



# Financial Statements

202<sup>4</sup><sub>3</sub>

**College of Physicians and Surgeons of British Columbia  
Financial Statements  
February 28, 2023**

**Contents**

	<b><u>Page</u></b>
Auditor's report	1
Statement of Operations	4
Statement of Financial Position	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to the financial statements	8-16



KPMG LLP  
PO Box 10426 777 Dunsmuir Street  
Vancouver BC V7Y 1K3  
Canada  
Telephone (604) 691-3000  
Fax (604) 691-3031

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the College of Physicians and Surgeons of British Columbia

### ***Opinion***

We have audited the financial statements of the College of Physicians and Surgeons of British Columbia (the "Entity"), which comprise:

- the statement of operations for the year ended February 28, 2023
- the statement of financial position as at February 28, 2023
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at February 28, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### ***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 auditor's report.

We are independent of the Entity 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 Matter - Comparative Information***

The financial statements of the Entity for the year ended February 28, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 31, 2022.



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

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

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

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

## ***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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Chartered Professional Accountants

Vancouver, Canada  
May 25, 2023

# College of Physicians and Surgeons of British Columbia

## Statement of Operations

(Expressed in thousands of dollars)

Year ended February 28, 2023, with comparative information for 2022

	2023	2022
<b>Revenues:</b>		
Annual registrant and incorporation fees	\$ 28,076	\$ 27,052
Annual accreditation fees	5,871	5,119
Application fees	1,834	2,195
Other income	1,297	839
Investment income (note 5)	589	1,301
Rental income	113	208
	<b>37,780</b>	<b>36,714</b>
<b>Expenses:</b>		
Salaries and benefits	22,118	20,511
Assessments, accreditations and reviews	3,633	3,448
General and administrative	2,427	1,836
Amortization	2,152	2,208
Professional fees	1,980	1,150
Occupancy costs	1,370	1,534
Information technology	1,348	1,265
Board and committees	1,149	992
Library resources	564	507
	<b>36,741</b>	<b>33,451</b>
Excess of revenues over expenses before undernoted	1,039	3,263
Unrealized (loss) gain on investments	(1,272)	196
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ (233)</b>	<b>\$ 3,459</b>

See accompanying notes to financial statements.

# College of Physicians and Surgeons of British Columbia

## Statement of Financial Position

(Expressed in thousands of dollars)

As at February 28, 2023, with comparative information for 2022

	2023	2022
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 27,382	\$ 29,420
Short-term investments (note 4)	1,412	1,491
Accounts receivable	260	152
Prepaid expenses and deposits	899	1,028
	<b>29,953</b>	<b>32,091</b>
Prepaid expenses – non-current	1	42
Long-term investments (note 4)	34,692	32,568
Intangible assets (note 6)	3,678	3,819
Property and equipment (note 7)	30,415	30,543
	<b>\$ 98,739</b>	<b>\$ 99,063</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 3,336	\$ 2,905
Tenant deposits	11	8
Unearned revenue	30,456	30,675
Current portion of pension liabilities (note 9(b))	435	433
	<b>34,238</b>	<b>34,021</b>
Tenant deposits	-	11
Pension liabilities – non-current (note 9(b))	3,611	4,413
	<b>37,849</b>	<b>38,445</b>
<b>Net assets:</b>		
Investment in property, equipment and intangible assets	34,093	34,362
Internally restricted (note 3)	26,797	26,256
	<b>60,890</b>	<b>60,618</b>
	<b>\$ 98,739</b>	<b>\$ 99,063</b>

Commitments and contingent liabilities (note 10)

See accompanying notes to financial statements.

