



Hospital District Board of Directors Meeting
Wednesday, April 9, 2025

Zoom/Board Room (Hybrid) – 3008 Fifth Avenue, Port Alberni, BC
Immediately following the Board of Directors Meeting

Regular Agenda

Watch the meeting live at <https://www.acrd.bc.ca/events/9-4-2025/>

Register to participate via Zoom Webinar at: https://acrd-bc-ca.zoom.us/webinar/register/WN_Xf2QO113Q8qUS4OYem8QBA#/registration

PAGE #

1. CALL TO ORDER

(immediately following the ACRD Board Meeting)

Recognition of Territories.

Notice to attendees and delegates that this meeting is being recorded and livestreamed to YouTube on the Regional District Website.

2. APPROVAL OF AGENDA

(motion to approve, including late items requires 2/3 majority vote)

3. DECLARATIONS

(conflict of interest)

4. ADOPTION OF MINUTES

a. **Board of Directors Meeting – March 12, 2025**

3-6

THAT the minutes of the Alberni-Clayoquot Regional Hospital District Board of Directors held on March 12, 2025 be adopted.

5. PETITIONS, DELEGATIONS & PRESENTATIONS (10-minute maximum)

6. CORRESPONDENCE FOR ACTION

7. CORRESPONDENCE FOR INFORMATION

8. REQUEST FOR DECISIONS & BYLAWS

- a. **Request for Decision** **7-49**
Alberni-Clayoquot Regional Hospital District 2024 Financial Statements

THAT the Alberni-Clayoquot Regional Hospital District Board of Directors approve the 2024 Audited Financial Statements for the Alberni-Clayoquot Regional Hospital District as presented.

9. REPORTS

- a. Bamfield Health Centre – B. Beckett
b. Alberni-Clayoquot Continuing Care Society – V. Siga
c. West Coast Native Health Care Society – P. Cote
d. Tofino General Hospital – West Coast Directors
e. Alberni-Clayoquot Health Network – P. Cote/V Siga
f. West Coast General Hospital – Alberni Valley Directors
g. Other Reports

THAT the Regional Hospital Board of Directors receives reports a-g.

10. UNFINISHED BUSINESS

11. LATE BUSINESS

12. QUESTION PERIOD

Questions/Comments from the public:

- Participating in Person in the Board Room
- Participating in the Zoom meeting
- Emailed to the ACRD at responses@acrd.bc.ca

13. ADJOURN



Alberni-Clayoquot Regional Hospital District

MINUTES OF THE BOARD OF DIRECTORS MEETING HELD ON WEDNESDAY, WEDNESDAY, MARCH 12, 2025

Hybrid - Zoom/Board Room, 3008 Fifth Avenue, Port Alberni, BC

DIRECTORS

PRESENT:

Cindy Solda, Councillor, (Alternate), City of Port Alberni
Fred Boyko, Director, Electoral Area "B" (Beaufort)
Vaida Siga, Director, Electoral Area "C" (Long Beach)
Rene Lacoursiere, Alternate Director, Electoral Area "D" (Sproat Lake)
Susan Roth, Director, Electoral Area "E" (Beaver Creek)
Mike Sparrow, Director, Electoral Area "F" (Cherry Creek)
Sharie Minions, Mayor, City of Port Alberni
Tom Stere, Councillor, District of Tofino
Kirsten Johnsen, Councillor, Toquaht Nation
Levana Mastrangelo, Executive Legislator, Yuuʷuʷiʷiʷatʷ Government

REGRETS:

Debbie Haggard, Chair, Councillor, City of Port Alberni
John Jack, Vice-Chairperson, Chief Councillor, Huu-ay-aht First Nations
Bob Beckett, Director, Electoral Area "A" (Bamfield)
Penny Cote, Director, Electoral Area "D" (Sproat Lake)
Marilyn McEwen, Mayor, District of Ucluelet
Moriah Cootes, Councillor, Uchucklesaht Tribe Government

STAFF PRESENT:

Daniel Sailland, Chief Administrative Officer
Teri Fong, Chief Financial Officer
Cynthia Dick, General Manager of Administrative Services
Alex Dyer, Planning Manager
Janice Hill, Executive Assistant
Heather Zenner, Manager of Administrative Services

The meeting can be viewed on the Alberni-Clayoquot Regional District website at:

<https://www.acrd.bc.ca/events/12-3-2025/>

1. CALL TO ORDER

The Chief Administrative Officer called the meeting to order at 4:24 pm.

The Chief Administrative Officer recognized this meeting is being held throughout the Nuu-chah-nulth territories.

The Chief Administrative Officer reported this meeting is being recorded and livestreamed to YouTube on the Regional District website.

MOVED: Director Lacoursiere

SECONDED: Director Solda

That the Alberni-Clayoquot Regional Hospital District Board of Directors appoint Director Sparrow as Chair of the March 12, 2025 Alberni-Clayoquot Regional Hospital District meeting.

CARRIED

Director Sparrow assumes as Chairperson.

2. APPROVAL OF AGENDA

MOVED: Director Solda

SECONDED: Director Lacoursiere

THAT the agenda be approved as circulated.

CARRIED

3. DECLARATIONS

4. ADOPTION OF MINUTES

a. Board of Directors Meeting – February 12, 2025

MOVED: Director Solda

SECONDED: Director Boyko

THAT the minutes of the Alberni-Clayoquot Regional Hospital District Board of Directors held on February 12, 2025 be adopted.

CARRIED

5. PETITIONS, DELEGATIONS & PRESENTATIONS

6. CORRESPONDENCE FOR ACTION

7. CORRESPONDENCE FOR INFORMATION

a. Island Health

- Sitework to get underway for new BC Cancer Centre at Nanaimo Regional General Hospital
- Public Service Announcement – Winter wellness tips

MOVED: Director Boyko

SECONDED: Director Stere

THAT this correspondence be received for information.

CARRIED

8. REQUEST FOR DECISIONS & BYLAWS

a. Request for Decision regarding Annual Budget for Years 2025-2029.

MOVED: Director Stere

SECONDED: Director Roth

THAT the Alberni Clayoquot Regional Hospital District Board of Directors give second reading to the bylaw cited as “Alberni-Clayoquot Regional Hospital District 2025 to 2029 Annual Budget No. 139”.

