

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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Victoria, Canada
April 16, 2021

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
					\$	\$	\$	\$	\$
					14,175,080	8,520,980	4,969,731	727,103	1,679,835

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
Yuułuꞵitꞵatꞵ 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