Approved on behalf of the Board:

*B. Anne Priestman*

Board Member

*Dr. C. Leger*

Board Member

# College of Physicians and Surgeons of British Columbia

## Statement of Changes in Net Assets

(Expressed in thousands of dollars)

Year ended February 28, 2023, with comparative information for 2022

				2023	2022
	Investment in property, equipment and intangible assets	Internally restricted (note 3)	Unrestricted	Total	Total
<b>Net assets, beginning of year</b>	\$ 34,362	\$ 26,256	\$ -	\$ 60,618	\$ 56,430
Excess (deficiency) of revenues over expenses	(2,152)	-	1,919	(233)	3,459
Interfund transfer (note 2(i))	-	1,413	(1,413)	-	-
Remeasurement gain for retired employee future benefits (note 9(b))	-	-	505	505	729
Changes in net assets invested in property, equipment and intangible assets	1,883	(872)	(1,011)	-	-
<b>Net assets, end of year</b>	<b>\$ 34,093</b>	<b>\$ 26,797</b>	<b>\$ -</b>	<b>\$ 60,890</b>	<b>\$ 60,618</b>

See accompanying notes to financial statements.



# College of Physicians and Surgeons of British Columbia

## Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended February 28, 2023, with comparative information for 2022

	2023	2022
<b>Operating activities:</b>		
(Deficiency) excess of revenues over expenses	\$ (233)	\$ 3,459
Non-cash items		
Amortization	2,152	2,208
Provision for pension benefits	(295)	(313)
Unrealized loss (gain) on investments	1,272	(196)
	<b>2,896</b>	<b>5,158</b>
Changes in operating working capital (note 11)	266	4,816
	<b>3,162</b>	<b>9,974</b>
<b>Investing activities:</b>		
Purchase of property and equipment	(1,017)	(199)
Purchase of intangible assets	(866)	(1,298)
Net changes in investments	(3,317)	(2,885)
	<b>(5,200)</b>	<b>(4,382)</b>
Net increase (decrease) in cash and cash equivalents	(2,038)	5,592
Cash and cash equivalents, beginning of year	29,420	23,828
Cash and cash equivalents, end of year	\$ 27,382	\$ 29,420

See accompanying notes to financial statements.

# College of Physicians and Surgeons of British Columbia

(Tabular amounts expressed in thousands of dollars)

## Notes to the Financial Statements

Year ended February 28, 2023

---

### 1. Purpose of the organization and nature of operations:

The purpose of the College of Physicians and Surgeons of British Columbia (the “College”) is to regulate the practice of medicine and podiatry under the authority of provincial law. All physicians and podiatrists who practise in the Province of British Columbia must be registrants of the College and meet expected standards of practice and conduct.

The College also administers several quality assurance and accreditation activities to ensure physicians remain competent throughout their professional lives, and the facilities they work in maintain standards of practice in health care.

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

### 2. Significant accounting policies:

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

#### (a) Revenue recognition:

The College follows the deferral method of accounting for revenue. Registrant fees, incorporation fees and accreditation fees are recognized as revenue over the period of licensure, accreditation or service provided when collection is reasonably assured. Application fees, rental income and investment income are recorded as revenue when the service is provided, or the investment income is earned and reasonable assurance exists regarding measurement and collectability.

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

#### (b) Financial instruments:

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

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

# College of Physicians and Surgeons of British Columbia

(Tabular amounts expressed in thousands of dollars)

## Notes to the Financial Statements

Year ended February 28, 2023

---

### 2. Significant accounting policies (continued):

#### (b) Financial instruments (continued):

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

#### (c) Cash and cash equivalents

Cash and cash equivalents include cash and term deposits with a maturity of three months or less from the date of acquisition. As at February 28, 2023, \$23,000,000 (2022 - \$0) was invested in four 60-day guaranteed investment certificates (GICs) with interest rates ranging from 5.01% to 5.07%.

#### (d) Property and equipment:

Property and equipment are recorded at cost and amortized using the straight-line method over the following estimated useful lives:

Building	50 years
Building improvements	25 years
Furniture and equipment	8 years
Computer equipment	4 years

Property and equipment are componentized when estimates can be made of the useful lives of the separate components.

The College reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the asset no longer has or has reduced long-term service potential to the organization. If such condition exists, an impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value or replacement cost.

#### (e) Intangible assets:

The College's intangible assets include its database system ("iMIS") and other software which have been recorded at cost and amortized over their useful lives of 7 years and 5 years, respectively.

