

COMOX STRATHCONA
REGIONAL HOSPITAL DISTRICT



Financial Statements
Year Ended December 31, 2020

Comox-Strathcona Regional Hospital District

2020 Board of Directors

SRD Area C Discovery Islands - Mainland Inlets	J. Abram
City of Campbell River	A. Adams
SRD Area B Cortes Island	N. Anderson
CVRD Area A Baynes Sound-Denman/Hornby	D. Arbour
City of Campbell River	M. Babchuk
Town of Comox	A. Bissinger
Ka:'yu : 'k't'h / Che : k'tles7et'h First Nations	S. Christiansen
Village of Zeballos	J. Colborne
City of Courtenay	W. Cole-Hamilton
City of Campbell River	C. Cornfield (Chair)
Village of Tahsis	M. Davis
City of Campbell River	C. Evans
CVRD Area C Puntledge - Black Creek	E. Grieve
CVRD Area B Lazo North	A. Hamir
City of Courtenay	D. Hillian (Vice Chair)
City of Campbell River	R. Kerr
SRD Area D Oyster Bay - Buttle Lake	B. Leigh
City of Courtenay	M. McCollum
Town of Comox	N. Minions
City of Courtenay	W. Morin
Village of Sayward	S. Poulsen
Village of Cumberland	S. Sullivan
Village of Gold River	B. Unger
SRD Area A Kyuquot/Nootka-Sayward	G. Whalley

**Comox-Strathcona Regional Hospital District
Financial Statements
Year ended December 31, 2020**

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Comox-Strathcona Regional Hospital District

Management's Responsibility for Financial Reporting

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and are outlined under Significant Accounting Policies in the notes to the financial statements. Management is responsible for the integrity and objectivity of these statements as well as the supplementary schedules.

Management maintains a system of internal controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded and reported properly. Management also maintains a program of proper business compliance.

The board of directors is responsible for reviewing and approving the financial statements and for ensuring that management fulfils its responsibilities for financial reporting and internal control.

MNP LLP, Chartered Professional Accountants, the regional hospital district's independent auditor, has conducted an examination of the financial statements in accordance with Canadian generally accepted auditing standards and have expressed their opinion in a report accompanying this statement.

A handwritten signature in black ink, appearing to read 'Myriah Foort', is written over a horizontal line.

Myriah Foort, BBA, CPA, CA
Officer responsible for Financial Administration,
pursuant to Section 237 of the Local Government Act

March 18, 2021

To the Board of Comox-Strathcona Regional Hospital District:

Opinion

We have audited the financial statements of Comox-Strathcona Regional Hospital District (the "Hospital District"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations 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 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 report. We are independent of the Hospital 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.

Other Matter

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The current year's supplementary information, including schedules A to F, has been presented for purposes of additional analysis. The supplementary information in schedules A to E has been subjected to the auditing procedures applied in the financial statements and in our opinion, this supplementary information is presented fairly, in all material respects, in relation to the financial statements taken as a whole. We do not express an opinion on Schedule F because our examination did not extend to the detailed information therein.

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 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.

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.

Courtenay, British Columbia

March 18, 2021

MNP LLP

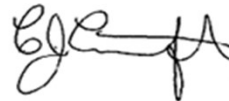
Chartered Professional Accountants

Comox-Strathcona Regional Hospital District
Statement of Financial Position
As at December 31, 2020

	<u>2020</u>	<u>2019</u>
Financial Assets		
Cash	\$ 25,521,651	\$ 19,001,345
Accounts receivable	<u>282,319</u>	<u>290,582</u>
Total Financial Assets	<u>25,803,970</u>	<u>19,291,927</u>
 Liabilities		
Accounts payable	69,675	52,137
Accrued interest	813,499	813,499
Long-term debenture debt (Schedule D) (Note 3)	<u>74,167,131</u>	<u>82,271,471</u>
Total Liabilities	<u>75,050,305</u>	<u>83,137,107</u>
 Accumulated Deficit (Note 5)	<u>\$ (49,246,335)</u>	<u>\$ (63,845,180)</u>

