



Alberni-Clayoquot Regional Hospital District

BOARD OF DIRECTORS MEETING WEDNESDAY, APRIL 14, 2021

Due to COVID-19, the meeting will be held via Zoom Video Conferencing and will be livestreamed on the ACRD website at <https://www.acrd.bc.ca/events/14-4-2021/>

Public Attendance: the public are welcome to attend the meeting via Zoom Webinar by registering at: https://portalberni.zoom.us/webinar/register/WN_Azg-g3RvQSq6loNpdjgRmA

AGENDA

	PAGE #
1. <u>CALL TO ORDER</u> <i>(immediately following the ACRD Board Meeting)</i>	
Recognition of Territories.	
Notice to attendees and delegates that this meeting is being recorded and livestreamed to YouTube on the Regional District Website.	
2. <u>APPROVAL OF AGENDA</u> <i>(motion to approve, including late items requires 2/3 majority vote)</i>	
3. <u>ADOPTION OF MINUTES</u>	
a. Board of Directors Meeting – March 10, 2021	3-6
<i>THAT the minutes of the Alberni-Clayoquot Regional Hospital District Board of Directors held on March 10, 2021 be adopted.</i>	
4. <u>CORRESPONDENCE FOR INFORMATION</u>	
a. PEACE RIVER REGIONAL HOSPITAL DISTRICT Regional Hospital Boards – Responsibility for Capital Costs Letters sent to the following Ministries (sample attached)	7-10
• Honourable Selina Robinson – Minister of Finance	
• Honourable Rob Fleming – Minister of Transportation and Infrastructure	
• Honourable George Heyman – Minister of Environment and Climate Change Strategy	
• Honourable Josie Osborne – Minister of Municipal Affairs	
• Honourable Bowinn Ma – Minister of State for Infrastructure	

THAT this correspondence be received for information.

5. REQUEST FOR DECISIONS & BYLAWS

a. Request for Decision

Alberni-Clayoquot Regional Hospital District Financial Statements

11-38

THAT the Alberni-Clayoquot Regional Hospital District Board of Directors approve the 2020 Audited Financial Statements for the Alberni-Clayoquot Regional Hospital District as presented.

6. REPORTS

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

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

7. LATE BUSINESS

8. QUESTION PERIOD

Questions/Comments from the public participating in the Zoom meeting.

Questions/Comments from the Public, respecting an agenda item, can be emailed to the ACRD at responses@acrd.bc.ca and will be read out by the Corporate Officer at the meeting.

9. ADJOURN



Alberni-Clayoquot Regional Hospital District

MINUTES OF THE BOARD OF DIRECTORS MEETING HELD ON WEDNESDAY, MARCH 10, 2021

Due to COVID-19 pandemic, meeting conducted via Zoom video/phone conferencing

DIRECTORS PRESENT: John McNabb, Chairperson, Director, Electoral Area "E" (Beaver Creek)
John Jack, Vice-Chairperson, Councillor, Huu-ay-aht First Nation
Bob Beckett, Director, Electoral Area "A" (Bamfield)
Tanya Shannon, Director, Electoral Area "B" (Beaufort)
Kel Roberts, Director, Electoral Area "C" (Long Beach)
Penny Cote, Director, Electoral Area "D" (Sproat Lake)
Dianne Bodnar, Director, Electoral Area "F" (Cherry Creek)
Sharie Minions, Mayor, City of Port Alberni
Ron Paulson, Councillor, City of Port Alberni
Rachelle Cole, Councillor, District of Ucluelet
Tom Stere, Councillor, District of Tofino
Wilfred Cootes, Councillor, Uchucklesaht Tribe Government
Alan McCarthy, Member of Legislature, Yuułu?if?ath Government

REGRETS: Kirsten Johnsen, Councillor, Toquaht Nation

STAFF PRESENT: Douglas Holmes, Chief Administrative Officer
Teri Fong, Chief Financial Officer
Mike Irg, General Manager of Planning and Development
Jenny Brunn, General Manager of Community Services
Wendy Thomson, General Manager of Administrative Services
Janice Hill, Executive Assistant

The meeting can be viewed on the Alberni-Clayoquot Regional District website at <https://www.acrd.bc.ca/events/10-3-2021/>

1. **CALL TO ORDER**

The Chairperson called the meeting to order at 2:47 pm.