The College reviews its intangible assets for impairment whenever events or changes in circumstances indicate that the asset no longer has or has reduced long-term service potential to the organization. If such conditions exist, an impairment loss is measured at the amount by which the carrying amount of the intangible asset exceeds its fair value or replacement cost.

# College of Physicians and Surgeons of British Columbia

(Tabular amounts expressed in thousands of dollars)

## Notes to the Financial Statements

Year ended February 28, 2023

---

### 2. Significant accounting policies (continued):

*(f) Pension plans:*

Pension costs and obligations are accounted for as follows:

- (i) British Columbia Public Service Pension Plan – Cost is recognized using defined contribution plan accounting as this is a multi-employer defined benefit pension plan. Contributions are expensed as incurred.
- (ii) Supplementary defined benefit pension plan – Cost is recognized based on an actuarial valuation using the accumulated benefit method and management’s best estimate of assumptions. Actuarial assumption changes resulting in remeasurement are recognized directly in the Statement of Changes in Net Assets in the period incurred.

*(g) Use of estimates:*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods. Actual results could differ from these estimates. Estimates include the amortization period of property, equipment and intangible assets, the assumptions used regarding the actuarial valuation of the defined benefit pension obligations, and the recording of accrued and contingent liabilities.

*(h) Internally restricted net assets:*

Amounts designated and approved by the Board of Directors (the “Board”) for a contingency reserve fund and the funding of special projects are included in internally restricted net assets. Investment income earned on the internally restricted funds is unrestricted.

*(i) Interfund transfers:*

Transfers of funds within net assets are made when it is considered appropriate and authorized by the Board.

### 3. Internally restricted net assets:

Internally restricted net assets include contingency reserves to ensure the College has sufficient financial resources to continue operations in the event of a significant negative event, or other funding for projects as approved by the Board. The contingency reserve fund will be built up over time to a targeted balance based on a percentage of annual operating costs. Annual transfers to the contingency reserves will be authorized by the Board until the target minimum reserve amount is attained.

# College of Physicians and Surgeons of British Columbia

(Tabular amounts expressed in thousands of dollars)

## Notes to the Financial Statements

Year ended February 28, 2023

### 4. Investments:

	2023	2022
Recorded at fair value:		
Bond funds	\$ 15,855	\$ 13,280
Canadian equities	4,165	4,956
US equities	9,634	10,024
International equities	6,450	5,799
<b>Total investments</b>	<b>\$ 36,104</b>	<b>\$ 34,059</b>
Short-term investments	\$ 1,412	\$ 1,491
Long-term investments	34,692	32,568
<b>Total investments</b>	<b>\$ 36,104</b>	<b>\$ 34,059</b>

Short-term investments include investments held in operating accounts which the College intends to use for operations within the next fiscal year. Investments that are expected to be realized beyond the next fiscal year are classified as long-term assets.

### 5. Investment income:

Investment income is comprised of the following:

	2023	2022
Net realized (loss) gain	\$ (661)	\$ 528
Dividends	369	296
Interest	881	477
<b>Total investment income</b>	<b>\$ 589</b>	<b>\$ 1,301</b>

### 6. Intangible assets:

	2023			2022	
	Cost	Accumulated amortization	Net book value	Net book value	
Database system	\$ 7,047	\$ 5,991	\$ 1,056	\$	1,576
Other software	4,849	2,227	2,622	\$	2,243
	<b>\$ 11,896</b>	<b>\$ 8,218</b>	<b>\$ 3,678</b>	<b>\$</b>	<b>3,819</b>

# College of Physicians and Surgeons of British Columbia

(Tabular amounts expressed in thousands of dollars)

## Notes to the Financial Statements

Year ended February 28, 2023

### 7. Property and equipment:

			2023		2022	
	Cost	Accumulated amortization	Net book value	Net book value		
Land	\$ 8,301	\$ -	\$ 8,301	\$ 8,301		
Building	22,445	5,090	17,355	17,804		
Building improvements	5,315	2,189	3,126	3,310		
Furniture and equipment	3,724	3,223	501	557		
Computer equipment	2,984	1,852	1,132	571		
	\$ 42,769	\$ 12,354	\$ 30,415	\$ 30,543		

### 8. Government remittances:

Included in accounts payable and accrued liabilities are government remittances of \$74,000 (2022 - \$163,000) for payroll related taxes.

