



**Financial Statements**  
**For the year ended December 31, 2023**

**Sea to Sky Regional Hospital District  
Financial Statements  
For the year ended December 31, 2023**

	<b>Contents</b>
<b>Management Responsibility Report</b>	<b>2</b>
<b>Independent Auditor's Report</b>	<b>3-4</b>
<b>Financial Statements</b>	
Statement of Financial Position	<b>5</b>
Statement of Operations	<b>6</b>
Statement of Cash Flows	<b>7</b>
Statement of Change in Net Financial Assets	<b>8</b>
Notes to the Financial Statements	<b>9-12</b>



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## **Statement of Management Responsibility**

The 2023 financial statements have been prepared by Regional District staff and are the responsibility of management. Management's responsibilities also include maintaining a system of internal controls for financial statement reliability purposes and for the protection of the Regional Hospital District's assets. The financial statements have been prepared in accordance with Canadian public sector accounting standards.

The Board of the Regional Hospital District has approved these financial statements at their Board meeting of April 24, 2024.

BDO Canada LLP, the Regional Hospital District's independent external auditors, have examined the Regional Hospital District's financial statements in accordance with generally accepted auditing standards. In their opinion, as expressed in their audit report, the Regional Hospital District's financial statements present fairly in all material respects the financial position of the Regional Hospital District as at December 31, 2023, and the results of operations and cash flows for the year then ended.

A handwritten signature in black ink, appearing to read "S. Lafrance", is positioned above the printed name.

Suzanne Lafrance  
Director of Finance  
[April 25, 2024]



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## Independent Auditor's Report

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To the Board of Directors of the Sea to Sky Regional Hospital District

### Opinion

We have audited the financial statements of Sea to Sky Regional Hospital District (the "Regional Hospital District"), which comprise the Statement of Financial Position as at December 31, 2023, and the Statements of Operations, Cash Flows, and Changes in Net Financial Assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Regional Hospital District as at December 31, 2023, and its results of operations, its change in net debt, and its 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 our report. We are independent of the Regional Hospital District 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.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Regional Hospital District's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

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



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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 Regional Hospital District'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 Regional Hospital District'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 Regional Hospital District 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.

Chartered Professional Accountants  
Whistler, British Columbia  
April 25, 2024

**Sea to Sky Regional Hospital District  
Statement of Financial Position**

As at December 31	2023	2022
<b>Financial Assets</b>		
Cash and Cash Equivalents (Note 3)	\$ 2,780,835	\$ 1,765,737
Accounts Receivable	58,793	51,813
MFA Debt Reserve Fund (Note 4)	109,786	106,477
	2,949,414	1,924,027
<b>Liabilities</b>		
Accounts Payable	\$ 29,026	\$ 16,602
MFA Long-term Debt (Note 4)	2,856,905	3,271,051
	2,885,931	3,287,653
<b>Net Financial Assets (Debt) and Accumulated Surplus (Deficiency) (Note 5)</b>	<b>\$ 63,483</b>	<b>\$ (1,363,626)</b>

Approved by:

  
 \_\_\_\_\_ **Treasurer**

  
 \_\_\_\_\_ **Chair**

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Sea to Sky Regional Hospital District  
Statement of Operations**

<b>For the year ended December 31</b>	<b>Budget 2023 (Note 6)</b>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>			
Requisition	1,510,222	1,510,222	1,510,222
Interest/Investment Income	12,500	96,987	28,770
Debenture Refund and Actuarial Earnings	-	168,729	151,818
Actuarial Accrual	-	7,111	7,048
Payments In Lieu of Taxes	500	802	1,055
	1,523,222	1,783,851	1,698,913
<b>Expenses</b>			
Administration Charges	2,750	2,750	2,750
Bank Charges	250	36	109
Miscellaneous Operating Cost	16,722	18,928	14,486
Section 20(3) Expenditures - Capital Equipment	707,629	168,380	813,148
Interest	166,648	166,648	166,648
	893,999	356,742	997,141
<b>Annual Surplus</b>	<b>629,223</b>	<b>1,427,109</b>	<b>701,772</b>
<b>Accumulated Deficiency, beginning of year</b>	<b>(1,363,626)</b>	<b>(1,363,626)</b>	<b>(2,065,398)</b>
<b>Accumulated Surplus (Deficiency), end of year</b>	<b>\$ (734,403)</b>	<b>\$ 63,483</b>	<b>\$ (1,363,626)</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Sea to Sky Regional Hospital District  
Statement of Cash Flows**