The Chairperson recognized the meeting this afternoon is being held throughout the Nuu-chah-nulth territories.

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

2. **APPROVAL OF AGENDA**

MOVED: Director Bodnar

SECONDED: Director Beckett

THAT the agenda be approved as circulated.

CARRIED

3. ADOPTION OF MINUTES

a. Board of Directors Meeting – February 10, 2021

MOVED: Director Beckett

SECONDED: Director Cote

THAT the minutes of the Alberni-Clayoquot Regional Hospital District meeting held on February 10, 2021 be adopted.

CARRIED

4. CORRESPONDENCE FOR ACTION/INFORMATION

5. REQUEST FOR DECISIONS & BYLAWS

a. Request for Decision regarding Annual Budget for Years 2021 to 2025

MOVED: Director Stere

SECONDED: Director Cote

THAT the Alberni Clayoquot Regional Hospital District Board of Directors give first reading to the bylaw cited as “Alberni-Clayoquot Regional Hospital District 2021 to 2025 Annual Budget No. 131”.

CARRIED

MOVED: Director Cote

SECONDED: Director Jack

THAT the Alberni Clayoquot Regional Hospital District Board of Directors give second reading to the bylaw cited as “Alberni-Clayoquot Regional Hospital District 2021 to 2025 Annual Budget No. 131”.

CARRIED

MOVED: Director Jack

SECONDED: Director Stere

THAT the Alberni Clayoquot Regional Hospital District Board of Directors give third reading to the bylaw cited as “Alberni-Clayoquot Regional Hospital District 2021 to 2025 Annual Budget No. 131”.

CARRIED

MOVED: Director Cote
SECONDED: Director Stere

THAT the Alberni Clayoquot Regional Hospital District Board of Directors adopt the bylaw cited as “Alberni-Clayoquot Regional Hospital District 2021 to 2025 Annual Budget No. 131”.

CARRIED

6. REPORTS

a. Bamfield Health Centre – B. Beckett

Director Beckett reported the health clinic will be receiving staff very soon from Island Health to administer the COVID vaccine to the Community. Island Health has approved a second nurse for the Centre during the summer months with the influx of tourist.

b. Alberni-Clayoquot Continuing Care Society – J. McNabb

Chairperson McNabb announced they have now Directors of Care at both Fir Park and Echo Village facilities. He spoke to their three year CARF accreditation.

c. West Coast Native Health Care Society – P. Cote

Director Cote reported the Society is proceeding with plans on a housing expansion project. More information on this project will be reported at the next Hospital District meeting.

d. Tofino General Hospital – West Coast Directors

Director Stere they are continuing to actively work to address the lack of housing issue on the coast.

e. Alberni-Clayoquot Health Network – P. Cote

Director Cote reported the Network is holding the 2021 Learning Days and Healthy Communities Forum tomorrow.

f. West Coast General Hospital – Alberni Valley Directors – No Report

g. Other Reports

MOVED: Director Cote
SECONDED: Director Bodnar

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

CARRIED

7. UNFINISHED BUSINESS

8. LATE BUSINESS

9. QUESTION PERIOD

Questions/Comments from the public attending the meeting via Zoom webinar. The Corporate Officer advised there were no questions from the public respecting the meeting today and no submissions received to the email address responses@acrd.bc.ca.

10. ADJOURN

MOVED: Director Paulson

SECONDED: Director Beckett

THAT this meeting be adjourned at 3:13 pm.

