



ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

STATEMENT OF FINANCIAL INFORMATION PERIOD ENDED DECEMBER 31, 2012

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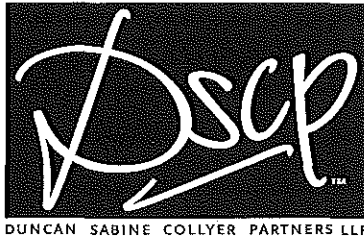
ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT
Financial Statements
Year Ended December 31, 2012

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Directors of Alberni-Clayoquot Regional Hospital District

We have audited the accompanying financial statements of Alberni-Clayoquot Regional Hospital District, which comprise the statement of financial position as at December 31, 2012 and the consolidated statements of operations, changes in accumulated surplus, net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the basis of accounting described in Note 2, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

(continues)

Independent Auditor's Report to the Chairperson and Directors of Alberni-Clayoquot Regional Hospital District
(continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of Alberni-Clayoquot Regional Hospital District for the year ended December 31, 2012 are prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

Basis of Accounting and Restrictions on Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Chairperson and Directors of the Alberni-Clayoquot Regional Hospital District and the Ministry of Health for complying with the Hospital District Act. These financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Port Alberni, B.C.
June 12, 2013



CERTIFIED GENERAL ACCOUNTANTS



ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Statement of Financial Position

December 31, 2012

	2012	2011
FINANCIAL ASSETS		
Cash	\$ 1,419,110	\$ 1,444,602
Accounts receivable <i>(Note 3)</i>	16,157	1,544
Municipal Finance Authority debt reserve deposit <i>(Note 4)</i>	898,759	989,806
Grants to district hospitals - capitalized	8,640,260	9,648,918
	10,974,286	12,084,870
FINANCIAL LIABILITIES		
Accrued interest	64,886	121,845
Due to Alberni-Clayoquot Regional District <i>(Note 5)</i>	-	15,000
Municipal Finance Authority debt reserve <i>(Note 4)</i>	898,759	989,806
Reserves related to Section 20(3)	612,069	902,107
Debenture debt <i>(Note 6)</i> (Schedule 1)	8,904,497	9,913,154
Unamortized debenture discount <i>(Note 6)</i>	42,734	42,734
	10,522,945	11,984,646
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS <i>(Note 7)</i>	\$ 451,341	\$ 100,223



Teri Fong, CGA
Manager of Finance

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Statement of Operations

Year Ended December 31, 2012

	Budget 2012	2012	2011
REVENUE			
Taxation (Schedule 2)	\$ 1,998,170	\$ 1,998,169	\$ 2,255,779
Grants in lieu of taxes	8,000	13,513	12,417
Other income	20,000	339,975	49,496
	2,026,170	2,351,657	2,317,692
EXPENSES			
Sinking fund installments	597,320	597,419	601,440
Interest and fees on debenture	758,892	632,937	894,445
Administrative costs	15,000	15,000	15,000
Contribution to section 20(3) reserve	755,183	755,183	727,000
	2,126,395	2,000,539	2,237,885
ANNUAL SURPLUS	\$ (100,225)	\$ 351,118	\$ 79,807

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Statement of Changes in Accumulated Surplus

Year Ended December 31, 2012

	2012	2011
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 100,223	\$ 20,416
Annual surplus	351,118	79,807
ACCUMULATED SURPLUS - END OF YEAR <i>(Note 7)</i>	\$ 451,341	\$ 100,223

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Statement of Changes in Net Financial Assets

Year Ended December 31, 2012

	Budget 2012	2012	2011
ANNUAL SURPLUS	\$ (100,225)	\$ 351,118	\$ 79,807
NET FINANCIAL ASSETS - BEGINNING OF YEAR	100,224	100,224	20,416
NET FINANCIAL ASSETS - END OF YEAR	\$ (1)	\$ 451,342	\$ 100,223