	<b>2023</b>	<b>2022</b>
<b>Cash provided by (used in)</b>		
<b>Operating Transactions</b>		
Annual Surplus	\$ 1,427,109	\$ 701,772
Non Cash Items		
Debenture Refund and Actuarial Earnings	(168,729)	(151,818)
Changes in Non-cash Operating Balances		
Accounts Receivable	(6,980)	(7,178)
Accounts Payable	12,424	(35,082)
	1,263,824	507,694
<b>Financing Transactions</b>		
Repayment of Long-term Debt	(248,726)	(248,727)
<b>Increase in cash and cash equivalents for the year</b>	<b>1,015,098</b>	<b>258,967</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,765,737</b>	<b>1,506,770</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,780,835</b>	<b>\$ 1,765,737</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Sea to Sky Regional Hospital District  
Statement of Change in Net Financial Assets**

<b>As at December 31</b>	<b>Budget 2023</b>	<b>2023</b>	<b>2022</b>
	<b>(Note 6)</b>		
Annual Surplus	\$ 629,223	\$ 1,427,109	\$ 701,772
Net Debt, beginning of the year	(1,363,626)	(1,363,626)	(2,065,398)
<b>Accumulated Surplus (Deficiency) (Note 5)</b>	<b>\$ (734,403)</b>	<b>\$ 63,483</b>	<b>\$ (1,363,626)</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Sea to Sky Regional Hospital District**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**1. Incorporation**

The Sea to Sky Regional Hospital District was established by an Order of the Lieutenant Governor in Council on November 19, 1998 and effectively commenced operations on January 1, 1999. The Regional Hospital District raises funds through requisition of taxes from property owners within its geographical boundaries. These revenues are used to fund capital and equipment purchases for hospitals in the area through local community health authorities. The Regional Hospital District is not subject to income taxes.

**2. Significant Accounting Policies**

The Regional Hospital District is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards (PSAS) of the Public Sector Accounting Standards Board. Significant principles are as follows:

**(i) Cash and Cash Equivalents**

Cash consists of cash on hand, cash in transit, and cash on deposit. Cash equivalents include short-term highly liquid investments with a term to maturity of less than 90 days at acquisition.

**(ii) Revenue Recognition**

Sources of revenue are recorded on the accrual basis and recognized in the period in which they are earned.

**(iii) Government Transfers**

Government transfers, which include legislative grants, are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

**(iv) Requisition Revenue**

Each Municipality and Electoral Area within the Regional Hospital District is requisitioned for their portion of the Sea to Sky Regional Hospital District service. These funds are then levied by the Municipalities and the Province (for Electoral Areas) to individual taxpayers and turned over to the Regional Hospital District by August 1 of each year and are recorded as revenue in the calendar year to which they are related. Levies imposed by other taxing authorities are not included as taxes for Regional Hospital District purposes.

**(v) Financial Instruments**

Effective January 1, 2023, the Regional Hospital District adopted PS 3450 - Financial Instruments. The standard was adopted prospectively and comparative figures were not restated.

The Regional Hospital District's financial instruments consist of cash and cash equivalents, accounts receivable, sinking funds held by the Municipal Finance Authority of BC (MFABC), accounts payable and long-term debt. All financial instruments are measured at cost or amortized cost on the statement of financial position, using the effective interest rate method to determine interest revenue or expense.

All financial instruments are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

**Sea to Sky Regional Hospital District  
Notes to the Financial Statements  
For the year ended December 31, 2023**

Unrealized gains and losses from changes in the fair value of financial instruments would be recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains or losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations. As the Regional Hospital District has no financial instruments reported at fair value, no statement of remeasurement gain or loss is presented in these financial statements.

**3. Cash and Cash Equivalents**

At December 31,	2023	2022
Municipal Finance Authority of BC (MFABC) investments	\$ 2,438,529	\$ 1,744,542
Cash on deposit	342,306	21,195
<b>Total</b>	<b>\$ 2,780,835</b>	<b>\$ 1,765,737</b>

Included in cash and cash equivalents are MFABC Pooled Investment Funds held in a CIBC Mellon Money Market account. These funds are tax requisition funds invested for regular Hospital District operations.

Average yield on the MFA BC Money Market Fund in 2023 was 4.64% (2022 = 1.78%)

**4. Municipal Finance Authority of BC (MFABC) Long-term Debt**

MFABC provides capital financing for Regional Hospital Districts. MFABC is required to establish a Debt Reserve Fund and must use this fund if at any time there are insufficient funds to meet payments on its obligations. If this occurs the Regional Hospital District may be called upon to restore the fund.

