

CENTRAL COAST REGIONAL
HOSPITAL DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2013

CENTRAL COAST REGIONAL HOSPITAL DISTRICT

INDEX

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FOR THE YEAR ENDED DECEMBER 31, 2013

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Central Coast Regional Hospital District and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.


The financial statements have been prepared by management in accordance with in accordance with Canadian public sector accounting standards. Financial statements include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.


The District's management maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial statements are relevant, reliable and accurate and the District's assets are appropriately accounted for and adequately safeguarded.

The District's Board of Directors is responsible for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The District's Board of Directors reviews and approves the financial statements. The District's management meets periodically with the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities. They review the annual report, financial statements and the external auditor's report, as well as the engagement of the external auditors.

The financial statements have been audited by PMT Chartered Accountants / Business Advisors LLP, in accordance with in accordance with Canadian public sector accounting standards on behalf of the District.


Catherine McCullagh
Chairman of the Board of Directors


Darla Blake
Chief Administrative Officer



INDEPENDENT AUDITORS' REPORT

To The Board of Directors of the
Central Coast Regional Hospital District

Report on the Financial Statements

We have audited the accompanying financial statements of the Central Coast Regional Hospital District, which comprise the statement of financial position as at December 31, 2013, the statements of financial activity and cash flows for the General Operating Fund for the year then ended, and the statement of financial position as at December 31, 2013, the statements of equity in capital assets and cash flows for the Capital Fund for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

.../2



Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Central Coast Regional Hospital District as at December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards as described in Note 2 to the financial statements.

Williams Lake, BC
April 10, 2014

PMT CHARTERED ACCOUNTANTS /
BUSINESS ADVISORS LLP

General Operating Fund
Statement of Financial Position - December 31, 2013

Statement A

| | 2013 | 2012 |
|---------------------------------------------------|--------------------------|--------------------------|
| ASSETS | | |
| Current | | |
| Cash - Note 4 | \$ 187,828 | \$ 183,520 |
| Accounts receivable | <u>6,076</u> | <u>13,213</u> |
| | <u>\$ 193,904</u> | <u>\$ 196,733</u> |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities - Note 5 | \$ 48,009 | \$ 40,080 |
| Commitments and contingencies - Note 6 | | |
| SURPLUS | | |
| Surplus - Statement B | <u>145,895</u> | <u>156,653</u> |
| | <u>\$ 193,904</u> | <u>\$ 196,733</u> |

Chief Administrative Officer

The accompanying Notes are an integral part of this statement.

*General Operating Fund
Statement of Financial Activity
For The Year Ended December 31, 2013*

Statement B

| | Budget 2013 | 2013 | 2012 |
|---------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| Revenue | | | |
| Community transit partnership agreement - Note 7 | \$ 280,000 | \$ 160,579 | \$ 235,056 |
| Tax requisition | 20,000 | 20,000 | 20,000 |
| Administrative fees | - | - | 3,619 |
| Interest earned | 1,500 | 1,550 | 1,561 |
| Federal government grant-in-lieu of tax | <u>1,000</u> | <u>853</u> | <u>989</u> |
| | <u>302,500</u> | <u>182,982</u> | <u>261,225</u> |
| Expenditures | | | |
| Administrative expenses | 13,000 | 13,000 | 13,000 |
| Bank charges | - | 161 | 98 |
| Community transit partnership agreement - Note 7 | 280,000 | 160,579 | 235,056 |
| Transfer to Section 20(2) capital reserve for equipment grants - Statement F | <u>20,000</u> | <u>20,000</u> | <u>20,000</u> |
| | <u>313,000</u> | <u>193,740</u> | <u>268,154</u> |
| Excess (deficiency) of revenue over expenditures | (10,500) | (10,758) | (6,929) |
| Use of prior years surplus | 165,614 | - | - |
| Reserve for future period | <u>(155,114)</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenue over expenditures | - | (10,758) | (6,929) |
| Surplus, beginning of year | <u>156,653</u> | <u>156,653</u> | <u>163,582</u> |
| Surplus, end of year - Statement A | <u>\$ 156,653</u> | <u>\$ 145,895</u> | <u>\$ 156,653</u> |

Chief Administrative Officer

The accompanying Notes are an integral part of this statement.