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Statement of Cash Flow

Year Ended December 31, 2012

	2012	2011
OPERATING ACTIVITIES		
Annual surplus	\$ 351,118	\$ 79,807
Item not affecting cash:		
Change in grants to district hospitals - capitalized	-	972,891
	351,118	1,052,698
Changes in non-cash working capital:		
Accounts receivable	(14,613)	516
Accrued interest	(56,959)	(19,163)
	(71,572)	(18,647)
Cash flow from operating activities	279,546	1,034,051
FINANCING ACTIVITIES		
Repayment of long term debt	4,021	(601,440)
Actuarial adjustments to long term debt	-	(371,451)
Cash flow from (used by) financing activities	4,021	(972,891)
INVESTING ACTIVITY		
Reserves related to Section 20(3)	(290,038)	(540,058)
DECREASE IN CASH FLOW	(6,471)	(478,898)
Cash - beginning of year	1,444,602	1,923,499
CASH - END OF YEAR	\$ 1,438,131	\$ 1,444,601
CASH FLOW SUPPLEMENTARY INFORMATION		
Interest received	\$ -	\$ 21,753
Interest paid	\$ 56,960	\$ 894,445

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Notes to Financial Statements

Year Ended December 31, 2012

1. NATURE OF THE ORGANIZATION

The Alberni-Clayoquot Regional Hospital District (District) was incorporated in 1967 under the Regional Hospital District Act. Its principal activities include the borrowing of monies from the Municipal Finance Authority and advancing those monies for hospital planning and development within the region.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the District are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants with the following deviations to comply with the accounting requirements prescribed by the Ministry of Health under the Hospital District Act:

- Grants to district hospitals are capitalized and recorded as an asset.
- There is no disclosure of the fair value of the financial assets and liabilities.
- Standards for recognition and disclosure of financial instruments have not been adopted.
- There is no disclosure of segmented reporting.
- Sinking fund installments are expensed in the year that they are paid.

Grants to district hospitals

Grants to district hospitals are capitalized and recorded as an asset on the statement of financial position while the hospital is in operation. When a hospital ceases operation, the amount of unrecoverable grants is written off against capital surplus.

Budget reporting

The unaudited budget information reported in the statement of operations and the statement of change in net financial assets represents the 2011 budget as adopted by the District's Board on March 28, 2012.

Long term debt

Long term debt is recorded net of any related sinking fund installments and actuarial additions. Debt charges, including principal and interest, are charged against current revenue in the periods in which they are accrued. The debt schedule indicates the amount of debt payable in accordance with schedules received from the Municipal Finance Authority.

Financial instruments

The carrying value of cash, accounts receivable, accounts payable, and accrued interest is cost due to the short-term nature of these financial instruments. Financial instruments consist of cash, accounts receivable, accrued interest and long term debt.

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ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Notes to Financial Statements

Year Ended December 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue and expenditure recognition

Revenue is recorded in the period in which the transactions or events that gave rise to the revenue occur. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the District discharges the obligations that led to the collection of funds.

Revenues from other levels of governments, classified as grants in lieu of taxes, are recorded in the District's records as they are received.

Each Municipality and Electoral Area within the Regional District is requisitioned for their portion of each service in which they participate. These funds are then levied by the Municipalities and the Province (for Electoral Areas) to individual taxpayers and turned over to the District by August 1 of each year.

Expenditures are recorded on an accrual basis and are recognized in the period in which the goods and services are acquired and a liability is incurred or transfers are due. Expenditures include the accrual of debt and related interest payable to the end of the fiscal period.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, and losses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they became known. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Since a precise determination of many assets and liabilities depends on future events, actual results may differ from such estimates and approximations.

3. ACCOUNTS RECEIVABLE

	2012	2011
Accounts receivable	\$ 16,157	\$ 1,544

4. DEBT RESERVE FUND

The Municipal Finance Authority of British Columbia provides capital financing for the Hospital District. The Authority is required to establish a Debt Reserve Fund into which each District and Member Municipality, who share in the proceeds of a debt issue through the District, are required to pay certain amounts set out in the debt agreements. Interest earned on these funds (less administrative expenses) becomes an obligation of the Authority to the Hospital District. If at any time insufficient funds are provided by the Hospital District or Member Municipalities, the Authority will then use these funds to meet payments on its obligations. When this occurs, the Hospital District may be called upon to restore the fund.

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Notes to Financial Statements

Year Ended December 31, 2012

5. RELATED PARTY

The Alberni-Clayoquot Regional Hospital District is related to the Alberni-Clayoquot Regional District; the same individuals are the Board of Directors for both organizations. As legislated by the Hospital District Act, the officers and employees of the Alberni-Clayoquot Regional District are the corresponding officers and employees of the Alberni-Clayoquot Regional Hospital District. Each of the Regional District and the Hospital District are separate legal entities as defined by separate Letters Patent and authorized by separate legislation. During the year the Alberni-Clayoquot Regional Hospital District purchased, at cost, \$15,000 of administrative support services from the Alberni-Clayoquot Regional District.