CARRIED

MOVED: Director Stere

SECONDED: Director Roth

THAT the Alberni Clayoquot Regional Hospital District Board of Directors give third reading to the bylaw cited as “Alberni-Clayoquot Regional Hospital District 2025 to 2029 Annual Budget No. 139”.

CARRIED

MOVED: Director Stere

SECONDED: Director Johnsen

THAT the Alberni Clayoquot Regional Hospital District Board of Directors adopt the bylaw cited as “Alberni-Clayoquot Regional Hospital District 2025 to 2029 Annual Budget No. 139”.

CARRIED

9. REPORTS

- a. Bamfield Health Centre – B. Beckett.** No report.
- b. Alberni-Clayoquot Continuing Care Society – V.Siga.** No report.
- c. West Coast Native Health Care Society – P. Cote.** No report.
- d. Tofino General Hospital – West Coast Directors.** No report.
- e. Alberni-Clayoquot Health Network – P. Cote/ V.Siga.** No report.
- f. West Coast General Hospital – Alberni Valley Directors.** No report.

g. **Other Reports**

10. UNFINISHED BUSINESS

11. LATE BUSINESS

12. QUESTION PERIOD

Questions/Comments from the public. The Manager of Administrative Services advised there were no questions or comments respecting an agenda topic from public:

- Participating in Person in the ACRD Board Room
- Participating in the Zoom webinar
- Submissions received by email at responses@acrd.bc.ca.

13. ADJOURN

MOVED: Director Solda

SECONDED: Director Lacoursiere

THAT this meeting be adjourned at 4:30 pm.

CARRIED

Certified Correct:

Mike Sparrow,
Chairperson

Heather Zenner,
Manager of Administrative Services



To: Regional Hospital District Board of Directors

From: Teri Fong, CPA, CGA, Chief Financial Officer

Meeting Date: April 9, 2024

Subject: Alberni-Clayoquot Regional Hospital District 2024 Financial Statements

Recommendation:

That the Alberni-Clayoquot Regional Hospital District Board of Directors approve the 2024 Audited Financial Statements for the Alberni-Clayoquot Regional Hospital District as presented.

Summary:

The draft 2024 Alberni-Clayoquot Regional Hospital District (ACRHD) Financial Statements have been attached for consideration of approval. KPMG has equally provided the audit findings letter for the ACRHD for the year ended December 31, 2024. The approval of the financial statements by the Alberni-Clayoquot Regional Hospital District Board of Directors is a requirement of the audit.

As stated in Note 3 of the draft 2024 ACRHD Financial Statements, the ACRHD adopted Public Accounting Standard PS 3400 – *Revenue* effective January 1, 2024. There were no other material changes to the financial statement standards.

Upon discussion and review with KPMG, a corrected misstatement arising from an unrecorded MFA Money Market Investment Fund revenue allocation has been recorded.

Background:

The statements have been prepared by staff and audited by KPMG for the Directors consideration.

Policy or Legislation:

The statements comply with Generally Accepted Accounting Principles and Public Sector Accounting Standards.

Reviewed by: Teri Fong
Teri Fong, CPA, CGA, Chief Financial Officer

Reviewed by: Heather Zenner
Heather Zenner, MA, Manager of Administrative Services

Approved by: Daniel Sailland
Daniel Sailland, MBA, Chief Administrative Officer

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT
Financial Statements
Year Ended December 31, 2024

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

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Year Ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Alberni-Clayoquot Regional Hospital District

Opinion

We have audited the financial statements of Alberni-Clayoquot Regional Hospital District (the "District"), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations for the year then ended
- the statement of changes in net financial assets and accumulated surplus 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 District as at December 31, 2024, and its results of operations, its changes in net financial assets 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 auditor's report.

We are independent of the 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 the 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 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 District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 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 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 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 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.
- 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.

DRAFT

Chartered Professional Accountants

April XX, 2025

Victoria, Canada

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Statement of Financial Position

As at December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash	\$ 4,313,035	\$ 6,538,078
Short term investments (Note 4)	3,008,926	80
Accounts receivable	64,413	29,603
Municipal Finance Authority debt reserve fund deposit (Note 5)	1,601	1,547
	7,387,975	6,569,308
FINANCIAL LIABILITIES		
Accounts payable	\$ 5,750	\$ 38,827
Accrued interest	67	131
Due to Regional District of Alberni-Clayoquot	15,154	5,350
Debenture debt (Note 7) (Schedule 1)	5,507	10,877
	26,478	55,185
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS	\$ 7,361,497	\$ 6,514,123

Teri Fong

Teri Fong, CPA, CGA
Chief Financial Officer

The accompanying notes are an integral part of these financial statements.

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Statement of Operations

Year Ended December 31, 2024

	Budget 2024 (Note 9)	2024	2023
REVENUE			
Taxation (Schedule 2)	\$ 1,836,000	\$ 1,836,000	\$ 1,836,000
Grants in lieu of taxes	7,000	12,201	35,496
Interest revenue	100,000	327,777	310,603
Actuarial revenue	-	-	6,534
	1,943,000	2,175,978	2,188,633
EXPENSES			
Interest on debt	\$ 1,000	\$ 353	\$ 3,819
Administrative costs	46,200	46,450	45,850
Grants to Island Health	550,000	1,281,801	1,105,993
	597,200	1,328,604	1,155,662
Gain on unamortized debenture discount	-	-	42,734
ANNUAL SURPLUS	\$ 1,345,800	\$ 847,374	\$ 1,075,705

The accompanying notes are an integral part of these financial statements.

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Statement of Changes in Net Financial Assets

and Accumulated Surplus

Year Ended December 31, 2024

	Budget 2024 (Note 9)	2024	2023
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 6,514,123 \$	6,514,123 \$	5,438,418
Annual surplus	1,345,800	847,374	1,075,705
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS - END OF YEAR	\$ 7,859,923 \$	7,361,497 \$	6,514,123

The accompanying notes are an integral part of these financial statements.