Commitments (Schedule F) (Note 6)**Significant Event (Note 11)**


M. Foort, BBA, CPA, CA
Officer responsible for Financial Administration



C. Cornfield
Chair

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

Comox-Strathcona Regional Hospital District
Statement of Operations
As at December 31, 2020

Revenue	2020 Budget (Note 9)	2020 Actual	2019 Actual
Requisitions (Schedule E)	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000
Grants in lieu of taxes	182,000	272,592	261,269
Interest revenue	85,000	271,097	362,295
Total Revenue	<u>17,267,000</u>	<u>17,543,689</u>	<u>17,623,564</u>
Expenses			
Net debenture debt interest (Schedule D) (Note 3)	2,885,264	2,639,163	2,868,737
Short-term debt interest	22,000	-	-
Administration and governance	276,498	175,897	187,623
Grants to health care facilities (Schedule F) (Note 8)	2,176,972	129,784	174,661
Total Expenses	<u>5,360,734</u>	<u>2,944,844</u>	<u>3,231,021</u>
Annual Surplus	11,906,266	14,598,845	14,392,543
Accumulated Deficit, beginning of year	<u>(63,845,180)</u>	<u>(63,845,180)</u>	<u>(78,237,723)</u>
Accumulated Deficit, end of year	<u>\$ (51,938,914)</u>	<u>\$ (49,246,335)</u>	<u>\$ (63,845,180)</u>

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

Comox-Strathcona Regional Hospital District
Statement of Cash Flows
As at December 31, 2020

	<u>2020</u>	<u>2019</u>
Operating Transactions		
Annual Surplus (Statement 2)	\$ 14,598,845	\$ 14,392,543
Changes in non-cash operating balances		
Accounts receivable	8,263	(11,758)
Accounts payable	17,538	(70,289)
Accrued interest	-	(6,728)
Item not utilizing cash		
Actuarial adjustment	<u>(246,101)</u>	<u>(9,799)</u>
Cash Applied to Operating Transactions	<u>14,378,545</u>	<u>14,293,969</u>
Financing Transactions		
Long-term debenture debt principal repayments	<u>(7,858,239)</u>	<u>(7,858,238)</u>
Cash Provided by Financing Transactions	<u>(7,858,239)</u>	<u>(7,858,238)</u>
Increase in Cash	6,520,306	6,435,731
Cash, beginning of year	19,001,345	12,565,614
Cash, end of year	<u>\$ 25,521,651</u>	<u>\$ 19,001,345</u>

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

Comox-Strathcona Regional Hospital District
Notes to Financial Statements
As at December 31, 2020

1. Purpose

British Columbia Hospital Districts

The Comox-Strathcona Regional Hospital District was incorporated in 1967 under the Hospital District Act. The letters patent were amended in 2008, subsequent to the restructure of the Comox Strathcona Regional District, to recognize directors of both the Comox Valley Regional District and Strathcona Regional District as members of the Board of the Comox-Strathcona Regional Hospital District. Its principal activities are to finance capital construction projects and capital equipment purchases for health care facilities within the Comox Valley and Strathcona regional districts. These activities are funded through property taxes and, as required, debenture debt.

2. Significant Accounting Policies

a) Basis of Presentation

The financial statements have been prepared in accordance with the recommendations of the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada.

b) Reserve for Future Expenditures and Future Major Projects

Reserve funds are held for future grants of capital equipment and capital construction projects.

c) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Significant areas requiring management estimates are the determination of grant in lieu revenue, actuarial adjustments and collectability of accounts receivable. Actual results may vary from the estimates and adjustments will be reported and reflected in operations as they become known.

d) Financial Instruments

The regional hospital district's financial instruments consist of cash, accounts receivable, accounts payable, accrued interest and long-term debenture debt. Unless otherwise noted, it is management's opinion that the regional hospital district is not exposed to significant interest, currency or credit risks arising from these financial instruments.

e) Revenue Recognition

The regional hospital district recognizes requisition revenue based on assessments issued to the property owners in its service area. These requisitions are issued on an annual basis to meet the expenditures of the regional hospital district. Interest revenue is recorded when earned. Grants in lieu of taxes are recorded on an accrual basis when it is possible to reasonably estimate the amounts receivable.