CARRIED

Certified Correct:

John McNabb,
Chairperson

Wendy Thomson,
General Manager of Administrative Services



PEACE RIVER REGIONAL HOSPITAL DISTRICT

March 19, 2021

Honourable Selina Robinson
Minister of Finance
Email: FIN.Minister@gov.bc.ca

Dear Minister Robinson:

RE: Regional Hospital Boards – Responsibility for Capital Costs

Please find enclosed a letter of inquiry dated February 9, 2021, forwarded to you from the Peace River Regional Hospital District Board (PRRHD), regarding changes to the Translink funding model as it relates to the funding of hospital capital costs in Metro Vancouver.

To summarize the attached inquiry, as BC Government mandate letters place responsibility for TransLink with the Province, will the funding of 40% of hospital capital costs be transferred back to Metro Vancouver? If that is not the case, the PRRHD Board respectfully requests that all hospital districts in BC receive similar assistance from the Province to create tax room for initiatives unique to each area.

The PRRHD Board respectfully requests a timely response to its inquiry.

Sincerely,

Brad Sperling

Brad Sperling
Chair

Enclosure: Correspondence dated February 9, 2021 from the PRRHD Board

- c: Honourable Rob Fleming, Minister of Transportation and Infrastructure
Email: Minister.Transportation@gov.bc.ca
Honourable George Heyman, Minister of Environment and Climate Change Strategy
Via Email: ENV.Minister@gov.bc.ca
Honourable Josie Osborne, Minister of Municipal Affairs, Email: MAH.Minister@gov.bc.ca
Honourable Bowinn Ma, Minister of State for Infrastructure, Email: Minister.SI@gov.bc.ca
Mr. Mike Bernier, South Peace MLA, Email: Mike.Bernier@leg.bc.ca
Mr. Dan Davies, North Peace MLA, Email: Dan.Davies@leg.bc.ca

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PLEASE REPLY TO:

Box 810, 1981 Alaska Ave, Dawson Creek, BC V1G 4H8 Tel: (250) 784-3200 or (800) 670-7773 Fax: (250) 784-3201 Email: prrd.dc@prrd.bc.ca
 9505 100 St, Fort St. John, BC V1J 4N4 Tel: (250) 785-8084 Fax: (250) 785-1125 Email: prrd.fsj@prrd.bc.ca

Association of Kootenay & Boundary Local Governments, Email: admin@akblg.ca
Association of Vancouver Island and Coastal Communities, Email: avicc@ubcm.ca
Lower Mainland Local Government Association, Email: sstory@lmlga.ca
North Central Local Government Association, Email: admin@nclga.ca
Southern Interior Local Government Association, Email: yoursilga@gmail.com
Alberni-Clayoquot Regional Hospital District, Email: mailbox@acrd.bc.ca
Capital Regional Hospital District, Email: crdreception@crd.bc.ca
Cariboo-Chilcotin Regional Hospital District, Email: mailbox@cariboord.ca
Central Coast Regional Hospital District, Email: info@ccrd.ca
Central Okanagan Regional Hospital District, Email: info@cord.bc.ca
Comox Strathcona Regional Hospital District, Email: administration@comoxvalleyrd
Cowichan Valley Regional Hospital District, Email: tracy.bowen@cvr.bc.ca
Fraser Valley Regional Hospital District, Email: info@fvrd.ca
Fraser-Fort George Regional Hospital District, Email: district@rdffg.bc.ca
Kootenay East Regional Hospital District, Email: info@rdek.bc.ca
Mount Waddington Regional Hospital District, Email: info@rdmw.bc.ca
Northern Rockies Regional Hospital District, Email: justask@northernrockies.ca
Nanaimo Regional Hospital District, Email: inquiries@rdn.bc.ca
North Okanagan-Columbia Shuswap Regional Hospital District, Email: inquiries@csrd.bc.ca
North West Regional Hospital District, Email: nwrhd@rdks.bc.ca
Okanagan-Similkameen Regional Hospital District, Email: info@rdos.bc.ca
Powell River Regional Hospital District, Email: administration@qathet.ca
Sea to Sky Regional Hospital District: Email: info@slrd.bc.ca
Stuart-Nechako Regional Hospital District: Email: inquiries@rdbn.bc.ca
Sunshine Coast Regional Hospital District, Email: info@scrd.ca
Thompson Regional Hospital District, Email: admin@tnrd.ca
West Kootenay Boundary Regional Hospital District, Email: mmorrison@rdck.bc.ca



