



Financial Statements
For the year ended December 31, 2025

**Sea to Sky Regional Hospital District
Financial Statements
For the year ended December 31, 2025**

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Management responsibility report
To follow board approval

BDO Canada
Auditors' Report to follow board approval

BDO Canada
Auditors' Report to follow board approval

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

As at December 31	2025	2024
Financial Assets		
Cash and Cash Equivalents (Note 3)	\$ 5,218,633	\$ 3,765,184
Accounts Receivable	56,876	48,946
MFA Debt Reserve Fund (Note 4)	117,011	113,609
	5,392,520	3,927,739
Liabilities		
Accounts Payable	\$ 221,766	\$ 29,689
MFA Long-term Debt (Note 4)	1,978,251	2,426,192
	2,200,017	2,455,881
Net Financial Assets and Accumulated Surplus (Note 5)		
	\$ 3,192,503	\$ 1,471,858

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**

For the year ended December 31	Budget 2025 (Note 6)	2025	2024
Revenue			
Requisition	2,378,600	2,378,600	1,585,731
Interest/Investment Income	75,000	115,963	130,638
Debenture Refund and Actuarial Earnings	-	210,545	175,963
Payments In Lieu of Taxes	800	1,140	785
	<u>2,454,400</u>	<u>2,706,248</u>	<u>1,893,117</u>
Expenses			
Administration Charges	2,750	2,750	2,750
Bank Charges	250	36	187
Miscellaneous Operating Cost	23,334	18,501	18,914
Section 20(3) Expenditures - Capital Equipment	4,479,139	660,646	253,423
Interest	303,669	303,670	209,468
	<u>4,809,142</u>	<u>985,603</u>	<u>484,742</u>
Annual Surplus (Deficiency)	(2,354,742)	1,720,645	1,408,375
Accumulated Surplus, beginning of year	1,471,858	1,471,858	63,483
Accumulated Surplus (Deficiency), end of year	\$ (882,884)	\$ 3,192,503	\$ 1,471,858

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

	2025	2024
Cash provided by (used in)		
Operating Transactions		
Annual Surplus	\$ 1,720,645	\$ 1,408,375
Non Cash Items		
Debenture Refund and Actuarial Earnings	\$ (202,617)	\$ (185,810)
Changes in Non-cash Operating Balances		
Accounts Receivable	\$ (7,930)	9,847
Accounts Payable	\$ 192,077	663
	<u>\$ 1,702,175</u>	<u>1,233,075</u>
Financing Transactions		
Repayment of Long-term Debt	<u>\$ (248,726)</u>	<u>(248,726)</u>
Increase in cash and cash equivalents for the year	\$ 1,453,449	984,349
Cash and cash equivalents, beginning of year	\$ 3,765,184	2,780,835
Cash and cash equivalents, end of year	\$ 5,218,633	\$ 3,765,184

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

As at December 31	Budget 2025	2025	2024
	(Note 6)		
Annual Surplus (Deficiency)	\$ (2,354,742)	\$ 1,720,645	\$ 1,408,375
Net Financial Assets, beginning of the year	1,471,858	1,471,858	63,483
Net Financial Assets (Debt) (Note 5)	\$ (882,884)	\$ 3,192,503	\$ 1,471,858

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, 2025

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

Revenue from transactions with performance obligations is recognized in the period the performance obligation is satisfied or over the periods for which the obligations exist when the Regional Hospital District satisfies the performance obligations over a period of time, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

(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

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
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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,	2025	2024
Municipal Finance Authority of BC (MFABC) investments	\$ 5,015,929	\$ 3,669,167
Cash on deposit	202,704	96,017
Total	\$ 5,218,633	\$ 3,765,184

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 2025 was 2.67% (2024 = 4.28%)

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:

	2025	2024
MFA Debt Reserve Fund	\$117,011	\$113,609
Demand notes	221,733	221,733
	\$338,744	\$335,342

Long-term debentures issued through the MFABC:

Issue	Interest Rate	2025	2024
105 Issued in 2009, maturing in 2029	4.10%	\$1,236,441	\$1,516,412
106 Issued in 2009, maturing in 2029	4.10%	741,810	909,780
Total		\$1,978,251	\$2,426,192

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Future principal payments on existing debt:

2026	248,726
2027	248,726
2028	248,726
2029	248,724
	994,902
Actuarial additions	983,349
	<u>\$1,978,251</u>

5. Accumulated Surplus / (Deficiency)

Components of Accumulated Surplus / (Deficiency):	2025	2024
Unrestricted	\$ 158,771	\$ 120,926
Appropriated for Section 20(3) Reserve	4,894,972	3,663,515
MFA Debt Reserve Fund	117,011	113,609
Issued Debt Recovered through Future Taxation	(1,978,251)	(2,426,192)
Accumulated Surplus, end of year	\$ 3,192,503	\$ 1,471,858

6. Budget

The 2025 budget was approved by the Board through the adoption of Bylaw No. 53 - 2025 on February 26, 2025. The budget includes items not shown on the statement of operations as identified below:

Annual budgeted deficit as reported in these financial statements **\$ (2,354,742)**

Adjustments for items not reflected in financial statements

Budgeted Operating Surplus Brought Forward	16,432
MFA Debt Principal Payments	(248,726)
Contingency Expense (for Capital purposes)	(1,076,479)
Transfer from Appropriated Capital Surplus	3,663,515
Budgeted Annual Surplus	<u>\$0</u>

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.

The Regional Hospital District manages interest rate risk on its long-term debt by holding all debt through

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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.