The Regional Hospital District is required to pay into the Debt Reserve Fund certain amounts set out in the financing agreements. The interest earned on the Debt Reserve Fund, less administrative expenses, becomes an obligation of the MFABC to the Regional Hospital District.

Upon the maturity of a debt issue, the unused portion of the Debt Reserve Fund established for that issue will be discharged.

As at December 31, the total of the Debt Reserve Fund was comprised of:

	2023	2022
MFA Debt Reserve Fund	\$109,786	\$106,477
Demand notes	221,733	221,733
	<b>\$331,519</b>	<b>\$328,210</b>

Long-term debentures issued through the MFABC:

Issue	Interest Rate	2023	2022
105 Issued in 2009, maturing in 2029	2.25%	\$1,785,615	\$2,044,464
106 Issued in 2009, maturing in 2029	2.25%	1,071,290	1,226,587
<b>Total</b>		<b>\$2,856,905</b>	<b>\$3,271,051</b>

**Sea to Sky Regional Hospital District  
Notes to the Financial Statements  
For the year ended December 31, 2023**

Future principal payments on existing debt:

2024	248,726
2025	248,726
2026	248,726
2027	248,726
Thereafter	<u>497,450</u>
	<b>1,492,354</b>
Actuarial additions	<u>1,364,551</u>
	<b><u>\$2,856,905</u></b>

**5. Accumulated Surplus / (Deficiency)**

Components of Accumulated Surplus / (Deficiency):	<b>2023</b>	<b>2022</b>
Unrestricted	\$ 197,245	\$ 136,579
Appropriated for Section 20(3) Reserve	2,613,357	1,664,369
MFA Debt Reserve Fund	109,786	106,477
Issued Debt Recovered through Future Taxation	(2,856,905)	(3,271,051)
<b>Accumulated Surplus / (Deficiency), end of year</b>	<b>\$ 63,483</b>	<b>\$ (1,363,626)</b>

**6. Budget**

The 2023 budget was approved by the Board through the adoption of Bylaw No. 49 - 2023 on February 22, 2023. The budget includes items not shown on the statement of operations as identified below:

<b>Annual budgeted deficit as reported in these financial statements</b>	<b>\$ 629,223</b>
<b>Adjustments for items not reflected in financial statements</b>	
Budgeted Operating Surplus Brought Forward	29,242
MFA Debt Principal Payments	(248,726)
Contingency Expense (for Capital purposes)	(1,117,368)
Transfer from Appropriated Capital Surplus	<u>707,629</u>
<b>Budgeted Annual Surplus</b>	<b><u>\$0</u></b>

**7. Financial Risk Management**

The Regional Hospital District is potentially exposed to interest rate, liquidity, and credit risks. Management believes that foreign exchange risk derived from currency conversions is not currently a significant risk. Qualitative and quantitative analysis of the significant risks is provided below by type of risk.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Investments that are subject to interest rate risk are cash and cash equivalents. The Regional Hospital District mitigates the interest rate risk by investing cash equivalents in MFABC's Money Market Fund (see note 3) which is composed of high-quality money market instruments with short maturities not exceeding 366 days.

**Sea to Sky Regional Hospital District  
Notes to the Financial Statements  
For the year ended December 31, 2023**

The Regional Hospital District manages interest rate risk on its long-term debt by holding all debt through MFABC at a fixed rate, with refinancing typically being completed at the five or ten year mark. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to long-term debt. See Note 4 for interest rates and maturity dates for long-term debt. Interest rate risk related to debt instruments is managed through budget and cash forecasts.

**Liquidity Risk**

Liquidity risk is the risk that the Regional Hospital District will not be able to meet its financial obligations as they become due. The Regional Hospital District manages liquidity risk by continually monitoring actual and forecasted cash flows from operations, anticipated investing, and financial activities to ensure that its financial obligations are met.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk primarily arises from the Regional Hospital District's cash and cash equivalents and accounts receivable. The risk exposure is limited to their carrying amounts at the date of the statement of financial position.

The Regional Hospital District mitigates exposure to credit risk for cash and cash equivalents by maintaining its cash equivalents with MFABC which meets the investment requirements of Section 183 of the Community Charter of the Province of BC.

Accounts receivable consist of amounts receivable from government organizations and financial institutions. To reduce the risk, the Regional Hospital District regularly reviews the collectability of its accounts receivable and if needed, will establish an allowance based on its best estimate of potentially uncollectible amounts. The Regional Hospital District historically has not had difficulty collecting receivables, nor have counterparties defaulted on any payments.