February 9, 2021

Honourable Selina Robinson
Minister of Finance
Via Email: FIN.Minister@gov.bc.ca

Dear Minister Robinson:

RE: Regional Hospital Boards – Responsibility for Capital Costs

At its December 11, 2020 meeting, the Peace River Regional Hospital District Board (PRRHD) discussed changes to the Translink funding model related to the funding of hospital capital costs in Metro Vancouver.

In October 2012, the responsibility for funding 40% of hospital capital costs was transferred from Metro Vancouver to the Province, which allowed Metro Vancouver to levy property taxes to fund Translink instead.

As BC Government mandate letters place responsibility for TransLink with the Province, will the funding of 40% of hospital capital costs be transferred back to Metro Vancouver? Suppose Metro Vancouver will not be resuming responsibility for funding 40% of hospital capital costs. In that case, the PRRHD Board respectfully requests that hospital districts throughout BC receive similar assistance from the Province to create tax room for initiatives unique to each area. To that end, the PRRHD Board resolved:

“That the Regional Hospital District Board authorize that a letter be forwarded to the Ministers of Environment and Climate Change Strategy (MoECCS), Finance, Municipal Affairs, Transportation and Infrastructure, and State for Infrastructure, to remind the Province of its commitment made in October 2012 to relieve Metro Vancouver of the responsibility for 40% of hospital capital costs to allow Metro Vancouver to instead levy property taxes to pay for Translink; and further, to enquire with the Province regarding the mandate letters for the BC Government that place responsibility for Translink in provincial jurisdiction (MoECCS), and whether this will result in Metro Vancouver resuming responsibility for 40% of hospital capital costs, and if not, to request that the Peace River Regional Hospital District, and other hospital districts in the Province receive similar assistance from the Province to create tax room for specific initiatives unique to the area.”

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PLEASE REPLY TO:

Box 810, 1981 Alaska Ave, Dawson Creek, BC V1G 4H8 Tel: (250) 784-3200 or (800) 670-7773 Fax: (250) 784-3201 Email: prrd.dc@prrd.bc.ca
 9505 100 St, Fort St. John, BC V1J 4N4 Tel: (250) 785-8084 Fax: (250) 785-1125 Email: prrd.fsj@prrd.bc.ca

Thank you for your consideration of the PRRHD Board's request.

Sincerely,

Bradley Sperling

Brad Sperling
Chair

- c: Honourable Rob Fleming, Minister of Transportation and Infrastructure,
Email: Minister.Transportation@gov.bc.ca
Honourable George Heyman, Minister of Environment and Climate Change Strategy
Email: ENV.Minister@gov.bc.ca
Honourable Josie Osborne, Minister of Municipal Affairs, Email: MAH.Minister@gov.bc.ca
Honourable Bowinn Ma, Minister of State for Infrastructure, Email: Minister.SI@gov.bc.ca
Mr. Mike Bernier, South Peace MLA, Email: Mike.Bernier@leg.bc.ca
Mr. Dan Davies, North Peace MLA, Email: Dan.Davies@leg.bc.ca



REQUEST FOR DECISION

To: Regional Hospital District Board of Directors
From: Teri Fong, CPA, CGA, Chief Financial Officer
Meeting Date: April 14, 2021
Subject: Alberni-Clayoquot Regional Hospital District Financial Statements

Recommendation:

That the Alberni-Clayoquot Regional Hospital District Board of Directors approve the 2020 Audited Financial Statements for the Alberni-Clayoquot Regional Hospital District as presented.