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT**Statement of Cash Flow****Year Ended December 31, 2024**

	2024	2023
OPERATING ACTIVITIES		
Annual surplus	\$ 847,374	\$ 1,075,705
Items not affecting cash:		
Actuarial income	-	(6,534)
Gain on debenture discount	-	(42,734)
	-	(49,268)
Changes in non-cash working capital:		
Accounts receivable	(34,810)	(8,355)
Due from Regional District of Alberni-Clayoquot	-	8,779
Municipal Finance Authority debt reserve fund deposit	(54)	6,228
Accounts payable	(33,077)	(156,958)
Accrued interest	(64)	(641)
Due to Regional District of Alberni-Clayoquot	9,804	5,350
	(58,201)	175,964
Cash flow from operating activities	789,173	880,840
FINANCING ACTIVITIES		
Repayment of debt	(5,370)	(15,379)
INVESTING ACTIVITY		
Purchase of short term investments	(3,000,000)	(4)
Proceeds on short term investments	(8,846)	-
	(3,008,846)	(4)
INCREASE (DECREASE) IN CASH FLOW	(2,225,043)	865,457
Cash - beginning of year	6,538,078	5,672,621
CASH - END OF YEAR	\$ 4,313,035	\$ 6,538,078

The accompanying notes are an integral part of these financial statements.

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Notes to Financial Statements

Year Ended December 31, 2024

1. NATURE OF THE ORGANIZATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements are prepared by management in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants.

Budget reporting

The budget information reported in the statement of operations and the statement of change in net financial assets represents the 2024 budget as adopted by the District's Board on March 13, 2024.

Financial instruments

Financial instruments are designated at cost. Financial instruments are adjusted by transaction costs incurred on acquisition and amortized using the effective interest rate method.

Portfolio investments include Municipal Finance Authority of British Columbia (MFA) pooled investments, by which market-based unit values are allocated amongst the participants in the investment pool, are carried at cost.

Financial assets are assessed for impairment on an annual basis. If there is an indicator of impairment, the Hospital District determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. 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 Hospital District expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Debt

Debt is recorded net of any related repayments and actuarial additions. Interest expense is recorded in the period incurred. The debt schedule indicates the amount of debt payable in accordance with schedules received from the Municipal Finance Authority.

Revenue recognition

Taxation revenues are recognized in the period in which they are levied. Grants-in-lieu of property taxes and other revenues are recognized when amounts are known and collectability is reasonably assured. Interest revenue is recognized when earned.

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Notes to Financial Statements

Year Ended December 31, 2024

3. CHANGES IN ACCOUNTING POLICY

On January 1, 2024, Public Accounting Standard PS 3400 – Revenue was adopted. The standard was adopted prospectively from the date of adoption. Under the new accounting standard, there are two categories of revenue – exchange and non-exchange. If the transaction gives rise to one or more performance obligations, it is an exchange transaction. If no performance obligations are present, it is a non-exchange transaction. Management has assessed the impact of adopting PS 3400 on the financial statements of the Hospital District and has found that there is no resulting impact to the financial statements.

4. SHORT TERM INVESTMENTS

The term deposit balance is inclusive of \$1,000,000 at 4.75% maturing on April 22, 2025, \$750,000 at 4.85% maturing on July 26, 2025, and \$750,000 at 4.40% maturing on July 26, 2027.

	2024	2023
Term deposits	\$ 2,500,000	-
Portfolio investment	508,926	80
	\$ 3,008,926	80

5. DEBT RESERVE FUND

The MFA is required to establish a Debt Reserve Fund into which each borrower who shares in the proceeds of a debt issue is required to pay certain amounts set out in the debt agreements. Interest earned on these funds (less administrative expenses) becomes an obligation of the MFA to the borrower. If at any time insufficient funds are provided by the borrowers, the MFA will then use these funds to meet payments on its obligations. When this occurs, the borrowers may be called upon to restore the fund. The balance of the Hospital Districts' Debt Reserve Fund deposits at December 31, 2024 is \$1,601 (2023 - \$1,547).

As a condition of the borrowing, the Hospital District is also obligated to lodge security by means of demand notes based on the amount of the borrowing. The notes, which are contingent in nature, are held by the MFA to act as security against the possibility of debt repayment default and are not recorded in the financial statements. Upon maturity of a debt issue, the demand notes are released. As of December 31, 2024, there are contingent demand notes of \$2,580 (2023 - \$2,580).

6. 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, \$46,200 (2023 - \$45,350) of administrative support services from the Alberni-Clayoquot Regional District.

At December 31, 2024, the Hospital District owes the Alberni-Clayoquot Regional District \$15,154 (2023 - \$5,350) related to administration costs incurred.

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Notes to Financial Statements

Year Ended December 31, 2024

7. DEBENTURE DEBT

All borrowings for the Hospital District are with the MFA. Debt interest costs are charged against revenue as incurred. The debenture debt "Schedule 1" reflects the amount of debt payable.

Principal payments due within the next five years and thereafter are as follows:

2025	5,507
2027	-
2027	-
2028	-
2029	-
	<hr/>
	5,507

8. FINANCIAL RISKS AND CONCENTRATION OF RISK

The Hospital District has exposure to the following risks from its use of financial instruments:

a) Credit risk:

Credit risk refers to the risk that a counter party may default on its contractual obligations resulting in a financial loss. The Hospital District is subject to credit risk with respect to the accounts receivable, investments and cash and cash equivalents. Credit risk arises from the possibility that taxpayers and entities to which the Hospital District provides services may experience financial difficulty and be unable to fulfill their obligations. This risk is mitigated as most accounts receivable are due from government agencies and are collectible.

b) Liquidity risk:

Liquidity risk is the risk that the Hospital District will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Hospital District manages its liquidity risk by monitoring its operating requirements; preparing budget and cash forecast to ensure it has sufficient funds to fulfill its obligations.

c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Hospital District's income or the value of its holdings. The objective of market risk management is to control risk exposures within acceptable parameters while optimizing return on investment.

i. Foreign exchange risk

The Hospital District does not enter into foreign exchange transactions and therefore is not exposed to foreign exchange risk.

Notes to Financial Statements

Year Ended December 31, 2024

c) Market risk (continued):

ii. Interest rate risk

The Hospital District is exposed to interest rate risk through its investments and debt instruments. It is management's opinion that the Hospital District is not exposed to significant interest rate risk due to size of its investment portfolio.