*Statement of Cash Flows of General Operating Funds
For The Year Ended December 31, 2013*

Statement C

| | 2013 | 2012 |
|-------------------------------------------------|-------------------|-------------------|
| Operating activities | | |
| Cash received from operations | \$ 188,569 | \$ 253,086 |
| Cash received for interest | 1,550 | 1,561 |
| Cash paid for other expenses | (13,161) | (13,098) |
| Cash paid for the transit partnership agreement | (152,650) | (214,487) |
| Cash paid to the Capital Fund | (20,000) | (20,000) |
| Cash from operations | 4,308 | 7,062 |
| Cash and cash equivalents, beginning of year | <u>183,520</u> | <u>176,458</u> |
| Cash and cash equivalents, end of year | <u>\$ 187,828</u> | <u>\$ 183,520</u> |
| Cash and cash equivalents consist of: | | |
| Cash | \$ 58,888 | \$ 55,982 |
| Term deposits | <u>128,940</u> | <u>127,538</u> |
| | <u>\$ 187,828</u> | <u>\$ 183,520</u> |

Chief Administrative Officer

The accompanying Notes are an integral part of this statement.

Capital Fund
Statement of Financial Position - December 31, 2013

Statement D

| | 2013 | 2012 |
|-------------------------------------------------------------|---------------------|---------------------|
| ASSETS | | |
| Grants to district hospitals capitalized | | |
| From debenture debt | \$ 2,153,500 | \$ 2,153,500 |
| From current revenue | 1,288,872 | 1,268,872 |
| From federal government | 449,405 | 449,405 |
| From provincial government | <u>137,204</u> | <u>137,204</u> |
| Total grants to district hospitals capitalized - Schedule 1 | <u>\$ 4,028,981</u> | <u>\$ 4,008,981</u> |
| LIABILITIES | | |
| Capital equity - Statement E | <u>\$ 4,028,981</u> | <u>\$ 4,008,981</u> |

Chief Administrative Officer

*Capital Fund
Statement of Equity in Capital Assets
For The Year Ended December 31, 2013*

Statement E

| | 2013 | 2012 |
|-----------------------------------------|---------------------|---------------------|
| Balance, beginning of year | \$ 4,008,981 | \$ 3,988,981 |
| Capital expenditures (net) - Schedule 2 | <u>20,000</u> | <u>20,000</u> |
| Balance, end of year - Statement D | <u>\$ 4,028,981</u> | <u>\$ 4,008,981</u> |

Chief Administrative Officer

*Statement of Cash Flows of Capital Funds
For The Year Ended December 31, 2013*

Statement F

| | 2013 | 2012 |
|------------------------------------------------------|-------------|-------------|
| Source of funds | | |
| Contribution from General Operating Fund | | |
| Reserve for Section 20(2) expenditures | \$ 20,000 | \$ 20,000 |
| Application of funds | | |
| Equipment grants to district hospitals - Statement B | (20,000) | (20,000) |
| | - | - |
| Cash, beginning of year | - | - |
| Cash, end of year | <u>\$ -</u> | <u>\$ -</u> |

Chief Administrative Officer

The accompanying Notes are an integral part of this statement.

*Note to the Financial Statements
For The Year Ended December 31, 2013*

1. Purpose

The Central Coast Regional Hospital District (the "Hospital District") operates under the provisions of the Hospital District Act.

The Hospital District provides grants to district hospitals and administers the Community Transit Partnership Agreement pursuant to the Annual Operating Agreement among the Central Coast Regional Hospital District and the Bella Coola General Hospital and pursuant to the Bella Coola Master Operating Agreement among the Central Coast Regional Hospital District, British Columbia Transit and the Bella Coola Valley Bus Company Ltd.

2. Significant accounting policies

a) Basis of presentation

The financial statements of the Hospital District are prepared by management in accordance with Canadian generally accepted accounting principles for the public sector established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

b) Funds of the Central Coast Regional Hospital District

The resources and operations of the Hospital District are separated into the General Operating and Capital Funds for accounting and financial reporting purposes. Transfers between funds are recorded as adjustments to the appropriate fund balance.

c) Accrual accounting

The accrual method for reporting revenues and expenditures, including capital expenditures, has been used. Revenues are recorded in the period they are earned. Expenditures are recorded as the cost of goods or services in the period they are obtained.

d) Foreign currency

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

e) 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.

f) Term deposits

Term deposits are valued at cost plus accrued interest.

Note to the Financial Statements
For The Year Ended December 31, 2013

2. Significant accounting policies (continued)

- g) 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.
- h) Grants to Health Region
 Grants to the Health Region are capitalized in accordance with the Ministry of Health policy.
- i) Contributed services
 Volunteer hours are contributed during the year to assist the Hospital District in carrying out its operations. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.
- j) Budget reporting
 Unaudited budget figures shown represent the Annual Budget Bylaw adopted by the Board of Directors on March 14, 2013 .
- k) Measurement uncertainty
 The preparation of financial statements in accordance with the accounting principles defined in Note 2(a) to these statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure on contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Significant areas requiring use of management estimates relate to valuation of inventory and the collectibility of accounts receivable. Actual results could differ from those estimates.

