

CARIBOO-CHILCOTIN REGIONAL HOSPITAL DISTRICT

Financial Statements

Year Ended December 31, 2020

DRAFT for discussion purposes

CARIBOO-CHILCOTIN REGIONAL HOSPITAL DISTRICT

Index to Financial Statements

Year Ended December 31, 2020

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations and Accumulated Surplus	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 10

DRAFT for discussion purposes

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Cariboo-Chilcotin Regional Hospital District have been prepared in accordance with Canadian public sector accounting standards (PSAS). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of the Cariboo-Chilcotin Regional Hospital District's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board meets periodically with management and the Hospital District's auditors to review significant accounting, reporting and internal control matters. The Board reviews the financial statements and discusses with the auditors, prior to its approval of the financial statements. The Board also considers and approves the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the Board of Directors by PMT Chartered Professional Accountants LLP, in accordance with Canadian generally accepted auditing standards.

Chief Administrative Officer

Chief Financial Officer

DRAFT for discussion purposes



INDEPENDENT AUDITOR'S REPORT

To the Directors of Cariboo-Chilcotin Regional Hospital District

Report on the Financial Statements

Opinion

We have audited the financial statements of the Cariboo-Chilcotin Regional Hospital District (the Hospital District), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital District as at December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

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 report. We are independent of the Hospital District in accordance with 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 PSAS, 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 Hospital 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 Hospital District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Hospital District's financial reporting process.

DRAFT for discussion purposes (continues)

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 these 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 Hospital 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 Hospital 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 Hospital 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.

We 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.

Williams Lake, BC

PMT CHARTERED PROFESSIONAL
ACCOUNTANTS LLP

DRAFT for discussion purposes

CARIBOO-CHILCOTIN REGIONAL HOSPITAL DISTRICT

Statement of Financial Position

December 31, 2020

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash and cash equivalents	\$ 73,157,893	\$ 66,635,604
Accounts receivable (Note 4)	<u>41,629</u>	<u>98,958</u>
	<u>73,199,522</u>	<u>66,734,562</u>
Liabilities		
Accounts payable and accrued liabilities (Note 5)	<u>582,382</u>	<u>359,454</u>
Contingencies (Note 6)		
Net financial assets	<u>\$ 72,617,140</u>	<u>\$ 66,375,108</u>

Kevin Erickson, CPA, CGA, Chief Financial Officer

DRAFT for discussion purposes

The accompanying notes are an integral part of this statement

CARIBOO-CHILCOTIN REGIONAL HOSPITAL DISTRICT

Statement of Operations and Accumulated Surplus

Year Ended December 31, 2020

	Budget	2020	2019
Revenue			
Taxation - net	\$ 8,765,447	\$ 8,765,272	\$ 8,299,999
Interest	1,495,375	719,610	1,344,531
Grants in lieu of taxes	10,000	8,955	12,138
	<u>10,270,822</u>	<u>9,493,837</u>	<u>9,656,668</u>
General and administrative expenses			
Administration overhead	75,000	75,123	75,101
Capital projects	7,119,552	2,434,141	1,463,425
Global grants	512,420	512,420	512,420
Insurance	2,500	2,500	2,500
Non-recurring capital grant	100,000	82,621	24,200
Recruitment and retention	200,000	145,000	145,000
	<u>8,009,472</u>	<u>3,251,805</u>	<u>2,222,646</u>
Annual surplus	2,261,350	6,242,032	7,434,022
Accumulated surplus - beginning of year	-	66,375,108	58,941,086
Accumulated surplus - end of year	<u>\$ 2,261,350</u>	<u>\$ 72,617,140</u>	<u>\$ 66,375,108</u>

DRAFT for discussion purposes

The accompanying notes are an integral part of this statement

CARIBOO-CHILCOTIN REGIONAL HOSPITAL DISTRICT

Statement of Changes in Net Assets

Year Ended December 31, 2020

	Budget 2020	2020	2019
Annual surplus	\$ 2,261,350	\$ 6,242,032	\$ 7,434,022
Increase in net financial assets	2,261,350	6,242,032	7,434,022
Net assets - beginning of year	-	66,375,108	58,941,086
Net assets - end of year	\$ 2,261,350	\$ 72,617,140	\$ 66,375,108

DRAFT for discussion purposes

The accompanying notes are an integral part of this statement

CARIBOO-CHILCOTIN REGIONAL HOSPITAL DISTRICT**Statement of Cash Flows****Year Ended December 31, 2020**

	<u>2020</u>	<u>2019</u>
Operating activities		
Annual surplus	\$ 6,242,032	\$ 7,434,022
Changes in non-cash working capital:		
Accounts receivable	57,329	(16,578)
Accounts payable and accrued liabilities	<u>222,928</u>	<u>191,033</u>
	<u>280,257</u>	<u>174,455</u>
Increase in cash flow	6,522,289	7,608,477
Cash and cash equivalents - beginning of year	<u>66,635,604</u>	<u>59,027,127</u>
Cash and cash equivalents - end of year	<u>73,157,893</u>	<u>66,635,604</u>
Cash and cash equivalents consist of:		
Operating cash	\$ 56,163,718	\$ 49,784,167
Money market funds with the Municipal Finance Authority	<u>16,994,175</u>	<u>16,851,437</u>
	<u>\$ 73,157,893</u>	<u>\$ 66,635,604</u>

DRAFT for discussion purposes

The accompanying notes are an integral part of this statement

CARIBOO-CHILCOTIN REGIONAL HOSPITAL DISTRICT

Notes to Financial Statements

Year Ended December 31, 2020

1. Purpose of the Hospital District

Cariboo-Chilcotin Regional Hospital District (the "Hospital District") was incorporated on December 12, 1995 under the Health Authorities Act as the Cariboo Coast Regional Hospital District.