Comox-Strathcona Regional Hospital District
Notes to Financial Statements
As at December 31, 2020

3. Long-Term Debenture Debt

Details of long-term debenture debt, including maturity dates, interest rates and outstanding amounts, are summarized on Schedule D – Schedule of Long-Term Debenture Debt.

Payments of principal and actuarial adjustments on issued debt of the regional hospital district are approximately as follows:

2021	\$ 8,347,741
2022	8,598,456
2023	8,856,703
2024	9,122,709
2025	9,396,708
Future years	<u>29,844,814</u>
	<u>\$ 74,167,131</u>

Interest on long-term debenture debt, net of actuarial adjustments, recorded in the Statement of Operations in 2020 is \$2,639,163 (2019 - \$2,868,737).

4. Municipal Finance Authority Debt Reserve Fund

The regional hospital district secures its long-term borrowing through the Municipal Finance Authority (MFA). As a condition of these borrowings, a portion of the debenture proceeds is retained by MFA as a debt reserve fund. As at December 31, 2020 the cash balance of the regional hospital district's debt reserve funds was \$953,296 (2019 - \$934,075). Debt reserve funds are not recorded elsewhere in the financial statements.

5. Accumulated Deficit

	<u>2020</u>	<u>2019</u>
Revenue Fund (Schedule A)	\$ 1,022,693	\$ 853,061
Reserve Fund (Schedule B)	24,216,055	17,891,182
Capital and Loan Fund (Schedule C)	<u>(74,485,083)</u>	<u>(82,589,423)</u>
Accumulated Deficit, end of year	<u>\$ (49,246,335)</u>	<u>\$ (63,845,180)</u>

The amount of the Capital and Loan Fund, which includes debt incurred to finance capital construction projects, capital equipment purchases for the health care facilities within the regional districts and the North Island Hospitals Project, will be recovered from future tax requisitions.

Comox-Strathcona Regional Hospital District
Notes to Financial Statements
As at December 31, 2020

6. Commitments

As at December 31, 2020 commitments in connection with various capital grants amounted to \$2,047,188 (2019 - \$1,523,571) as detailed on Schedule F.

7. Related Party Transactions

Related parties consist of the municipalities and electoral areas listed on Schedule E. Included in accounts receivable are amounts from related party municipalities totaling \$242,644 (2019 - \$230,840). During the year, administrative support services supplied to the regional hospital district by the Comox Valley Regional District totaled \$151,000 (2019 - \$151,000).

8. Grants to Health Care Facilities

	<u>2020</u>	<u>2019</u>
North Island Hospital - Campbell River campus	\$ 48,337	\$ 39,925
North Island Hospital - Comox Valley campus	39,158	12,942
Cortes Health Centre – global grant	5,000	5,000
Gold River Health Clinic – global grant	5,000	5,000
Kyuquot Health Centre – capital project	5,162	-
Kyuquot Health Centre – global grant	5,000	5,000
Sayward Primary Healthcare Clinic – global grant	5,000	5,000
Tahsis Health Centre – global grant	5,000	5,000
Zeballos Health Centre – global grant	5,000	5,000
Unit Dose Medication Distribution project – all	4,878	69,005
Cerner Code Upgrade – all	2,249	11,507
Cerner Code – Millennium - all	-	11,282
	<u>\$ 129,784</u>	<u>\$ 174,661</u>

Comox-Strathcona Regional Hospital District
Notes to Financial Statements
As at December 31, 2020

9. Restatement of 2020 Budget

The budget amounts presented throughout these financial statements represent the budget bylaw approved by the regional hospital district board on February 27, 2020.

The budget bylaw was prepared on a modified accrual basis while Canadian public sector accounting standards require financial statements to be prepared on a full accrual basis. The budget bylaw anticipated use of surpluses and reserves accumulated in prior years to reduce current year expenditures in excess of current year revenues.

The summary below reconciles the 2020 adopted budget to the Statement of Operations.

