



SEA TO SKY
REGIONAL HOSPITAL DISTRICT

Financial Statements
For the year ended December 31, 2019

**Sea to Sky Regional Hospital District
Financial Statements
For the year ended December 31, 2019**

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Statement of Management Responsibility

The 2019 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 generally accepted accounting principles for local governments, as established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The Board of the Regional Hospital District has approved these financial statements at their Board meeting of May 27, 2020.

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, 2019, and the results of operations and cash flows for the year then ended.



Suzanne Lafrance
Director of Finance
[May 27, 2020]



Independent Auditor's Report

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, 2019, and the Statements of Operations, Cash Flows, and Changes in Net Debt 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, 2019, 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.

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.

BDO Canada LLP

Chartered Professional Accountants
Whistler, British Columbia
May 27, 2020

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

As at December 31	2019	2018
Financial Assets		
Cash and Cash Equivalents (Note 3)	\$ 819,570	\$ 623,293
Accounts Receivable	31,197	30
Sinking Funds Held by MFA	100,344	97,866
	951,111	721,189
Liabilities		
Accounts Payable	\$ 6,935	\$ 17,801
MFA Long-term Debt (Note 4)	4,420,345	4,774,359
	4,427,280	4,792,160
Net Debt and Accumulated Deficiency (Note 5)	\$ (3,476,169)	\$ (4,070,971)

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 2019 (Note 6)	2019	2018
Revenue			
Requisition	\$ 1,050,589	\$ 1,050,589	\$ 1,050,589
Interest/Investment Income	10,000	9,887	13,301
Debenture Refund and Actuarial Earnings	-	107,766	93,888
Actuarial Accrual	-	31,193	-
Payments In Lieu of Taxes	500	655	600
	1,061,089	1,200,090	1,158,378
Expenses			
Administration Charges	2,500	2,822	4,944
Bank Charges	250	130	72
Miscellaneous Operating Cost	13,144	10,947	6,398
Section 20(3) Expenditures - Capital Equipment	389,301	311,190	586,213
Interest	341,537	280,199	341,537
	746,732	605,288	939,164
Annual Surplus	314,357	594,802	219,214
Accumulated Deficiency, beginning of year	(4,070,971)	(4,070,971)	(4,290,185)
Accumulated Deficiency, end of year	\$ (3,756,614)	\$ (3,476,169)	\$ (4,070,971)

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**

	2019	2018
Cash provided by (used in)		
Operating Transactions		
Annual Surplus	\$ 594,802	\$ 219,214
Non Cash Items		
Debenture Refund and Actuarial Earnings	(107,766)	(93,888)
Changes in Non-cash Operating Balances		
Accounts Receivable	(31,167)	416
Accounts Payable	(10,866)	11,343
	445,003	137,085
Financing Transactions		
Principal Payments	(248,726)	(248,727)
	(248,726)	(248,727)
Increase / (Decrease) in cash and cash equivalents for the year	196,277	(111,642)
Cash and cash equivalents, beginning of year	623,293	734,935
Cash and cash equivalents, end of year	\$ 819,570	\$ 623,293

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 Changes in Net Debt**

As at December 31	Budget 2019 (Note 6)	2019	2018
Annual Surplus	\$ 314,357	\$ 594,802	\$ 219,214
Net Debt, beginning of the year	(4,070,971)	(4,070,971)	(4,290,185)
Net Debt, end of year	\$ (3,756,614)	\$ (3,476,169)	\$ (4,070,971)

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, 2019

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 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 Chartered Professional Accountants Canada. 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 are short-term investments made to obtain a return on a temporary basis and are carried at the lower of cost or market value.

(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**

The Regional Hospital District's financial instruments consist of cash and cash equivalents, accounts receivable, sinking funds held by MFA, long-term debt and accounts payable. Financial instruments are carried at cost. Unless otherwise indicated, it is management's opinion that the Regional Hospital District is not exposed to any significant interest, credit or currency risks arising from these financial instruments.

3. Investments

At December 31	2019	2018
MFA-CIBC Mellon	\$739,833	\$592,446

Included in cash and cash equivalents are MFA Funds held in a CIBC Mellon Money Market account. These funds are tax requisition funds invested for regular Hospital District operations and are carried at market value which approximates cost.

Average yield on the MFA money market investment in 2019 was 1.48% (2018 = 2.01%)

Sea to Sky Regional Hospital District

Notes to the Financial Statements

For the year ended December 31, 2019

4. MFA Long-term Debt

(a) Sinking fund debentures issued through the Municipal Finance Authority:

Issue	Interest Rate	Amount
105 Issued in 2009, maturing in 2029	2.25%	\$2,762,793
106 Issued in 2009, maturing in 2029	2.25%	1,657,552
		\$4,420,345

(b) Future principal payments on existing debt:

2020	\$248,726
2021	248,726
2022	248,726
2023	248,726
2024	248,726
Thereafter	1,243,627
	<u>2,487,257</u>
Actuarial additions	1,933,088
	<u>\$4,420,345</u>

5. Accumulated Surplus (Deficiency)

	2019	2018
Components of Accumulated Surplus (Deficiency):		
Unrestricted	\$150,117	\$65,657
Appropriated for Section 20(3) Reserve	693,715	539,865
MFA Debt Reserve Fund	100,344	97,866
Issued Debt to be Recovered through Future Taxation	(4,420,345)	(4,774,359)
Accumulated Deficiency, end of year	\$ (3,476,169)	\$ (4,070,971)

6. Budget

The 2019 budget was approved by the Board through the adoption of Bylaw No. 41 - 2019 on February 27, 2019. The budget includes items not shown on the statement of operations as identified below:

Annual budgeted deficit as reported in these financial statements	\$ 314,357
Adjustments for items not reflected in financial statements	
Budgeted Operating Deficit Brought Forward	10,109
MFA Debt Principal Payments	(248,726)
Contingency Expense	(465,041)
Transfer from Appropriated Capital Surplus	389,301
Budgeted Annual Surplus	<u><u>\$0</u></u>

7. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Sea to Sky Regional Hospital District

Notes to the Financial Statements

For the year ended December 31, 2019

8. Uncertainty Due to COVID-19

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Regional Hospital District, the local health authorities, regional taxpayers and suppliers that could impact the timing and amounts realized on the Regional Hospital District's assets and future ability to deliver funding to local health authorities. At this time, the full potential impact of COVID-19 on the Regional Hospital District is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Regional Hospital District's ability to continue funding purchases of capital equipment for hospitals in the region will depend on the legislative mandates from the various levels of government. The Regional Hospital District will continue to focus on managing its operations to ensure that it can continue to service debt and support capital equipment purchases.