Exposure to interest rate risk in relation to debt is limited to long-term debt renewals and short-term financing. The risk applies only to long-term debt when amortization periods exceed the initial locked in term. Interest rate risk related to debt instruments is managed through budget and cash forecasts.

9. BUDGET RECONCILIATION

Budget figures represent the budget bylaw adopted by the Board on March 13, 2024.

Adjustments to the 2024 budgeted annual surplus

Consolidated financial plan balanced cash budget as approved March 13, 2024.	\$ -
Add principal debt payments	6,000
Add transfers to reserves	1,631,332
Less surplus from prior years	(291,532)
Annual surplus per Statement of Operations	\$ 1,345,800

10. TARIFF IMPLICATIONS

Tariffs can impact the District in the following ways:

a) Revenue Generation

Tariffs can affect the number of grant opportunities offered due to economic pressures, consequently, increasing the tax revenue collected by the District or service level reduction.

b) Expenditure and Infrastructure Increases

The District may face higher costs for goods and services due to tariffs, leading to increased expenditures. This can impact budget allocations and financial planning. Higher costs due to tariffs may lead to reduced investment in infrastructure projects and other public services, as costs increase.

c) Economic Development

Tariffs can influence local economic development by affecting the competitiveness of local businesses. This can impact employment rates and overall economic growth within the District's jurisdiction

The District continuously evaluates these potential impacts and options to mitigate the risks arising from tariffs.

By-law	MFA Issue	Maturity date	Term	Rate	Amount Borrowed	Total Instalments to date	Actuarial addition	2024 Balance	2023 Balance
82	93	06 Apr 2025	20	0.48% \$	14,342 \$	13,441	-	\$ 901	\$ 1,780
75	93	06 Apr 2025	20	0.48%	73,282	68,676	-	4,606	9,097
					\$ 87,624	\$ 82,117	\$ -	\$ 5,507	\$ 10,877

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Schedule of Member Municipalities Tax Requisitions

(Schedule 2)

Year Ended December 31, 2024

	Budget 2024	2024	2023
MUNICIPALITIES			
Port Alberni	\$ 679,292	\$ 679,292	682,652
District of Tofino	333,173	333,173	324,493
District of Ucluelet	202,305	202,305	202,004
	1,214,770	1,214,770	1,209,149
FIRST NATIONS			
Huu-ay-aht First Nations	652	652	521
Yuułuʔiłʔatḥ	2,219	2,219	1,958
Uchuckleshaht	53	53	57
	2,924	2,924	2,536
ELECTORAL AREAS			
"A" Bamfield	52,255	52,255	45,372
"B" Beaufort	30,795	30,795	30,008
"C" Long Beach	64,962	64,962	64,467
"D" Sproat Lake	252,087	252,087	267,637
"E" Beaver Creek	114,282	114,282	113,546
"F" Cherry Creek	103,925	103,925	103,285
	618,306	618,306	624,315
	\$ 1,836,000	\$ 1,836,000	1,836,000



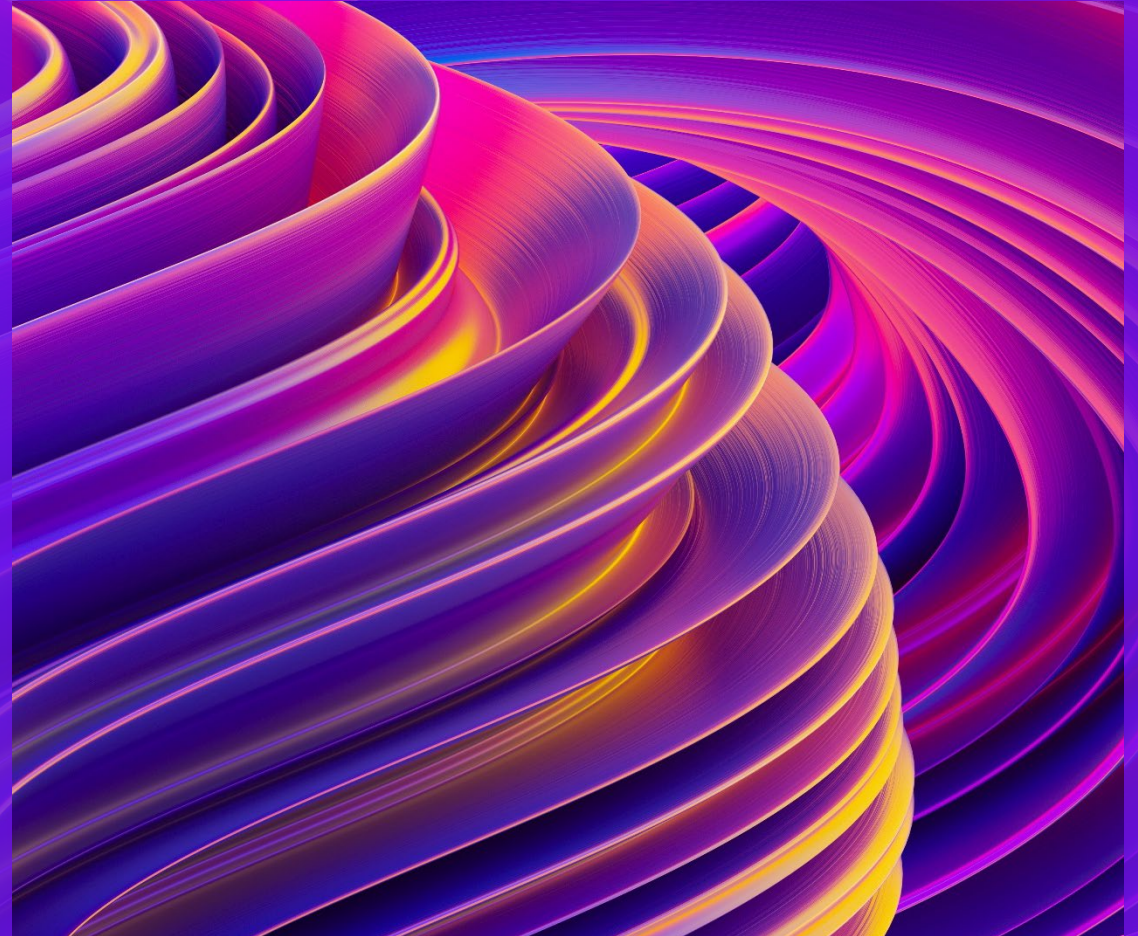
Alberni-Clayoquot Regional Hospital District

Audit Findings Report
for the year ended
December 31, 2024



Prepared for the meeting on April 9, 2025

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement

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Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

4 Highlights

5 Status

6 Risks and results

8 Misstatements

9 Control deficiencies

10 Appendices



Audit highlights



No matters to report



Matters to report – see link for details

Status

We have completed the audit of the financial statements, with the exception of certain remaining outstanding procedures, which are highlighted on the 'Status' slide of this report.