### 9. Pension plans:

#### (a) British Columbia Public Service Pension Plan:

The College and its employees contribute to the British Columbia Public Service Pension Plan ("BCPSPP"), a jointly trustee pension plan. The Public Service Pension Board of Trustees, representing plan members and employees, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan that provides pension benefits based on a formula using length of service and best five-year average salary. The plan has about 68,000 active members, 22,000 inactive members and 54,000 retired members.

The latest actuarial valuation for the BCPSPP as at March 31, 2020, indicated a surplus of \$2.7 billion for basic pension benefits. The next valuation is scheduled for March 31, 2023, with results available later in 2023.

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

The College paid \$1,643,000 for employer contributions to the plan in fiscal year 2023 (2022 - \$1,543,000). Contributions paid by employees in fiscal year 2023 were \$1,302,000 (2022 - \$1,219,000).

# College of Physicians and Surgeons of British Columbia

(Tabular amounts expressed in thousands of dollars)

## Notes to the Financial Statements

Year ended February 28, 2023

### 9. Pension plans (continued):

#### (b) *Supplementary Pension Plan:*

For senior staff hired prior to 2004, the supplementary pension arrangements provide for pensions determined on a defined benefit basis. This plan provides pension benefits, based on length of service and best three-year average salary, that are in excess of those that can be funded under a registered pension plan. The College pays supplementary defined benefits to these former senior staff as they fall due. As of February 28, 2023, no active members of senior staff were covered under the supplementary defined benefit arrangement. An actuarial valuation to measure the College's accrued benefit obligation for its supplementary defined benefit contribution plan is carried out at each year end.

The following tables show the status of the College's defined benefit supplementary pension plan as well as figures related to the its participation in the BCPSPP:

	2023	2022
<b>Accrued benefit obligation</b>		
Balance at beginning of year	\$ 5,362	\$ 6,370
Benefits paid	(434)	(445)
Interest cost	165	166
Actuarial (gain)	(505)	(729)
<b>Balance at end of year</b>	<b>\$ 4,588</b>	<b>\$ 5,362</b>
<b>Pension liability</b>		
Accrued benefit obligation	\$ 4,588	\$ 5,362
Plan assets	(542)	(516)
<b>Net pension liability</b>	<b>4,046</b>	<b>4,846</b>
Current portion of pension liability	(435)	(433)
<b>Long-term pension liability</b>	<b>\$ 3,611</b>	<b>\$ 4,413</b>
<b>Pension expense</b>		
Contributions to the British Columbia Public Service		
Pension Plan	\$ 1,643	\$ 1,543
Interest cost	165	166
<b>Expense included in salaries and benefits</b>	<b>1,808</b>	<b>1,709</b>
Actuarial (gain) recognized		
in Statement of Changes in Net Assets	(505)	(729)
<b>Pension expense recognized for year</b>	<b>\$ 1,303</b>	<b>\$ 980</b>

# College of Physicians and Surgeons of British Columbia

(Tabular amounts expressed in thousands of dollars)

## Notes to the Financial Statements

Year ended February 28, 2023

### 9. Pension plans (continued):

#### (b) Supplementary Pension Plan:

Significant assumptions used to measure costs and obligations for the supplementary defined benefit pension plan are as follows:

Discount rate	4.9%	3.4%
Indexation of pensions	0.0%	0.0%

The College made contributions to the plans above as follows:

	2023	2022
British Columbia Public Service Pension Plan	\$ 1,643	\$ 1,543
Supplementary defined benefit plan	461	477
Total contributions	\$ 2,104	\$ 2,020

