \$16,914,167 as at March 31, 2020. The decrease in cash was due to the delays in ministry clients' processing our invoices for payment before year-end because all employees were required to work remotely due to COVID-19 and certain processes that would have normally been completed at year-end were delayed.

The Organization's cash is invested with the Ministry of Finance Central Deposit Program (the "Program"). The interest rate from this Program is the prime lending rate from the principal banker of the Province of BC minus 1.5 percent. Going forward, the amount of interest income is expected to significantly decrease given the recent decreases in the prime rate to support the economic challenges brought on by COVID-19.

Accounts receivable, which consists of consulting fees, project recoverable expenses and accruals at year-end, increased by \$970,075 from \$1,557,845 as at March 31, 2019 to \$2,527,920 as at March 31, 2020. Current accounts receivable represented approximately 70 percent of the balance at year-end. All the amounts receivable are receivables from the Province of BC and related agencies. As a result, the Organization did not provide for any doubtful accounts for the years ended March 31, 2020 and 2019.

Non-financial assets consisting of prepaid expenses and tangible capital assets decreased by \$29,851.

Liabilities and accumulated surplus

Accounts payable and accrued liabilities decreased by \$29,593 from \$1,114,043 as at March 31, 2019 to \$1,084,450 as at March 31, 2020.

The deferred lease inducement of \$166,483 consists of the unamortized reimbursement of leasehold improvement costs from the lessor. The total inducement of \$251,496 was deferred and recognized as a reduction of building occupancy expense on a straight-line basis over the term of the lease.

The increase in accumulated surplus was attributable to an annual operating surplus of \$584,513.

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.

	2020	2019	Change
Cash	\$16,914,167	\$17,341,977	\$ (427,810)
Accounts receivable	2,527,920	1,557,845	970,075
Other current assets	60,352	78,378	(18,026)
	19,502,439	18,978,200	524,239
Accounts payable and accrued liabilities	1,084,450	1,114,043	(29,593)
Net working capital	\$18,417,989	\$17,864,157	\$ 553,832

As at March 31, 2020, the Organization's principal sources of liquidity included cash of \$16,914,167 and accounts receivable of \$2,527,920. The Organization has \$1,084,450 in accounts payable and accrued liabilities due next year. As a result, the Organization's net working capital improved by \$553,832 to \$18,417,989 as at March 31, 2020.

Commitments and Contractual Obligations

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

	Amount
2021	513,058
2022	528,047
2023	536,630
2024	<u>398,467</u>
	<u>\$ 1,976,202</u>

The Organization's Vancouver and Victoria office leases are scheduled to 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 addition, the Organization did not have any pending litigation or contingencies as at March 31, 2020.

Selected Annual Information

The following table presents selected financial information for the years ended March 31, 2020, 2019, 2018, 2017, and 2016.

	2020	2019	2018	2017	2016
Total revenues	\$ 8,637,717	\$ 7,518,903	\$ 7,248,590	\$ 7,565,624	\$ 6,639,559
Total operating expenses	\$ 8,053,204	\$ 6,800,683	\$ 6,908,176	\$ 6,197,153	\$ 6,098,751
Annual operating surplus	\$ 584,513	\$ 718,220	\$ 340,414	\$ 1,068,471	\$ 540,808
Total current assets	\$19,502,439	\$18,978,200	\$18,094,641	\$17,990,110	\$16,596,719
Total assets	\$20,012,967	\$19,500,553	\$18,613,482	\$18,116,357	\$16,741,492
Total current liabilities	\$ 1,084,450	\$ 1,114,043	\$ 894,237	\$ 988,220	\$ 684,106
Total liabilities	\$ 1,250,933	\$ 1,323,032	\$ 1,145,733	\$ 988,220	\$ 684,106



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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Partnerships British Columbia Inc. (the "Company") which comprise the Statement of Financial Position as at March 31, 2020 and the Statements of Operations, Remeasurement Gains and Losses, Changes in Net Financial Assets, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Company's financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and its results of operations, changes in net financial assets, remeasurement gains and losses, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 this report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 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.

In preparing the financial statements, management is responsible for assessing the Company'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 Company, or to cease operations, or has no realistic alternative but to do so.