Significant changes

Significant changes since our audit plan

- No change to risk assessment
- No change to audit strategy

Risks and results & Significant unusual transactions

Significant risks

- Presumed risk of management override of controls

Other procedures

Significant unusual transactions

Policies and practices & Specific topics

Accounting policies and practices

Other financial reporting matters

Misstatements - uncorrected

Corrected misstatements

- The management representation letter includes all misstatements identified as a result of the audit, communicated to management and subsequently corrected in the financial statements. One corrected misstatement was identified.

Misstatements - Corrected

Uncorrected misstatements

- There are no matters to report.

Control deficiencies

Control deficiencies

- We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

The purpose of this report is to assist you, as a member of the Board of Directors (the "Board"), in your review of the results of our audit of the financial statements as at and for the period ended December 31, 2024. This report is intended solely for the information and use of Management, and the Board and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



Status

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with the Board
- Obtaining evidence of the Board's acceptance of the financial statements
- Obtaining a signed management representation letter
- Completing subsequent event review procedures up to the date of the Board's acceptance of the financial statements

We will update the Board, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

A draft of our auditor's report is included in the draft financial statements.





Significant risks and results



Fraud risk from management override of controls

This is a presumed fraud risk. Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities. We have not identified any specific additional risks of management override relating to this audit.

Our response

Our procedures included:

- testing of journal entries and other adjustments,
- performing a retrospective review of estimates,
- evaluating the business rationale of significant unusual transactions.

Findings

- There were no issues noted in our testing.





Other procedures performed



Cash, investments and debt

Response and findings

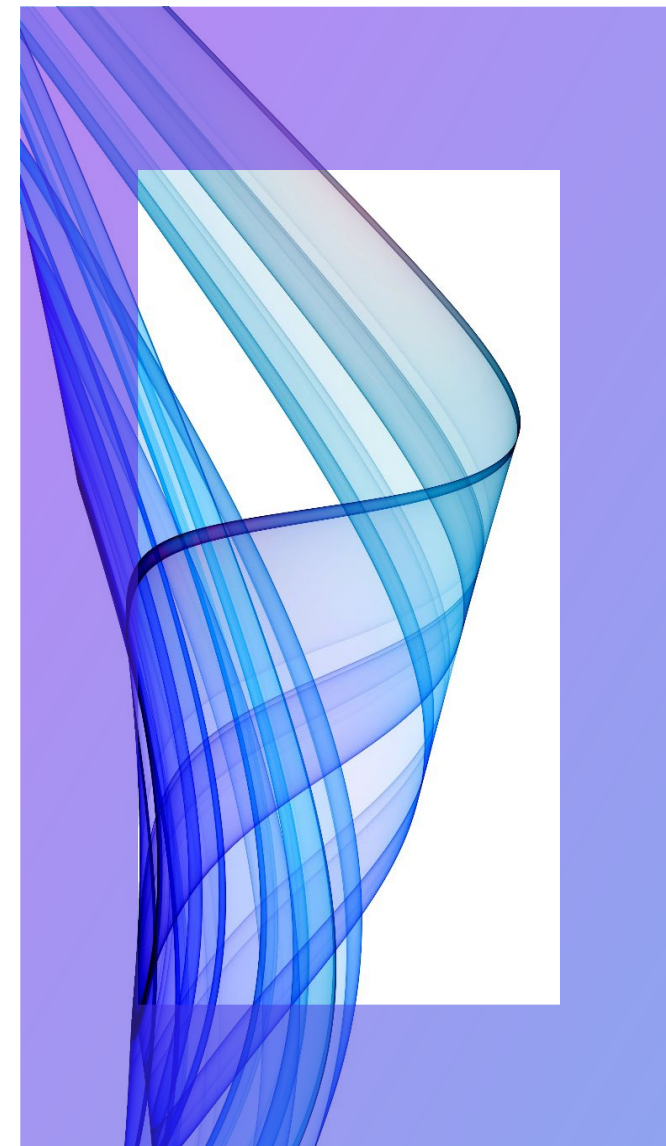
- We confirmed the balances of cash, investments and debt with the respective financial institutions.
- We tested the mathematical accuracy of investment income recognized during the period.
- We tested subsequent payments to determine if they were recorded in the correct accounting period.
- We identified one misstatement in the investment balance of \$8.8K, which was subsequently corrected in the financial statements.



Revenue and expenses

Response and findings

- We completed a test of details over taxation revenue, agreement amounts to budget, requisition and cash receipt.
- Grants to Island Health were tested by comparing actual expenses to approved bylaws, and cash payments.
- No issues were noted in our testing.





Corrected misstatements

Corrected misstatements include financial presentation and disclosure omissions.



Impact of corrected misstatements

We identified one misstatement in the investment balance of \$8.8K, which was subsequently corrected in the financial statements. This misstatement was to record interest earned on MFA money market investments. This was a new investment purchased during the year.

Below is a summary of the impact of the corrected misstatements:

Description	Statement of operations	Financial position		
	Annual Surplus (Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Opening accumulated surplus (Decrease) Increase
To record interest earned on MFA money market investment.	8,846	8,846	-	-
Total misstatements	8,846	8,846	-	-





Control deficiencies

Consideration of internal control over financial reporting (ICFR)



In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting



A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting



A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

We did not identify any significant deficiencies in internal control over financial reporting.

