

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Financial Statements

Year Ended December 31, 2023

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

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Year Ended December 31, 2023

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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, 2023
- the statement of operations for the year then ended
- the statement of changes in net financial assets 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, 2023, 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.

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

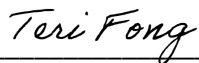
Chartered Professional Accountants

Victoria, Canada
May 8, 2024

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT**Statement of Financial Position****As at December 31, 2023**

	2023	2022
FINANCIAL ASSETS		
Cash	\$ 6,538,078	\$ 5,672,621
Portfolio investments	80	76
Accounts receivable	29,603	21,248
Due from Regional District of Alberni-Clayoquot	-	8,779
Municipal Finance Authority debt reserve fund deposit (Note 4)	1,547	7,775
	6,569,308	5,710,499
LIABILITIES		
Accounts payable	\$ 38,827	195,785
Accrued interest	131	772
Due to Regional District of Alberni-Clayoquot	5,350	-
Debt (Note 6) (Schedule 1)	10,877	75,524
	55,185	272,081
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS	\$ 6,514,123	\$ 5,438,418

Contingent liability (Note 4)



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, 2023**

	Budget 2023 (Note 8)	2023	2022
REVENUE			
Taxation (Schedule 2)	\$ 1,836,000	\$ 1,836,000	1,835,999
Grants in lieu of taxes	7,000	35,496	13,588
Interest revenue	20,000	310,603	131,257
Actuarial income	-	6,534	33,688
	1,863,000	2,188,633	2,014,532
EXPENSES			
Interest on debt	\$ 5,000	\$ 3,819	\$ 17,555
Administrative costs	45,500	45,850	45,000
Grants to Island Health	1,718,000	1,105,993	1,198,319
	1,768,500	1,155,662	1,260,874
Gain on unamortized debenture discount	-	(42,734)	-
ANNUAL SURPLUS	\$ 94,500	\$ 1,075,705	753,658

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, 2023

	Budget 2023 (Note 8)	2023	2022
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 5,438,418 \$	5,438,418 \$	4,684,760
Annual surplus	94,500	1,075,705	753,658
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS - END OF YEAR	\$ 5,532,918 \$	6,514,123 \$	5,438,418

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

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT**Statement of Cash Flow****Year Ended December 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Annual surplus	\$ 1,075,705	\$ 753,658
Non-cash items included in surplus:		
Actuarial income	(6,534)	(33,688)
Gain on unamortized debenture debt	(42,734)	-
	(49,268)	(33,688)
Changes in non-cash working capital:		
Accounts receivable	(8,355)	(18,386)
Due from Regional District of Alberni-Clayoquot	8,779	(8,779)
Municipal Finance Authority debt reserve fund deposit	6,228	8,164
Accounts payable	(156,958)	195,785
Accrued interest	(641)	(820)
Due to Regional District of Alberni-Clayoquot	5,350	-
	(145,597)	175,964
Cash flow from operating activities	880,840	895,934
FINANCING ACTIVITIES		
Repayment of debt	(15,379)	(28,524)
INVESTING ACTIVITIES		
Purchase of investments	(4)	(76)
INCREASE IN CASH FLOW	865,457	876,334
Cash - beginning of year	5,672,621	4,805,287
CASH - END OF YEAR	\$ 6,538,078	\$ 5,672,621

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

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Notes to Financial Statements

Year Ended December 31, 2022

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 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 2023 budget as adopted by the Hospital District's Board on March 8, 2023.

Financial instruments:

Financial instruments are designated either at fair value or 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, the other long-term investments in securities, including money market investments, which 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, 2022

3. CHANGES IN ACCOUNTING POLICY

On January 1, 2023, Public Accounting Standard PS 3450 – Financial Instruments, and Public Accounting Standard PS 2601 – Foreign Currency Translation were adopted. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions. The new standards had no impact to the financial statements on adoption.