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

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



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 Company'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 Company'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 Company 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.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 27, 2020

Partnerships British Columbia Inc.
Statement of Financial Position
As at March 31, 2020 and 2019

	March 31, 2020	March 31, 2019
Financial assets		
Cash and cash equivalents	\$ 16,914,167	\$ 17,341,977
Accounts receivable (Note 3)	2,527,920	1,557,845
Total Financial Assets	<u>19,442,087</u>	<u>18,899,822</u>
Liabilities		
Accounts payable & accrued liabilities (Note 4)	1,084,450	1,114,043
Deferred lease inducement	166,483	208,989
Total Liabilities	<u>1,250,933</u>	<u>1,323,032</u>
Net financial assets	<u>18,191,154</u>	<u>17,576,790</u>
Non-financial assets		
Prepaid expenses	60,352	78,378
Tangible capital assets (Note 6)	510,528	522,353
Total Non-financial Assets	<u>570,880</u>	<u>600,731</u>
Accumulated surplus	<u>\$18,762,034</u>	<u>\$ 18,177,521</u>
Accumulated surplus is comprised of:		
Accumulated surplus	\$ 18,762,032	\$ 18,177,519
Share capital (Note 7)	2	2
	<u>\$18,762,034</u>	<u>\$ 18,177,521</u>

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

APPROVED ON BEHALF OF THE BOARD



Dana Hayden



Peter Kappel

Partnerships British Columbia Inc.
Statement of Operations
For the Years Ended March 31, 2020 and 2019

	Budget	March 31, 2020	March 31, 2019
	(Note 11)		
Revenue			
Consulting fees	\$ 8,124,680	\$ 8,220,846	\$ 7,155,667
Interest income	388,000	416,871	363,236
Total Revenues	<u>8,512,680</u>	<u>8,637,717</u>	<u>7,518,903</u>
Expenses			
Administration	282,201	275,934	251,407
Amortization	130,153	169,167	131,127
Building occupancy	482,214	492,986	486,901
Human resources	6,453,677	6,294,927	5,273,179
Information systems	373,600	259,896	230,843
Professional services	327,000	337,003	288,404
Travel	164,000	223,291	138,822
Total Expenses	<u>8,212,845</u>	<u>8,053,204</u>	<u>6,800,683</u>
Reimbursable costs			
Project recoveries	2,650,000	2,274,632	2,090,479
Less: Project expenses	(2,650,000)	(2,274,632)	(2,090,479)
Net reimbursable costs	<u>-</u>	<u>-</u>	<u>-</u>
Annual surplus	<u>299,835</u>	<u>584,513</u>	<u>718,220</u>
Accumulated surplus, beginning of year	18,177,519	18,177,519	17,459,299
Accumulated surplus, end of year	<u>\$ 18,477,354</u>	<u>\$ 18,762,032</u>	<u>\$ 18,177,519</u>

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

Partnerships British Columbia Inc.
Statement of Remeasurement Gains and Losses
For the Years Ended March 31, 2020 and 2019

	March 31, 2020	March 31, 2019
Accumulated remeasurement gains, beginning of year	\$ -	\$ 8,448
Plus: Unrealized gains attributable to: Portfolio investments	-	30,894
Less: Amounts reclassified to the Statement of Operations: Portfolio investments	-	(39,342)
Net change in remeasurement gains	-	(8,448)
Accumulated remeasurement gains, end of year	\$ -	\$ -

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, 2020 and 2019

	Budget	March 31, 2020	March 31, 2019
	(Note 11)		
Annual surplus	\$ 299,835	\$ 584,513	\$ 718,220
Acquisition of tangible capital assets	(67,000)	(157,342)	(134,639)
Amortization of tangible capital assets	130,153	169,167	131,127
	<u>63,153</u>	<u>11,825</u>	<u>(3,512)</u>
Additions to prepaid expenses	-	(105,138)	(106,981)
Use of prepaid expenses	(21,622)	123,164	116,145
	<u>(21,622)</u>	<u>18,026</u>	<u>9,164</u>
Net change in remeasurement gains	-	-	(8,448)
Increase in net financial assets for the year	341,366	614,364	715,424
Net financial assets, beginning of year	17,576,790	17,576,790	16,861,366
Net financial assets, end of year	\$ 17,918,156	\$18,191,154	\$ 17,576,790

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

Partnerships British Columbia Inc.

Partnerships British Columbia Inc.
Statement of Cash Flows
For the Years Ended March 31, 2020 and 2019

	March 31, 2020	March 31, 2019
Operating transactions		
Annual surplus	\$ 584,513	\$ 718,220
Non-cash item included in surplus:		
Amortization of tangible capital assets	169,167	131,127
Amortization of deferred lease inducement	(42,506)	(42,507)
	711,174	806,840
Changes in operating accounts		
Accounts receivable	(970,075)	132,927
Prepaid expenses	18,026	9,164
Accounts payable and accrued liabilities	(29,593)	219,806
	(981,642)	361,897
Total operating transactions	(270,468)	1,168,737
Capital transactions		
Purchase of tangible capital assets	(157,342)	(134,639)
	(157,342)	(134,639)
Investing transactions		
Decrease in portfolio investments	-	4,342,073
	-	4,342,073
Net increase (decrease) in cash for the year	(427,810)	5,376,171
Cash and cash equivalents, beginning of year	17,341,977	11,965,806
Cash and cash equivalents, end of year	\$ 16,914,167	\$ 17,341,977

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

Partnerships British Columbia Inc.
Notes to Financial Statements
For the Years Ended March 31, 2020 and 2019

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 improve people’s lives and communities through infrastructure with a mandate to work with owners to deliver complex public infrastructure in an evolving world. Partnerships BC provides a variety of consulting 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*.