Summary:

KPMG has provided the attached audit findings letter for the Alberni-Clayoquot Regional Hospital District for the year ended December 31, 2020. The approval of the financial statements by the Alberni-Clayoquot Regional Hospital District Board of Directors is a requirement of the audit.

Background:

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

Policy or Legislation:

The statements comply with Public Sector Accounting Standards.

Submitted by: _____

Teri Fong, CPA, CGA, Chief Financial Officer

Approved by: _____

Douglas Holmes, BBA, CPA, CA, Chief Administrative Officer



KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250-480-3500
Fax 250-480-3539

AUDIT FINDINGS LETTER

Board of Directors
Alberni-Clayoquot Regional Hospital District Board
3008 5th Ave
Port Alberni, BC V9Y 2E3

April 8, 2021

To the Board of Directors of Alberni-Clayoquot Regional Hospital District ("ACRHD"):

We are pleased to provide the following information for your review and consideration in order to assist you in carrying out your responsibilities with respect to the review of the audited financial statements of ACRHD for the year ended December 31, 2020.

This report is intended to communicate to you the results of our examination. We would be pleased to receive any comments or suggestions for improvements, which you may have.

We would like to thank the staff and management for their cooperation and assistance during the course of our audit fieldwork. We appreciate the opportunity to serve you and look forward to a continuing relationship.

This letter is for the use of the Board of Alberni-Clayoquot Regional Hospital District for the purposes of carrying out and discharging its responsibilities and should not be used for any other purpose. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this document has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Yours very truly

Lenora Lee, CPA, CA
Engagement Partner
250.480.3588



The purpose of this Audit Findings Letter is to assist you, as a member of the Board of Directors, in your review of the results of our audit of the financial statements as at and for the year ended December 31, 2020.

This Audit Findings Letter builds on the Audit Planning Letter we provided to the Board of Directors on January 13, 2021.

AUDIT STATUS AND OPINION

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

- completing our communications with the Board of Directors
- obtaining a signed representation letter
- obtaining evidence of the Board's approval of the financial statements

We will update the Board, and not solely the Chair (as required by professional standards), on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditors' report will be dated upon the completion of any remaining procedures.

Our audit report will be dated upon completion of any remaining procedures.

SIGNIFICANT AUDIT, ACCOUNTING AND REPORTING MATTERS

Materiality

We determine materiality in order to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements. For the current period we determined a planned materiality of \$32,000 (2019 - \$22,000). There were no changes to our planned materiality.

Significant Accounting and Reporting Matters

There were no significant reporting matters to bring to your attention.

ADJUSTMENTS AND DIFFERENCES

Adjustments and differences identified during the audit have been categorized as "Corrected adjustments" or "Uncorrected differences". These include disclosure adjustments and differences.

We identified minor disclosure adjustments that were communicated to management and subsequently corrected in the financial statements.

We did not identify differences that remain uncorrected.

The management representation letter in Appendix 2 includes all adjustments identified as a result of the audit.



SIGNIFICANT QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

We highlight the following items as it relates to the qualitative aspects of accounting practices of ACRHD:

Significant accounting policies	<ul style="list-style-type: none"> There were no changes to critical or significant accounting policies.
Significant accounting estimates	<ul style="list-style-type: none"> There are no significant estimates in the financial statements of ACRHD.
Significant disclosures	<ul style="list-style-type: none"> There are no significant disclosures in the financial statements of ACRHD. There were no issues noted with the overall neutrality, consistency, and clarity of the disclosures in the financial statements.

The presentation and disclosure of the financial statements are, in all material respects, in accordance with Canadian public sector accounting standards. Misstatements, including omissions, if any, related to disclosure or presentation items are in the management representation letter.

AREAS OF AUDIT FOCUS AND RESULTS

Revenues

We substantively tested tax requisitions from members by agreeing the amount of the requisition to the approved budget bylaw and cash receipt. No errors or issues were noted.