Appendices

1

Required communications

2

Management representation letter

3

Current developments

4

Thought Leadership and Insights



Appendix 1: Required communications



Auditor's report

Refer to the draft report attached to the financial statements.

Engagement letter

The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter.



Independence

As required by professional standards, we have considered all relationships between KPMG and the Entity that may have a bearing on independence. We confirm that we are independent with respect to the Entity within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any other standards or applicable legislation or regulation from January 1, 2024 up until the date of this report.

Management representation letter

We will obtain from management certain representations at the completion of the audit. In accordance with professional standards, a copy of the representation letter is attached.



Appendix 2: Management representation letter

KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria, BC V8W 3Y7

DATE

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of Alberni-Clayoquot Regional Hospital District ("the Entity") as at and for the period ended December 31, 2024.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated September 29, 2022. including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of the board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
 - c) providing you with unrestricted access to such relevant information.
 - d) providing you with complete responses to all enquiries made by you during the engagement.

- e) providing you with additional information that you may request from us for the purpose of the engagement.
- f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.

- e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

- 8) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.

Misstatements:

- 10) We approve the corrected misstatements identified by you during the audit described in [Attachment II](#).

Non-SEC registrants or non-reporting issuers:

- 11) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 12) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

Daniel Sailland, Chief Administrative Officer

Teri Fong, Chief Financial Officer

cc: Board of Directors

DRAFT

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II – Summary of Audit Misstatements Schedule

Corrected misstatements in the current period

The following misstatements were identified during the audit and subsequently corrected in the financial statements:

	Statement of operations	Financial position		
Description	Annual Surplus (Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Opening accumulated surplus (Decrease) Increase
To record interest earned on MFA money market investment.	8,846	8,846	-	-
Total misstatements	8,846	8,846	-	-



Appendix 3: Current developments

Accounting standards

Standard	Summary and implications
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> The revised Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026 with early adoption permitted. The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.
Financial Statement Presentation	<ul style="list-style-type: none"> The proposed section PS 1202 <i>Financial statement presentation</i> will replace the current section PS 1201 <i>Financial statement presentation</i>. PS 1202 <i>Financial statement presentation</i> will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption is permitted. The proposed section includes the following: <ul style="list-style-type: none"> Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained. Separating liabilities into financial liabilities and non-financial liabilities. Restructuring the statement of financial position to present total assets followed by total liabilities. Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”. A new provision whereby an entity can use an amended budget in certain circumstances. Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.



Appendix 3: Current developments (continued)

Accounting standards (continued)

Standard	Summary and implications
Employee Benefits	<ul style="list-style-type: none"> The Public Sector Accounting Board has issued proposed new standard PS 3251 <i>Employee benefits</i> which would replace the current sections PS 3250 <i>Retirement benefits</i> and PS 3255 <i>Post-employment benefits, compensated absences and termination benefits</i>. After evaluating comments received about the July 2021 exposure draft, a new re-exposure draft was released in October 2024. The re-exposure draft continues to use principles from International Public Sector Accounting Standard 39 <i>Employee benefits</i> as a starting point to develop the Canadian standard. The proposed standard would result in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. The re-exposure draft also proposes that fully funded post-employment benefit plans use a discount rate based on the expected market-based return of plan assets and unfunded plans use a discount rate based on the market yield of government bonds, high-quality corporate bonds or another appropriate financial instrument. A simplified approach to determining a plan's funding status is provided. For most other topics, the re-exposure draft is consistent with the original exposure draft. A few exceptions are: <ul style="list-style-type: none"> Deferral provisions – Remeasurement gains and losses will be presented as part of accumulated remeasurement gains and losses. Valuation of plan assets – Public sector entities may continue to recognize non-transferable financial instruments that meet the definition of plan assets under existing PS 3250 guidance. Joint defined benefit plans – Defined benefit accounting will be used for measurement of the proportionate share of the plan, instead of previously proposed multi-employer plan accounting which was based on defined contribution plan concepts. Disclosure of other long-term employee benefits and termination benefits – The re-exposure draft does not include prescriptive disclosure requirements for other long-term employee benefits and termination benefits. The proposed section PS 3251 <i>Employee benefits</i> will apply to fiscal years beginning on or after April 1, 2029. Early adoption will be permitted and guidance applied retroactively, with or without prior period restatement. Comments on the re-exposure draft are due on January 20, 2025. The re-exposure draft can be viewed at the following link: Click here



Appendix 3: Current developments (continued)

Accounting standards (continued)

Standard	Summary and implications
Intangible assets	<ul style="list-style-type: none"> The Public Sector Accounting Standards Board has issued proposed new standard PS 3155 <i>Intangible Assets</i> which would replace Public Sector Guideline 8 <i>Purchased Intangibles</i>. The new standard would be effective for fiscal years beginning on or after April 1, 2030 with early adoption permitted. The standard will include foundational guidance on acquired and internally generated intangibles. It excludes intangible assets addressed in other public sector accounting standards and other intangible items such as exploration and extraction costs for non-renewable resources or intangible assets related to insurance contracts. The definition of “intangible assets” requires an intangible resource to be separate and identifiable from goodwill. It also requires that the entity has control over the intangible resource, future economic benefits flow from the intangible resource, and the intangible resource is the result of a past transaction and/or other events. Internally generated goodwill is not permitted to be recognized as an asset. An intangible resource is recognized when it meets the definition of an intangible asset and the asset’s cost can be measured in a faithfully representative way. The generation of the asset is classified into a research phase and a development phase. Expenditures from the research phase of an internally generated project are expensed. An intangible asset arising from the development phase can be recognized if it meets certain requirements. Intangible assets are initially measured at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired through a non-exchange transaction are measured at fair value as of the date it is acquired. Comments on the exposure draft are due on May 30, 2025. The exposure draft can be viewed at the following link: Click here
Cloud computing arrangements	<ul style="list-style-type: none"> As part of its intangible assets project, the Public Sector Accounting Standards Board is also developing guidance on cloud computing arrangements. To ensure the development of this accounting guidance reflects current practices and needs, a survey has been launched to gather insights. The survey will inform the Public Sector Accounting Board about the types of cloud computing arrangements being encountered, magnitude of costs, key arrangement terms, current accounting policies and unique challenges in practice. We encourage all entities to complete the survey by May 30, 2025, which is at the following link: Click here

