

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT
Financial Statements
Year Ended December 31, 2021

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Index to Financial Statements

Year Ended December 31, 2021

	Page
INDEPENDENT AUDITOR'S REPORT	3-5
FINANCIAL STATEMENTS	
Statement of Financial Position	6
Statement of Operations	7
Statement of Changes in Net Financial Assets and Accumulated Surplus	8
Statement of Cash Flow	9
Notes to Financial Statements	10-12
Schedule of Debenture Debt <i>(Schedule 1)</i>	13
Schedule of Member Municipalities Tax Requisitions <i>(Schedule 2)</i>	14



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

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, 2021
- 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, 2021, 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.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
April 13, 2022

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Statement of Financial Position

As at December 31, 2021

	2021		2020
FINANCIAL ASSETS			
Cash	\$ 4,805,287	\$	4,264,315
Accounts receivable	2,862		2,724
Municipal Finance Authority debt reserve fund deposit (Note 3)	15,939		135,128
	4,824,088		4,402,167
LIABILITIES			
Accounts payable	-		61,165
Accrued interest	1,592		10,465
Debt (Note 5) (Schedule 1)	137,736		727,103
	139,328		798,733
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS	\$ 4,684,760	\$	3,603,434



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, 2021**

	Budget 2021 (Note 7)	2021	2020
REVENUE			
Taxation (Schedule 2)	\$ 1,800,000	1,800,000	1,799,998
Grants in lieu of taxes	7,000	16,367	18,911
Interest revenue	20,000	30,115	66,040
Actuarial income	-	252,522	500,950
	1,827,000	2,099,004	2,385,899
EXPENSES			
Interest on debt	\$ 112,000	102,888	210,738
Administrative costs	25,000	25,000	25,000
Grants to Island Health	550,000	889,790	383,468
	687,000	1,017,678	619,206
ANNUAL SURPLUS	\$ 1,140,000	1,081,326	1,766,693

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, 2021

	Budget 2021 (Note 7)	2021	2020
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 3,603,434	\$ 3,603,434	\$ 1,836,741
Annual surplus	1,140,000	1,081,326	1,766,693
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS - END OF YEAR	\$ 4,743,434	\$ 4,684,760	\$ 3,603,434

The accompanying notes are an integral part of these financial statements

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT**Statement of Cash Flow****Year Ended December 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Annual surplus	\$ 1,081,326	\$ 1,766,693
Non-cash items included in surplus:		
Actuarial income	(252,522)	(500,950)
Changes in non-cash working capital:		
Accounts receivable	(138)	5,283
Municipal Finance Authority debt reserve fund deposit	119,189	146,722
Accounts payable	(61,165)	54,383
Accrued interest	(8,873)	(9,921)
	49,013	196,467
Cash flow from operating activities	877,817	1,462,210
FINANCING ACTIVITIES		
Repayment of debt	(336,845)	(451,783)
INCREASE IN CASH FLOW	540,972	1,010,427
Cash - beginning of year	4,264,315	3,253,888
CASH - END OF YEAR	\$ 4,805,287	\$ 4,264,315

The accompanying notes are an integral part of these financial statements

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Notes to Financial Statements

Year Ended December 31, 2021

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 2021 budget as adopted by the Hospital District's Board on March 10, 2021.

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, 2021

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, 2021 is \$15,939 (2020 - \$135,128).

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, 2021, there are contingent demand notes of \$27,710 (2020 - \$237,665).

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 (2020 - \$25,000) 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 years and thereafter are as follows:

2022	\$61,506
2023	\$65,353
2024	5,370
2025	5,507
2026	-
	<hr/>
	\$137,736

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, 2021

7. BUDGET RECONCILIATION

Budget figures represent the budget bylaw adopted by the Board on March 10, 2021.

Adjustments to the 2021 budgeted annual surplus

Consolidated financial plan balanced cash budget as approved March 10, 2021.	\$ -
Add principal debt payments	351,000
Add transfers to reserves	870,080
Less surplus from prior years	(81,080)
<hr/> Annual surplus per Statement of Operations	<hr/> \$ 1,140,000

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Schedule of Debenture Debt

(Schedule 1)

Year Ended December 31, 2021

By-law	MFA Issue	Maturity date	Term	Rate	Amount Borrowed	Total Instalments to date	Actuarial addition	2021 Balance	2020 Balance
82	93	06 Apr 2025	20	5.10%	\$ 14,342	\$ 10,869	\$ -	\$ 3,473	\$ 4,288
75	93	06 Apr 2025	20	5.10%	73,282	55,535	-	17,747	21,911
75	79	03 Jun 2023	20	2.25%	335,361	182,559	111,011	41,791	65,708
75	78	03 Dec 2022	20	2.25%	438,966	252,234	154,741	31,991	64,063
82	77	01 Jun 2022	20	1.75%	189,866	114,841	75,025	-	23,615
75	77	01 Jun 2022	20	1.75%	1,421,473	859,780	561,693	-	176,803
82	75	01 Dec 2021	20	1.75%	1,395,420	844,022	551,398	-	101,344
75	75	01 Dec 2021	20	1.75%	3,120,611	1,887,507	1,233,104	-	226,637
Unamortized debenture discount								42,734	42,734
					\$ 6,989,321	\$ 4,207,348	\$ 2,686,972	\$ 137,736	\$ 727,103

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, 2021

	Budget 2021	2021	2020
MUNICIPALITIES			
City of Port Alberni	\$ 671,425	\$ 671,425	667,300
District of Tofino	319,639	319,639	328,655
District of Ucluelet	171,218	171,218	168,727
	<u>1,162,282</u>	<u>1,162,282</u>	<u>1,164,682</u>
FIRST NATIONS			
Huu-ay-aht First Nations	238	238	303
Yuułuŋiŋatḥ Government	357	357	208
Uchucklesaht Tribe Government	41	41	35
Toquaht Nation	-	-	-
	<u>636</u>	<u>636</u>	<u>546</u>
ELECTORAL AREAS			
"A" Bamfield	47,307	47,307	49,929
"B" Beaufort	33,565	33,565	33,945
"C" Long Beach	66,758	66,758	64,194
"D" Sproat Lake	268,641	268,641	266,650
"E" Beaver Creek	107,975	107,975	105,308
"F" Cherry Creek	112,836	112,836	114,744
	<u>637,082</u>	<u>637,082</u>	<u>634,770</u>
	\$ 1,800,000	\$ 1,800,000	1,799,998