Grants to Island Health

During 2020, ACRHD made payments to Island Health totaling \$383,468 (2019 - \$935,139). We substantively tested a sample of these grants by agreeing grant payments to supporting documentation, including appropriate authorization, and cash payment. No errors or issues were noted.

Debentures

We confirmed balances of outstanding debt with Municipal Finance Authority and agreed the balances outstanding and interest paid to the amounts recorded by management. Additionally, we agreed the terms of debt to the disclosures recorded in the financial statements. No errors or issues were noted.

Impact of COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic due to the COVID-19 outbreak; this has had significant economic, financial market and social distancing impacts.

In light of COVID-19, we assessed the potential business and financial reporting considerations such as going concern, valuation of assets and changes in revenue and expenses. We noted taxation revenues continue to be collected in full. Grants for capital projects to Island Health were less than budgeted as Island Health prioritized responding to the pandemic. Interest revenue declined as interest rates were lower than previous years. Note disclosure is included in the financial statements, consistent with 2019, acknowledging the pandemic and inherent increased uncertainty in the current environment. We noted no significant financial reporting matters that required additional disclosure as a result of COVID-19.



AUDIT RISKS

We are required under professional standards to assess the presumed fraud risk from management override of controls. We did not identify any specific additional risks of management override relating to this audit. Our audit methodology incorporates the required procedures in professional standards to address this risk. No significant issues were noted in our testing.

CANADIAN AUDIT STANDARD 540, AUDITING ACCOUNTING ESTIMATE AND RELATED DISCLOSURES

A new standard was applied in 2020 on all estimates within the financial statements that had a risk of material misstatement due to estimation uncertainty and not just “key estimates”, “critical accounting estimates”, or “estimates with significant risk”. This new standard did not impact the audit of ACRHD.

CONTROL DEFICIENCIES

As your auditors, we are required to obtain an understanding of internal control over financial reporting (“ICFR”) relevant to the preparation and fair presentation 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 consolidated financial statements, but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

Our understanding of ICFR was for the limited purpose described in the preceding paragraph and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies and other control deficiencies have been identified. 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.

We did not identify any control deficiencies that we consider to be significant deficiencies in ICFR.

INDEPENDENCE

We confirm that we are independent with respect to ACRHD within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation from January 1, 2020 up to the date of this letter.

APPENDICES

Appendix 1: Draft auditors’ report

Appendix 2: Draft management representation letter



APPENDIX 1: DRAFT AUDITORS' REPORT

INDEPENDENT AUDITORS' 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, 2020
- 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 Alberni-Clayoquot Regional Hospital District as at December 31, 2020, and its results of operations, its changes in net financial assets and accumulated surplus 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 “Auditors’ Responsibilities for the Audit of the Financial Statements” section of our auditors’ 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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

[DATE OF APPROVAL]

Victoria, Canada



APPENDIX 2: DRAFT MANAGEMENT REPRESENTATION LETTER

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

[DATE OF APPROVAL]

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, 2020.

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 December 12, 2017, 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 shareholders, 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.

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) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

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.



Other:

- 13) We confirm that we have considered the impact of the current COVID-19 crisis on our financial statements as at December 31, 2020 and concluded that (1) there is no change in our assessment of the Entity's ability to continue as a going concern, any measurement impacts at December 31, 2020 have been recorded in the financial statements and (3) we have added a note disclosing the risk surrounding COVID-19 and included the potential uncertainties and possible impact on future results and financial condition.

Yours very truly,

Douglas Holmes, Chief Administrative Officer

Teri Fong, Chief Financial Officer

cc: Board of Directors

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it 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 perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Information is obscured if it is communicated in a way that would have a similar effect for users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

- a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
- c) dissimilar items, transactions or other events are inappropriately aggregated;
- d) similar items, transactions or other events are inappropriately disaggregated; and
- e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

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.