6. DEBENTURE DEBT

The debenture debt "Schedule 1" reflects the amount of debenture debt payable by the Alberni-Clayoquot Regional Hospital District. The outstanding amount payable is net of the Sinking Fund Balances as confirmed by the British Columbia Municipal Finance Authority. The Sinking Fund Balances are subject to periodic actuarial adjustments to reflect the earnings on the Sinking Fund Investment and accordingly will affect the debenture debt amount payable.

Principal repayment terms are approximately:

2013	\$	550,019
2014		529,568
2015		527,791
2016		527,791

The unamortized debenture discount will be applied in 2023 when the debenture is paid in full.

7. FUND ACCOUNTING

The District uses fund accounting to account for various aspects of operations. Presently the District uses the following three funds:

1. Capital fund - Provides funding and carries the debt related to capital projects for which the District has provided grants.
2. Revenue fund- Holds cash and receives interest on monies held by the District.
3. Reserve fund - Segregates funds raised for the purchase of equipment, minor renovations to the hospitals, and related studies, as permitted by Section 20(3) of the Hospital District Act.

As at December 31, 2012 the fund balances are:

	Capital Fund	Revenue Fund	Reserve Fund	2012
ACCUMULATED SURPLUS (DEFICIT) - BEGINNING OF YEAR	\$ 306,970	\$ (1,108,854)	\$ 902,107	\$ 100,223
Annual surplus (deficit)	-	552,101	(200,983)	351,118
ACCUMULATED SURPLUS (DEFICIT) - END OF YEAR	\$ 306,970	\$ (556,753)	\$ 701,124	\$ 451,341

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Notes to Financial Statements

Year Ended December 31, 2012

8. FINANCIAL INSTRUMENTS

For cash, accounts receivable, accounts payable, and accrued interest, the carrying value of these financial statements approximated their fair market values due to their short-term maturity or capacity for prompt liquidation. The district is exposed to credit risk on the accounts receivable from its customers. In order to reduce its credit risk, the district has adopted credit policies which include the analysis of the financial position of its customers and the regular review of their credit limits. The district does not have a significant exposure to any individual customer or counterpart. Unless otherwise noted, it is management's opinion the District is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

9. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of public accountants.

10. COMPARATIVE BUDGET FIGURES

Certain budget amounts have been reclassified to conform to the financial statement presentation adopted during the year.

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Schedule of Debenture Debt

(Schedule 1)

Year Ended December 31, 2012

B.C.H.F.A. By-law	By-law No.	Type of Security Issued	Maturity date	Term	Rate	2012 Balance	2011 Balance	2013 Requirements as of December 31, 2012	
								Principal	Interest
BCRHDCDK	57	Sinking Fund	09 Jan 2012	20	9.500%	\$ -	\$ 65,308	\$ -	\$ -
CDK02-25	57	Sinking Fund	09 Jan 2012	20	9.500%	-	22,327	-	-
HPCP50	57	Sinking Fund	10 Jun 2012	20	9.450%	-	4,697	-	-
HPCP49	57A	Sinking Fund	08 May 2012	20	9.410%	-	21,729	-	-
RHD-CD-N	57	Sinking Fund	23 Aug 2013	20	8.500%	15,787	30,823	-	-
RHD-CD-N1	54 & 57	Sinking Fund	23 Aug 2013	20	8.500%	2,016	3,937	837	2,176
RHDMTN-38	54	Sinking Fund	09 Jun 2014	20	9.600%	8,362	12,247	-	-
RHDMTN 53(3)	54	Sinking Fund	23 Aug 2013	20	8.500%	10,707	20,904	4,947	10,702
RHDMTN 53 (2)	54	Sinking Fund	23 Aug 2013	20	8.500%	3,056	5,967	-	-
RHD-EC-13	54	Sinking Fund	30 Nov 2023	20	7.875%	53,264	66,065	8,259	17,295
RHD-CDN-3	54	Sinking Fund	23 Aug 2013	20	9.120%	15,428	30,121	-	-
RHD-EC-13(1)	54	Sinking Fund	30 Nov 2023	20	7.875%	25,331	36,385	-	-
RHD-EUS4(2)	54	Sinking Fund	11 Jun 2017	20	9.120%	103,429	121,256	-	-
RHD-CDV-3(B)	54	Sinking Fund	11 Jun 2017	20	7.875%	29,180	34,210	2,577	4,163
1999F	54, 74, 75	Sinking Fund	01 Dec 2019	5, 5, 20	5.840%, 5.840%, 5.990%	574,146	642,590	41,233	39,182
2000S	75	Sinking Fund	01 Jun 2020	20	6.450%	1,571,315	1,731,618	-	-
2000F	75, 82	Sinking Fund	01 Jun 2020	20	6.360%	2,132,681	2,350,254	-	-
2001F	75, 82, 83	Sinking Fund	01 Jun 2022	20	5.100%	2,575,718	2,798,187	-	-
2020S	77	Sinking Fund	01 Jun 2020	20	5.900%	998,405	1,074,003	-	-
2002F	78	Sinking Fund	01 Jun 2020	20	5.250%	271,989	292,583	-	-
2003S	75	Sinking Fund	03 Jun 2023	20	5.250%	223,528	238,512	-	-
2003F	75	Sinking Fund	03 Oct 2023	20	4.770%	228,329	243,635	-	-
2005S	93	Sinking Fund	04 Jun 2025	20	5.100%	61,826	65,796	-	-
						\$ 8,904,497	\$ 9,913,154	\$ 57,853	\$ 73,518