On November 19, 1998, Supplementary Letters Patent were issued to change the name to Cariboo-Chilcotin Regional Hospital District and reduce the boundaries by transferring the Bella Coola area back to the Central Coast Regional Hospital District.

The Hospital District has assumed the authority previously held by the Cariboo Regional Hospital District.

The Hospital District provides capital funding for health care facilities within the District's boundaries.

The Cariboo-Chilcotin Regional Hospital District operates under the provisions of the Hospital District Act.

2. Significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian public sector accounting standards (GAAP).

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand less outstanding cheques and deposits with a maturity of less than three months at the time of purchase. When outstanding cheques are in excess of cash on hand, the excess is reported in bank indebtedness.

Revenue recognition

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Budget reporting

Unaudited budget figures shown represent the Annual Budget Bylaw adopted by the Board of Directors on March 27, 2020.

DRAFT for discussion purposes

(continues)

CARIBOO-CHILCOTIN REGIONAL HOSPITAL DISTRICT

Notes to Financial Statements

Year Ended December 31, 2020

2. Significant accounting policies (*continued*)

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. Financial instruments

The Hospital District is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Hospital District's risk exposure and concentration as of December 31, 2020.

Credit risk

Credit risk arises from cash and cash equivalents and the potential that a counter party will fail to perform its obligations. In order to reduce its credit risk, the District invests its cash and cash equivalents with high-rated financial institutions and monitors the creditworthiness of its counterparties.

There is no change in the risk exposure from the previous period.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Hospital District manages exposure through its normal operating and financing activities. The Hospital District is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

There is no change in the risk exposure from the previous period.

Additional risk

Unless otherwise noted, it is management's opinion that the Hospital District is not exposed to significant other price risks arising from these financial instruments.

4. Accounts receivable

	<u>2020</u>	<u>2019</u>
Accrued interest receivable	\$ 41,629	\$ 98,958

5. Accounts payable and accrued liabilities

	<u>2020</u>	<u>2019</u>
Global grants	\$ 79,657	\$ 199,621
Trade accounts payable	502,725	159,833
	<u>\$ 582,382</u>	<u>\$ 359,454</u>

DRAFT for discussion purposes

6. Contingencies

During the course of the year, the Hospital District may be a defendant in a lawsuit. The Hospital District reviews any claims or potential claims made against it on a yearly basis to determine if they would be covered by insurance, and if not, whether a claim that would not be successfully defended would have a material effect on the consolidated financial statements.

The management of the Hospital District is not aware of any claims or potential claims that if not successfully defended would have a material effect on the financial statements. If a claim was paid as a result of the outcome of litigation it would be treated as an expenditure.

7. Related party transactions

The Hospital District is related to the Cariboo Regional District as the members of the Board of Directors of the Cariboo Regional District form the majority of the members of the Board of Directors of the Cariboo-Chilcotin Regional Hospital District. As legislated by the Hospital District Act, the officers and employees of the Cariboo Regional District are the corresponding officers and employees of the Cariboo-Chilcotin Regional Hospital District. Each of the Regional District and the Hospital Districts are separate legal entities as authorized by separate legislation.

During the year the Hospital District received accounting and management services from the Cariboo Regional District and paid \$75,000 (2019 - \$75,000) for these services.

These transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. Contractual rights

The Hospital District entered into a 3 year contract with the University of Northern British Columbia to donate \$40,000 per year to be utilized by the Northern Medical Programs Trust. The term of the contract commenced on September 1, 2019 and terminates January 1, 2021.

The Hospital District entered into a 5 year contract with the Central Interior Rural Division of Family Practice for the term of January 1, 2013 - December 31, 2018. This contract was renewed with the contract terminating December 31, 2020. The Hospital District contributed \$70,000, paid quarterly, to the Central Interior Rural Division of Family Practice in the 2020 fiscal year (2019 - \$70,000).

The Hospital District entered into a 2 year contract with the City of Quesnel for the term of January 1, 2016 - December 31, 2018. This contract was renewed with the contract ending December 31, 2020. The Hospital District contributed \$35,000, paid quarterly, to the City of Quesnel in the 2020 fiscal year (2019 - \$35,000). Subsequent to year end, the District signed a new 3 year contract with the City of Quesnel for the term of January 1, 2021 - December 31, 2023. Contract payments are paid quarterly, with upcoming payments for 2021 \$52,698, 2022 \$53,751, 2023 \$54,826.