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT
Financial Statements
Year Ended December 31, 2020

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

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Year Ended December 31, 2020

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INDEPENDENT AUDITORS' 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, 2020
- 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 Alberni-Clayoquot Regional Hospital District as at December 31, 2020, 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 14, 2021

Victoria, Canada

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Statement of Financial Position

As at December 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash	\$ 4,264,315	\$ 3,253,888
Accounts receivable	2,724	8,007
Municipal Finance Authority debt reserve fund deposit (Note 3)	135,128	281,850
	4,402,167	3,543,745
LIABILITIES		
Accounts payable	61,165	6,782
Accrued interest	10,465	20,386
Debt (Note 5) (Schedule 1)	727,103	1,679,836
	798,733	1,707,004
Commitments (Note 8)		
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS	\$ 3,603,434	\$ 1,836,741



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, 2020**

	Budget 2020	2020	2019
REVENUE			
Taxation (Schedule 2)	\$ 1,800,000	1,799,998	1,800,000
Grants in lieu of taxes	7,000	18,911	7,552
Interest revenue	20,000	66,040	78,473
Actuarial income	-	500,950	596,101
	1,827,000	2,385,899	2,482,126
EXPENSES			
Interest on debt	\$ 246,000	210,738	\$ 292,081
Administrative costs	25,000	25,000	22,000
Grants to Island Health	835,265	383,468	935,139
	1,106,265	619,206	1,249,220
ANNUAL SURPLUS	\$ 720,735	1,766,693	1,232,906

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, 2020

	Budget 2020	2020	2019
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 1,836,741	\$ 1,836,741	\$ 603,835
Annual surplus	720,735	1,766,693	1,232,906
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS - END OF YEAR	\$ 2,557,476	\$ 3,603,434	\$ 1,836,741

The accompanying notes are an integral part of these financial statements

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT**Statement of Cash Flow****Year Ended December 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Annual surplus	\$ 1,766,693	\$ 1,232,906
Non-cash items included in surplus:		
Actuarial income	(500,950)	(596,101)
Changes in non-cash working capital:		
Accounts receivable	5,283	(367)
Municipal Finance Authority debt reserve fund deposit	146,722	19,365
Accounts payable	54,383	(61,947)
Accrued interest	(9,921)	(4,744)
	196,467	(47,693)
Cash flow from operating activities	1,462,210	589,112
FINANCING ACTIVITIES		
Repayment of debt	(451,783)	(492,895)
INCREASE IN CASH FLOW	1,010,427	96,217
Cash - beginning of year	3,253,888	3,157,671
CASH - END OF YEAR	\$ 4,264,315	\$ 3,253,888

The accompanying notes are an integral part of these financial statements

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Notes to Financial Statements

Year Ended December 31, 2020

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.

Beginning March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to contain the spread of the virus. Many governments have likewise declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency. Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, business closures, quarantines and a general reduction in operational activities. While these affects are expected to be temporary, the duration of the disruption and related financial impact cannot be reasonably estimated at this time. Given the unprecedented and pervasive impact of changing circumstances surrounding the COVID-19 pandemic, there is inherently more uncertainty as compared to prior periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Hospital 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 Professional Accountants.

Budget reporting

The budget information reported in the statement of operations and the statement of change in net financial assets represents the 2020 budget as adopted by the Hospital District's Board on March 31, 2020.

Debt

Debt is obtained through the Municipal Finance Authority of British Columbia (MFA) whose policy is to issue debt denominated in Canadian dollars.

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, 2020

3. 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, 2020 is \$135,128 (2019 - \$281,850).

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 are not recorded in the financial statements. Upon maturity of a debt issue, the demand notes are released. As of December 31, 2020, there are contingent demand notes of \$237,665 (2019 - \$505,344).

4. 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, \$25,000 (2019 - \$22,000) of administrative support services from the Alberni-Clayoquot Regional District.