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Schedule of Member Municipalities Tax Requisitions

(Schedule 2)

Year Ended December 31, 2012

	Budget 2012	2012	2011
MUNICIPALITIES			
Port Alberni	\$ 783,223	\$ 783,222	\$ 879,720
District of Tofino	324,600	324,600	380,845
District of Ucluelet	195,742	195,742	233,053
	1,303,565	1,303,564	1,493,618
ELECTORAL AREAS			
"A" Bamfield	72,541	72,541	82,171
"B" Beaufort	32,801	32,801	35,809
"C" Long Beach	93,425	93,425	105,835
"D" Sproat Lake	268,904	268,904	298,970
"E" Beaver Creek	108,064	108,064	117,006
"F" Cherry Creek	118,870	118,870	122,370
	694,605	694,605	762,161
	\$ 1,998,170	\$ 1,998,169	\$ 2,255,779



ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Schedule of Guarantee and Indemnity Agreements

This organization has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation.

Schedule of Remuneration and Expenses

There was no remuneration, expenses or severance agreements paid to employees by the Alberni-Clayoquot Regional Hospital District during the fiscal year 2012.

Schedule of Payments to Suppliers

1. Suppliers who received aggregate payments exceeding \$25,000.00

Supplier Name	Aggregate Amount Paid to Supplier
Alberni-Clayoquot Regional District	\$30,000.00
Municipal Finance Authority	\$1,287,315.74
Vancouver Island Health Authority	\$956,165.82
Total Suppliers Equal & Over \$25,000.00	\$2,273,481.56
Total Suppliers Under \$25,000.00	\$0.00
Total Suppliers	\$2,273,481.56

2. Reconciliation

Total of Aggregate Payments Equal to or Exceeding \$25,000.00	\$2,273,481.56
Consolidated Total of Payments Less Than \$25,000.00	\$0.00
Subtotal	\$2,273,481.56
Reconciling Items	\$0.00
Total per Statement of Revenue & Expenditures	*See note below
Variance	\$0.00

*The Financial Statements do not provide this information, they are prepared on a function basis rather than on an object basis. However, the amounts reported are included in the expenses stated in the financial statements.



ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Statement of Financial Information Approval

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced under the *Financial Information Act*.

Cindy N. Solda, Vice-Chair
June 28, 2013

Teri Fong, CGA, Manager of Finance
June 19, 2013



ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

MANAGEMENT REPORT

The Financial Statements contained in this Statement of Financial Information under the Financial Information Act have been prepared by external auditors, Duncan Sabine Collyer Partners LLP, in conjunction with management in accordance with generally accepted accounting principles or stated accounting principles, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board meets with management and the external auditors once a year.

The Manager of Finance has the responsibility for assessing the management systems and practices of the Regional District.

The external auditors, Duncan Sabine Collyer Partners LLP, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Act. Their examination includes a review and evaluation of the corporation's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the Board of Directors and may meet with it as required.

On behalf of the Alberni-Clayoquot Regional Hospital District

Teri Fong, CGA
Manager of Finance
June 19, 2013