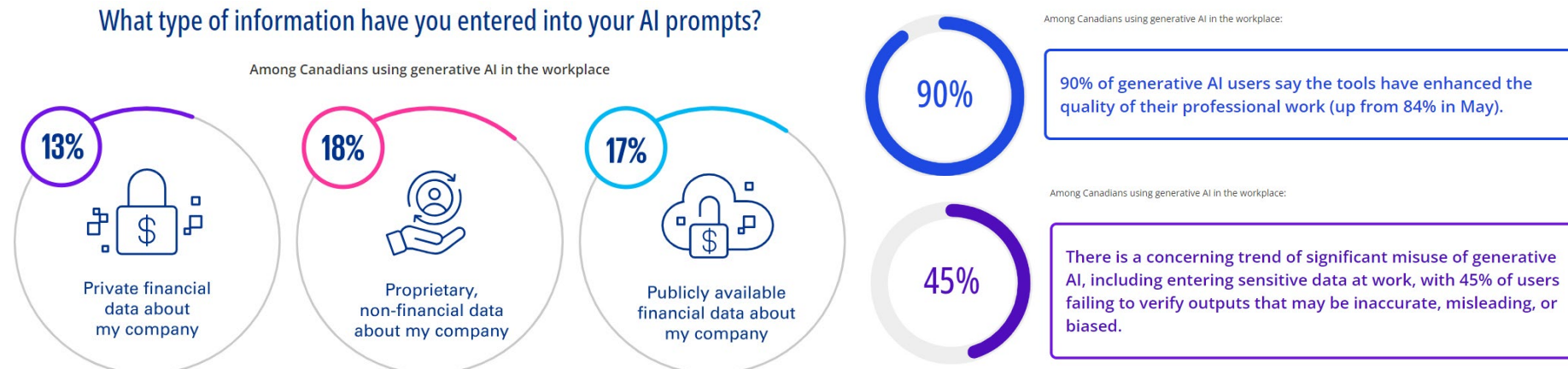


Appendix 4: Thought leadership and insights

Generative AI

Ever since ChatGPT launched publicly on November 30, 2022, generative AI has caught the attention of users around the world – including Canada. One year after its launch, KPMG in Canada conducted a survey about generative AI use in Canada's workplaces: [Generative AI Adoption Index - KPMG Canada](#)

What type of information have you entered into your AI prompts?



For governance bodies, generative AI stands as a pivotal innovation that offers unprecedented opportunities to drive business value, improve productivity, reach broader audiences, streamline operations, and help address complicated global issues. However, it also raises complex business and ethical questions. To gain the full trust of stakeholders, AI systems need to be designed with governance, risk, legal, and ethical frameworks in mind. The aim is not just to manage these challenges as they emerge, but to proactively elevate your organization's AI practices to achieve Trusted AI.

3 key guiding principles that can help boards achieve their Trusted AI objectives

- Ensure AI applications align with ethical and legal standards, safeguarding the organization from potential financial, operational, and reputational risks
- Foster innovation, enabling the business to gain a competitive edge through trustworthy AI development
- Establish a commitment to Trusted AI, enhancing trust and brand value among stakeholders and employees

Learn more about how generative AI affects governance responsibilities and tools to emerge as leaders of responsible innovation that serves the greater good: [Preparing your board for generative AI](#)

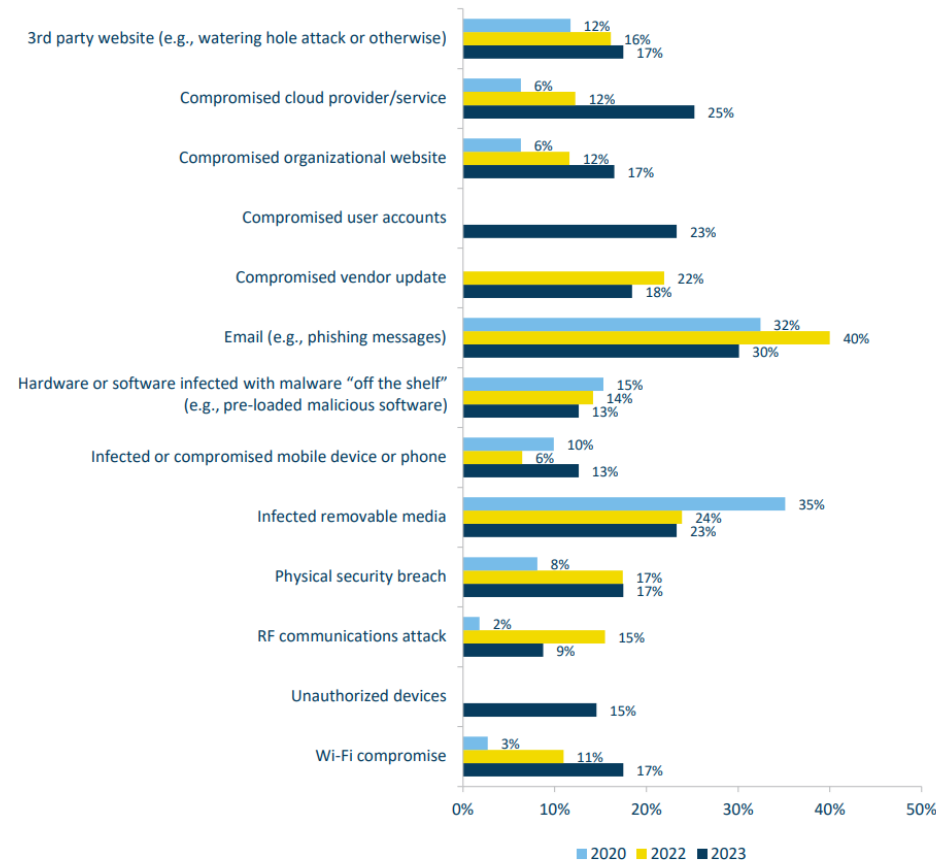


Appendix 4: Thought leadership and insights (continued)