5. 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 year and thereafter are as follows:

2021	\$505,433
2022	144,769
2023	66,024
2024	5,370
2025	5,507
	<hr/>
	\$727,103

6. FINANCIAL INSTRUMENTS

For cash, accounts receivable, accounts payable and accrued interest, the carrying value of these financial statements is cost which approximates their fair market values due to their short-term maturity or capacity for prompt liquidation. The Hospital District is not exposed to significant credit risk on accounts receivable. The Hospital District does not have a significant exposure to any individual customer or counterpart. Unless otherwise noted, it is management's opinion the Hospital District is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Notes to Financial Statements

Year Ended December 31, 2020

7. BUDGET RECONCILIATION

Budget figures represent the budget bylaw adopted by the Board on March 31, 2020.

Adjustments to the 2020 budgeted annual surplus

Consolidated financial plan balanced cash budget as approved March 31, 2020.	\$ -
Add principal debt payments	452,000
Add transfers to reserves	358,148
Less surplus from prior years	<u>(89,413)</u>
Annual surplus per Statement of Operations	\$ 720,735

8. COMMITMENTS

As at December 31, 2020, the Hospital District has no outstanding grant commitments to Island Health (2019 - \$285,265).

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Schedule of Debenture Debt

(Schedule 1)

Year Ended December 31, 2020

By-law	MFA Issue	Maturity date	Term	Rate	Amount Borrowed	Total Instalments to date	Actuarial addition	2020 Balance	2019 Balance
82	93	06 Apr 2025	20	5.10%	\$ 14,342	\$ 10,054	\$ -	\$ 4,288	\$ 5,083
75	93	06 Apr 2025	20	5.10%	73,282	51,371	-	21,911	25,972
75	79	03 Jun 2023	20	2.25%	335,361	172,417	97,236	65,708	88,506
75	78	03 Dec 2022	20	2.25%	438,966	238,958	135,945	64,063	94,611
82	77	01 Jun 2022	20	1.75%	189,866	103,357	62,894	23,615	37,172
75	77	01 Jun 2022	20	1.75%	1,421,473	773,802	470,868	176,803	278,297
82	75	01 Dec 2021	20	1.75%	1,395,420	801,821	492,255	101,344	203,336
75	75	01 Dec 2021	20	1.75%	3,120,611	1,793,132	1,100,842	226,637	454,726
82	73	01 Dec 2020	20	1.67%	66,158	42,131	24,027	-	4,722
75	73	01 Dec 2020	20	1.67%	4,071,247	2,592,670	1,478,577	-	290,570
75	72	01 Jun 2020	20	1.67%	3,048,354	1,941,267	1,107,087	-	154,106
Unamortized debenture discount								42,734	42,734
					\$	\$	\$	\$ 727,103	\$ 1,679,835
					14,175,080	8,520,980	4,969,731		

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

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Schedule of Member Municipalities Tax Requisitions

(Schedule 2)

Year Ended December 31, 2020

	Budget 2020	2020	2019
MUNICIPALITIES			
City of Port Alberni	\$ 667,301	667,300	692,282
District of Tofino	328,655	328,655	313,209
District of Ucluelet	168,727	168,727	160,637
	<u>1,164,683</u>	1,164,682	<u>1,166,128</u>
FIRST NATIONS			
Huu-ay-aht First Nations	303	303	281
Yuułuꞵitꞵath Government	208	208	217
Uchucklesaht Tribe Government	35	35	37
Toquaht Nation	-	-	-
	<u>546</u>	546	<u>535</u>
ELECTORAL AREAS			
"A" Bamfield	49,929	49,929	51,857
"B" Beaufort	33,945	33,945	33,455
"C" Long Beach	64,194	64,194	66,504
"D" Sproat Lake	266,650	266,650	265,963
"E" Beaver Creek	105,308	105,308	103,597
"F" Cherry Creek	114,745	114,744	111,961
	<u>634,771</u>	634,770	<u>633,337</u>
	\$ 1,800,000	1,799,998	1,800,000