Partnerships British Columbia Inc.
Notes to Financial Statements
For the Years Ended March 31, 2020 and 2019

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. Cash and cash equivalents

Cash equivalents include deposits held in the Ministry of Finance’s Central Deposit Program which are recorded at cost plus accrued interest. These deposits earn interest at the prime lending rate of the principal banker to the Province of BC minus 1.5%.

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 contributions made by Partnerships BC to the Plan are 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:

Partnerships British Columbia Inc.
Notes to Financial Statements
For the Years Ended March 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

i. Measurement uncertainty

The preparation of financial statements in conformity with PSAS 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, 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.

j. Related party transactions

A related party disclosure is presented when the following criteria are met:

- A related party exists,
- A transactions occurs between related parties,
- The transaction occurred at a value different from that which would have been arrived at if the parties were unrelated, and
- The transaction has a material financial effect.

Partnerships BC is related through common ownership to the Province of British Columbia's government ministries, agencies, and Crown corporations, and these organizations represent the majority of Partnerships BC's clients. All transactions with government entities take place on regular commercial terms.

Partnerships British Columbia Inc.
Notes to Financial Statements
For the Years Ended March 31, 2020 and 2019

3. Accounts Receivable

	March 31, 2020	March 31, 2019
Revenues receivable	\$ 2,525,574	\$ 1,553,500
Accrued interest	2,346	4,345
	<u>\$ 2,527,920</u>	<u>\$ 1,557,845</u>

There was no provision for doubtful accounts required as at March 31, 2020 and 2019.

The accounts receivable are amounts receivable from the provincial government and other related entities.

4. Accounts Payable and Accrued Liabilities

	March 31, 2020	March 31, 2019
Accounts payables and accrued liabilities	\$ 641,379	\$ 586,085
Salaries and benefits	137,065	277,633
Accrued vacation	306,006	250,325
	<u>\$ 1,084,450</u>	<u>\$ 1,114,043</u>

Partnerships British Columbia Inc.
Notes to Financial Statements
For the Years Ended March 31, 2020 and 2019

5. 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.

The Plan provides defined pension benefits to employees based on their length of service and salary. The maximum contribution rate for eligible employees was 8.35% (2019: 8.35%). Partnerships BC's contributions exceed the employee contributions to the plan. During the year ended March 31, 2020, Partnerships BC contributed \$470,294 (2019: \$408,507) to the Plan. These contributions are the Organization's pension expense which is included under human resources 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, 2017 showed that the Plan had a surplus of \$1.9 billion and is 108 percent funded as it had assets of \$24.7 billion and liabilities of \$22.8 billion. The next valuation will be as at March 31, 2020 with results available by the end of 2020.

Partnerships British Columbia Inc.
Notes to Financial Statements
For the Years Ended March 31, 2020 and 2019

6. Tangible Capital Assets

	Computer software	Computer hardware	Furniture and equipment	Leasehold improvements	2020 Total
Cost					
Opening Balance	\$ 87,177	\$ 605,629	\$ 169,639	\$ 880,684	\$ 1,743,129
Additions	-	37,148	107,444	12,750	157,342
Dispositions	-	(119,092)	-	-	(119,092)
Closing Balance	87,177	523,685	277,083	893,434	1,781,379
Accumulated Amortization					
Opening Balance	87,177	494,160	147,233	492,206	1,220,776
Amortization	-	67,161	20,357	81,649	169,167
Dispositions	-	(119,092)	-	-	(119,092)
Closing Balance	87,177	442,229	167,590	573,855	1,270,851
Net book value	\$ -	\$ 81,456	\$ 109,493	\$ 319,579	\$ 510,528

	Computer software	Computer hardware	Furniture and equipment	Leasehold improvements	2019 Total
Cost					
Opening Balance	\$ 87,177	\$ 552,268	\$ 166,671	\$ 802,374	\$ 1,608,490
Additions	-	53,361	2,968	78,310	134,639
Closing Balance	87,177	605,629	169,639	880,684	1,743,129
Accumulated Amortization					
Opening Balance	87,177	435,024	138,276	429,172	1,089,649
Amortization	-	59,136	8,957	63,034	131,127
Closing Balance	87,177	494,160	147,233	492,206	1,220,776
Net book value	\$ -	\$ 111,469	\$ 22,406	\$ 388,478	\$ 522,353

7. 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.