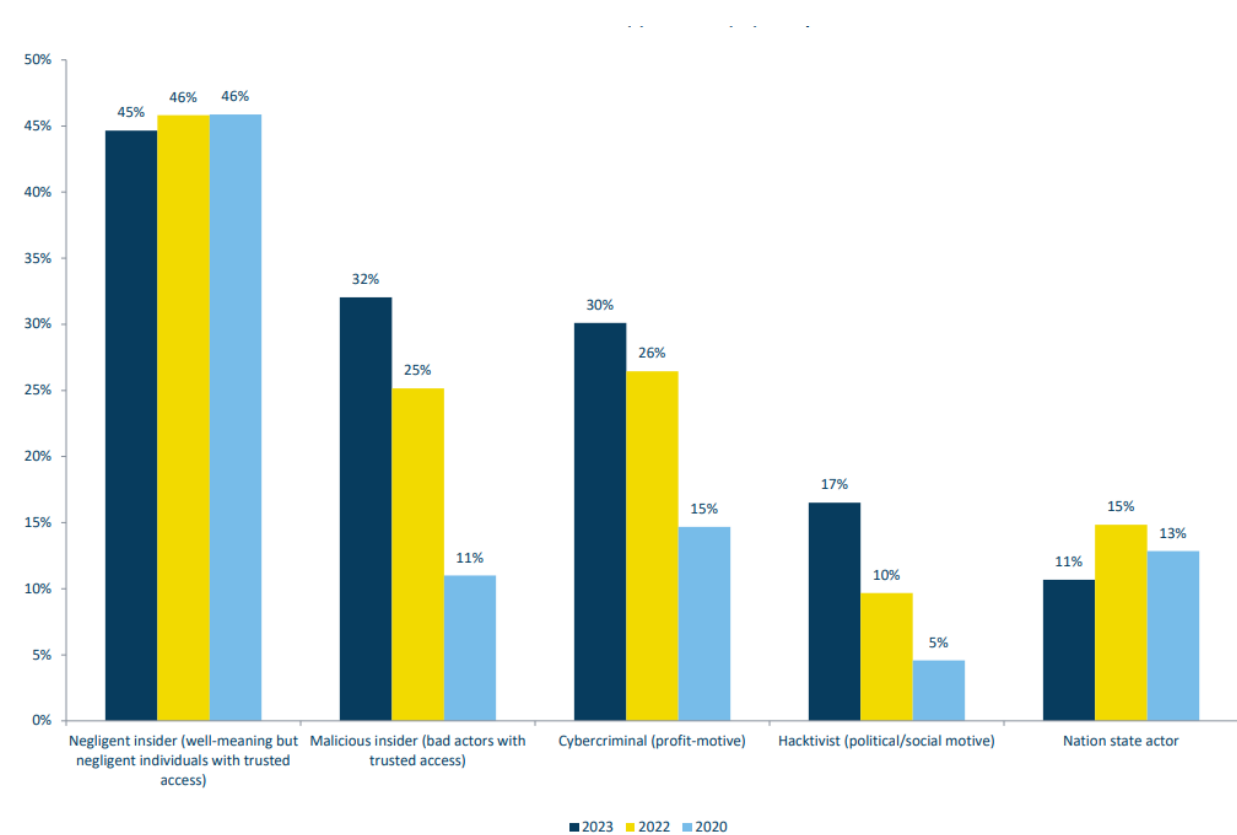
Ransomware in Canada

Canada is the fourth highest victim of ransomware attacks after the US, UK and Malaysia. Where ransomware attacks are successful, the costs can be substantial. COVID-19, lockdown and a shift to remote working has seen a rise in ransomware incidents. Vulnerabilities in people, process and technology controls, due to a shift to remote working over this period, have presented opportunities for cyber criminals.

Trends in types and frequency of cyber incidents



Trends in how cyber incidents arise



Source: The (CS)2 AI-KPMG Control System Cybersecurity Annual Report



Appendix 4: Thought leadership and insights (continued)

Where are Finance Teams adopting AI

Finance's role as a business partner has put them in an ideal position to lead enterprise adoption

Generating commentary

Reduce the time and effort needed to create recurring materials required for financial reporting, business reviews, management reports, and board meetings.

Generating strategic insights

Partner with other functions to provide insights across the business. Use finance's position to inform strategic decisions and solve problems with pricing, performance, and benchmarking metrics.

Managing contracts

Generative AI tools can draft contracts with preferred term and prioritize contract reviews based on deviations from standard terms and conditions.



Forecasting & budgeting

Integrating predictive models, creating scenarios, and generating insights on potential financial outcomes.



Collecting marketing intelligence

Powerful research tool able to find and synthesize public data to generate insights on markets, competitors, and customers.



Detecting anomalies

Generative AI shows promise as a tool for detecting errors and potential fraud. It can compare new data with past patterns to identify anomalies.



AI naturally aligns to CFO's existing responsibilities related to business strategy, digital transformation, and risk management



Appendix 4: Thought leadership and insights (continued)

AI brings Risks as well as Opportunities

Internal Risks & Considerations



Breaking Confidentiality

Many Generative AI models are built to absorb user-inputted data to improve the model over time. This could lead to exposure of key confidential information



Employee Misuse and Inaccuracies

Models generate responses based on input, so there is a risk of providing false or malicious content. Employees need to be cautious and review AI-generated content with a critical



Talent Implications

Professionals need to be made aware of their role in training and evolving the solution as high-quality output can only be achieved through high-quality, expert queries



Policies and Regulations

As the world's understanding of AI evolves, more policies and regulations will be brought upon by regulators which in turn need to be complied with

External Risks & Considerations



Misinformation, Bias and Discrimination

The model could generate a response containing inappropriate information or language. In cases where the model does not have an accurate response, it may 'hallucinate' with a false response.



Financial, Brand & Reputational Risk

Copying AI-produced information or code into any deliverable or product could constitute copyright infringement leading to legal and reputational harm



Intellectual Property and Copyright

Risks in copyright includes the potential creation of unauthorized plagiarized content, leading to infringement and violations of intellectual property rights



Cybersecurity

Generative AI models could be trained and employed for many cybersecurity attacks such as phishing scams, malware, data poisoning etc.



<https://kpmg.com/ca/en/home.html>

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