3. Financial instruments

- a) Fair value
 The Hospital District's carrying value of cash, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.
- b) 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 district manages exposure through its normal operating and financing activities. The Hospital District is exposed to interest rate risk primarily through its variable interest money market funds.
- c) Credit risk
 It is management's opinion that the Hospital District is not subject to significant credit risk associated with its financial instruments.

4. Cash

Cash consists of:

| | <u>2013</u> | <u>2012</u> |
|----------------------------------------------------------|-------------------|-------------------|
| Operating cash | \$ 57,888 | \$ 54,982 |
| Money market funds with the Municipal Finance Authority | 128,940 | 127,538 |
| Equity shares in Williams Lake and District Credit Union | <u>1,000</u> | <u>1,000</u> |
| | <u>\$ 187,828</u> | <u>\$ 183,520</u> |

Note to the Financial Statements
For The Year Ended December 31, 2013

5. Accounts payable and accrued liabilities

| | <u>2013</u> | <u>2012</u> |
|--------------------------------------------------|------------------|------------------|
| BC Transit | \$ 48,009 | \$ 20,080 |
| Section 20 (2) contribution to equipment reserve | <u>-</u> | <u>20,000</u> |
| | <u>\$ 48,009</u> | <u>\$ 40,080</u> |

6. Commitments and 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 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. Community Transit Partnership Agreement

Community Transit funding is provided by the Bella Coola General Hospital pursuant to the Annual Operating Agreement among the Central Coast Regional Hospital District and the Bella Coola General Hospital and pursuant to the Bella Coola Master Operating Agreement among the Central Coast Regional Hospital District, British Columbia Transit and the Bella Coola Valley Bus Company Ltd.

| | <u>2013</u> | <u>2012</u> |
|-----------------------------------------------|----------------|----------------|
| Community Transit Partnership Agreement Funds | | |
| Opening balance of unspent funds | \$(34) | \$(34) |
| Add: Amount received during the year | 160,579 | 235,056 |
| Less: Amount spent | (160,579) | (235,056) |
| Closing balance of unspent funds | <u>\$(34)</u> | <u>\$(34)</u> |

8. Related party transaction

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

During the year the Hospital District received accounting and management services from the Central Coast Regional District and paid \$13,000 (2012 - \$13,000) 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.

Capital Fund
Schedule of Capitalized Grants
For The Year Ended December 31, 2013

Schedule 1

| | Expenditures to December 31, 2012 | 2013 Expenditures | Net amount December 31, 2013 |
|--------------------------------------------------------|--------------------------------------|----------------------|---------------------------------|
| Grants to district hospitals capitalized | | | |
| Bella Coola General Hospital | | | |
| Construction | \$ 1,914,730 | \$ - | \$ 1,914,730 |
| Major equipment | 212,234 | - | 212,234 |
| Minor equipment and supplies | 593,632 | 20,000 | 613,632 |
| Working capital | <u>27,000</u> | <u>-</u> | <u>27,000</u> |
| | <u>2,747,596</u> | <u>20,000</u> | <u>2,767,596</u> |
| R.W. Large Memorial Hospital | 1,211,270 | - | 1,211,270 |
| Ocean Falls General Hospital | <u>50,115</u> | <u>-</u> | <u>50,115</u> |
| | <u>1,261,385</u> | <u>-</u> | <u>1,261,385</u> |
| Total grants to hospitals capitalized - Statement D | <u>\$ 4,008,981</u> | <u>\$ 20,000</u> | <u>\$ 4,028,981</u> |

The accompanying notes are an integral part of this Schedule.

Capital Fund

Schedule of Details of Equity in Capital Assets
For The Year Ended December 31, 2013

Schedule 2

| | General Equity in Capitalized Grants | Provincial Government Contributions | Federal Government Contributions | Total |
|------------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|----------------------------------------|---------------------|
| Balance, beginning of year | \$ 2,832,979 | \$ 758,576 | \$ 417,426 | \$ 4,008,981 |
| Contribution from Section 20 (2) reserve for equipment grants | <u>20,000</u> | <u>-</u> | <u>-</u> | <u>20,000</u> |
| Balance, end of year - Statement E | <u>\$ 2,852,979</u> | <u>\$ 758,576</u> | <u>\$ 417,426</u> | <u>\$ 4,028,981</u> |

The accompanying notes are an integral part of this Schedule.