Partnerships British Columbia Inc.
Notes to Financial Statements
For the Years Ended March 31, 2020 and 2019

8. Expenses by Object

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

9. Commitments

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

<u>Year</u>	<u>Amount</u>
2021	\$ 513,058
2022	528,047
2023	536,630
2024	398,467
	<u>\$ 1,976,202</u>

The Organization's Vancouver and Victoria office leases are scheduled to expire on February 28, 2024 and August 31, 2023 respectively.

10. 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.

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. The Organization's exposure to market and fair value risks have been extinguished in the current year by moving its investments to the Ministry of Finance's Central Deposit Program, which has an equivalent risk profile to deposits at commercial banks and does not fluctuate in value based on market factors. It therefore does not expose

Partnerships British Columbia Inc.
Notes to Financial Statements
For the Years Ended March 31, 2020 and 2019

10. Risk Management (continued)

b. Financial management risk objectives and policies (continued)

the Organization to any market or value risk. There have been no other changes to the risks the Organization is exposed to from the prior year.

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.

Partnerships British Columbia Inc.
Notes to Financial Statements
For the Years Ended March 31, 2020 and 2019

10. Risk Management (continued)

e. **Liquidity risk (continued)**

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.

11. Budgeted Figures

Budgeted figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Directors on January 17, 2019. These budgeted figures were included in the Organization's 2019/20 – 2021/22 Service Plan.

12. Subsequent Event

On March 11, 2020 the World Health Organization declared the coronavirus, COVID-19, a pandemic.

Subsequent to March 31, 2020, the impact on the global and Canadian economies due to the COVID-19 pandemic has continued to increase. While the impacts of this pandemic on the Organization are not currently expected to be significant, and the disruption from this pandemic is thought to be temporary, the actual duration of disruption and the related financial impact on the Organization cannot be reasonably estimated at this time.

Working closely with the Organization's Shareholder and other related Crown corporations, the Organization is continuing to support its clients, although the timing of the projects and related consulting services, may be delayed due to the impact on clients and market activities.

The Organization has the financial resources to manage the short-term disruptions to its business operations.

Throughout the COVID-19 pandemic, the Organization is committed to supporting its clients' projects and ensuring the health and well-being of its employees.

Appendix A – Additional Information

Corporate Governance

Partnerships BC is governed by a Board of Directors that reports to its shareholder, the Minister of Finance. The Board's direction is implemented by management, who carry 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.

Contact Information

For further information on Partnerships BC, please visit our website at www.partnershipsbc.ca.

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Appendix B – Glossary of Terms

Business Case	Provides decision-makers sufficient information about a project to commit to implementation of the project. Expands on the contents of the concept plan, while focusing specifically on procurement options analysis and funding impact.
Concept Plan	Written before the business case, a concept plan provides a general overview of a project to obtain government direction and approval to move the planning process forward. Includes the need to address service demand pressures and a preliminary analysis of potential service delivery options.
Design-Bid-Build (DBB)	Under this model, the owner enters into separate contracts with the designer and contractor. This is a traditional project delivery method.
Design-Build (DB)	Under this model, the design-builder enters into a single contract with the owner and is responsible for both the design and construction of the project. Risk is transferred to the design-builder.
Design-Build-Finance (DBF)	Under this model, Project Co enters into a single contract with the owner and is responsible for the design, construction and financing of the project. Risk is transferred to Project Co.
Design-Build-Finance-Maintain (DBFM)	Under this model, the Project Co enters into a single contract with the owner and is responsible for the design, construction, financing of the project and maintenance of the asset following completion for a set amount of years (typically 30). Risk is transferred to Project Co.

Fairness Advisor Report

A Fairness Advisor is an independent third-party whose role is to observe and/or monitor the procurement process and to report as to the fairness of the procurement process observed. A clean report attests to the fairness of the procurement process, enhances the integrity of the public procurement process by providing comfort to the proponents that the process was credible and provided equal opportunity for all to compete.

Request for Proposals (RFP)

Invites eligible Proponents from the RFQ stage to prepare and submit Proposals to design and build and potentially finance and maintain (depending on the model) the project under a long-term project agreement.

Request for Qualifications (RFQ)

Invites interested parties to submit responses indicating their interest and qualifications for a project. Based on responses, a shortlist of up to three Proponents are invited to participate in the next stage of the Competitive Selection Process, the Request for Proposals stage.

Value for Money (VFM)

The risk-adjusted difference in present value dollar terms between the partnership and traditional delivery models costs. Not all benefits are captured in a value for money 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).