4. 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, 2023 is \$1,547 (2022 - \$7,775).

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, 2023, there are contingent demand notes of \$2,580 (2022 - \$13,577).

5. RELATED PARTY

The Alberni-Clayoquot Regional Hospital District is related to the Alberni-Clayoquot Regional District; the same individuals are the Board of Directors for both organizations. As legislated by the Hospital District Act, the officers and employees of the Alberni-Clayoquot Regional District are the corresponding officers and employees of the Alberni-Clayoquot Regional Hospital District. Each of the Regional District and the Hospital District are separate legal entities as defined by separate Letters Patent and authorized by separate legislation. During the year the Alberni-Clayoquot Regional Hospital District purchased, at cost, \$45,350 (2022 - \$40,000) of administrative support services from the Alberni-Clayoquot Regional District.

At December 31, 2023, the Alberni-Clayoquot Regional District owes the Hospital District \$nil (2022 - \$8,779). At December 31, 2023, the Hospital District owes the Alberni-Clayoquot Regional District \$5,350 (2022 - \$nil) related to administration costs incurred.

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Notes to Financial Statements

Year Ended December 31, 2022

6. 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:

2024	5,370
2025	5,507
2026	-
2027	-
2028	-
	<hr/>
	10,877

7. 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 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.

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Notes to Financial Statements

Year Ended December 31, 2022

7. FINANCIAL RISKS AND CONCENTRATION OF RISK (CONTINUED)

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. Short-term financing is subject to daily floating rates, which can result in variability over the course of short-term financing. Interest rate risk related to debt instruments is managed through budget and cash forecasts.

8. BUDGET RECONCILIATION

Budget figures represent the budget bylaw adopted by the Board on March 8, 2023.

Adjustments to the 2023 budgeted annual surplus

Consolidated financial plan balanced cash budget as approved March 8, 2023.	\$ -
Add principal debt payments	16,000
Add transfers to reserves	189,652
Less surplus from prior years	(111,152)
<hr/> Annual surplus per Statement of Operations	<hr/> \$ 94,500

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Schedule of Debenture Debt

(Schedule 1)

Year Ended December 31, 2023

By-law	MFA Issue	Maturity date	Term	Rate	Amount Borrowed	Total Instalments to date	Actuarial addition	2023 Balance	2022 Balance
82	93	06 Apr 2025	20	0.79%	\$ 14,342	\$ 12,562	-	\$ 1,780	\$ 2,637
75	93	06 Apr 2025	20	0.79%	73,282	64,185	-	9,097	13,476
75	79	03 Jun 2023	20	2.25%	335,361	202,843	132,518	-	16,677
Unamortized debenture discount								-	42,734
					\$ 422,985	\$ 279,590	\$ 132,518	\$ 10,877	\$ 75,524

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Schedule of Member Municipalities Tax Requisitions

(Schedule 2)

Year Ended December 31, 2023

	Budget 2023	2023	2022
MUNICIPALITIES			
City of Port Alberni	\$ 682,652	682,652	695,873
District of Tofino	324,493	324,493	307,057
District of Ucluelet	202,004	202,004	183,376
	1,209,149	1,209,149	1,186,306
FIRST NATIONS			
Huu-ay-aht First Nations	521	521	482
Yuułuʔiłʔatḥ Government	1,958	1,958	1,910
Uchucklesaht Tribe Government	57	57	56
Toquaht Nation	-	-	-
	2,536	2,536	2,448
ELECTORAL AREAS			
"A" Bamfield	45,372	45,372	46,034
"B" Beaufort	30,008	30,008	31,930
"C" Long Beach	64,467	64,467	69,478
"D" Sproat Lake	267,637	267,637	272,365
"E" Beaver Creek	113,546	113,546	119,750
"F" Cherry Creek	103,285	103,285	107,688
	624,317	624,317	647,245
	\$ 1,836,000	1,836,000	1,835,999