### 10. Commitments and contingent liabilities:

- (a) The College has entered into a letter of credit agreement in the amount of \$5,453,000 (2022 - \$5,453,000) to secure the accrued pension benefits under the supplementary defined benefit pension plan provided to its former senior staff. The letter of credit expires on August 31 of each year and is renewed to reflect changes in the College's supplementary pension obligations. Collateral for this letter of credit is secured by the equity of the land and building.
- (b) The College has been named as a defendant in certain lawsuits and has been advised by legal counsel that these claims are without substantial merit. In the event the College is unsuccessful in defending any of these claims, the College has sufficient liability insurance to cover any legal obligation. When it is anticipated that the College will ultimately incur a liability and the amount can be reasonably estimated, a provision is made in the financial statements.

### 11. Changes in operating working capital:

	2023	2022
Accounts receivable	\$ (108)	\$ (124)
Prepaid expenses and deposits	170	19
Accounts payables and accrued liabilities	431	569
Tenants deposits	(8)	-
Unearned revenue	(219)	4,352
	\$ 266	\$ 4,816



# College of Physicians and Surgeons of British Columbia

(Tabular amounts expressed in thousands of dollars)

## Notes to the Financial Statements

Year ended February 28, 2023

---

### 12. Financial instruments:

(a) *Credit risk:*

Credit risk is the risk that a counterparty will fail to perform its obligations when they come due. The College is exposed to credit risk on its investments and accounts receivable. The College does not have significant accounts receivable exposure to any individual registrant and investments are held with well known, reputable Canadian financial institutions.

(b) *Liquidity risk:*

Liquidity risk is the risk that the College will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The College's objective is to have sufficient liquidity to meet its liabilities when they come due. The College monitors its cash balances and cash flows generated from operations to meet its requirements. As at February 28, 2023, the most significant financial liabilities are accounts payable and accrued liabilities, as well as accrued pension liabilities.

(c) *Market risk:*

Market risk is the risk that changes in market prices, as a result of changes in foreign exchange rates, interest rates, equity prices and valuation of appraisal-based assets, will affect the College'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 maximizing the return.

(i) *Currency risk:*

Investments in foreign securities are exposed to currency risk due to fluctuations in foreign exchange rates. The College is exposed to currency risk on its US and international equities (note 4), as the prices denominated in foreign currencies are converted to Canadian dollars in determining fair value. The College controls currency risk by maintaining a geographically diversified portfolio. From time to time, the College's external investment fund managers may hold balances in cash and cash equivalents denominated in non-Canadian currencies. The currency risk related to these balances is not significant.

(ii) *Interest rate risk:*

Interest rate risk is the risk that the value of the College's financial instruments will vary due to fluctuations in interest rates and the degree of volatility of these rates. The College is exposed to interest rate risk on its cash equivalents and a portion of its investments primarily related to the bond fund holdings. The College does not use derivative instruments to reduce its exposure to fluctuations in market interest rates.

# College of Physicians and Surgeons of British Columbia

(Tabular amounts expressed in thousands of dollars)

## Notes to the Financial Statements

Year ended February 28, 2023

---

### 12. Financial instruments (continued):

(c) *Market risk (continued):*

(iii) Equity price risk:

Equity price risk is the risk that the fair value of equity financial instruments will fluctuate due to changes in market prices. The College is exposed to equity price risk on its investments in equities. The objective of the College's investment policy is to manage equity price risk by maintaining a portfolio which is diversified across geographic and industry sectors.

Economic uncertainty continues to be a risk that may have significant financial reporting implications for the College regarding its future cash flows. Potential impacts on the College's operations could include decreases in investment income and valuation of investments. There has been no change to the above risk exposures outlined above from fiscal year ended February 28, 2022.

**College of Physicians and Surgeons of British Columbia**

300-669 Howe Street  
Vancouver BC V6C 0B4

**[cpsbc.ca](http://cpsbc.ca)**

Telephone	604-733-7758
Facsimile	604-733-3503
Toll free	1-800-461-3008
College library	604-733-6671