Budget bylaw, surplus for the year	\$	-
Add:		
Debt principal payments		7,858,238
Transfers to future expenditure reserve		6,424,657
Less:		
Transfers from future expenditure reserve		(1,523,568)
Transfers from previous years' surplus		(853,061)
Budgeted Annual Surplus, as restated		<u><u>\$ 11,906,266</u></u>

10. Statement Presentation

Since the regional hospital district does not have non-financial assets, a Statement of Net Financial Assets has not been presented.

11. Significant Event

In March 2020, the COVID-19 outbreak caused governments worldwide to enact emergency measures to combat the spread of the coronavirus. These measures, which include the implementation of facility closures, travel restrictions, self-isolation periods, and social and physical distancing, has had a significant impact on the local and global economies.

At this time, it is not possible to reliably estimate the length and severity of the COVID-19 outbreak and how it may impact the regional hospital district's financial results for 2021.

Comox-Strathcona Regional Hospital District
Schedule of Revenue Fund Transactions
As at December 31, 2020

	2020 Budget (Note 9)	2020 Actual	2019 Actual
Revenue			
Requisitions (Schedule E)	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000
Grants in lieu of taxes	182,000	272,592	261,269
Interest revenue	85,000	271,097	362,295
Debenture refunds and other revenue	-	-	-
Total Revenue	<u>17,267,000</u>	<u>17,543,689</u>	<u>17,623,564</u>
Expenses			
Debenture debt interest (Schedule D)	2,885,264	2,885,264	2,878,536
Short-term debt interest	22,000	-	-
Administration and governance costs	276,498	175,897	187,623
Contribution to reserves for future expenditures	6,424,657	6,424,657	6,155,283
Total Expenses	<u>9,608,419</u>	<u>9,485,818</u>	<u>9,221,442</u>
Net Revenue	<u>7,658,581</u>	<u>8,057,871</u>	<u>8,402,122</u>
Financing Transactions			
Grants funded by operating	(653,404)	(30,000)	(31,438)
Long-term debenture debt principal repayments (Schedule D)	(7,858,238)	(7,858,239)	(7,858,238)
Total Financing Transactions	<u>(8,511,642)</u>	<u>(7,888,239)</u>	<u>(7,889,676)</u>
Change in Fund Balance	(853,061)	169,632	512,446
Fund Balance, beginning of year	853,061	853,061	340,615
Fund Balance, end of year	<u>\$ -</u>	<u>\$ 1,022,693</u>	<u>\$ 853,061</u>

Comox-Strathcona Regional Hospital District
Schedule of Reserve Fund Transactions
As at December 31, 2020

	<u>2020</u>	<u>2019</u>
Fund Balance, beginning of year	\$ 17,891,182	\$ 11,879,122
Add:		
Transfer from Revenue Fund for future expenditures (Schedule A)	6,424,657	6,155,283
Less:		
Grants funded by reserves	<u>(99,784)</u>	<u>(143,223)</u>
Fund Balance, end of year	<u>\$ 24,216,055</u>	<u>\$ 17,891,182</u>

**Comox-Strathcona Regional Hospital District
Schedule of Capital and Loan Fund Transactions
As at December 31, 2020**

	<u>2020</u>	<u>2019</u>
Fund Balance, beginning of year	\$ (82,589,423)	\$ (90,457,460)
Add:		
Long-term debenture debt principal repayments (Schedule D)	7,858,239	7,858,238
Actuarial additions (Schedule D)	246,101	9,799
Fund Balance, end of year	<u>\$ (74,485,083)</u>	<u>\$ (82,589,423)</u>

Comox-Strathcona Regional Hospital District
Schedule of Long-term Debenture Debt
Municipal Finance Authority (MFA)
As at December 31, 2020

Schedule D

MFA#	Issue Date	Yrs	Int Rate	Beginning Balance	Principal Payments	Actuarial Additions	Ending Balance	Interest Expense
99	Nov 7/06	20	4.43%	214,415	16,304	10,843	187,268	8,496
146	Sept 19/18	10	3.20%	82,057,056	7,841,935	235,258	73,979,863	2,876,768
				\$ 82,271,471	7,858,239	246,101	\$ 74,167,131	2,885,264

Comox-Strathcona Regional Hospital District
Schedule of Revenue from Requisitions
As at December 31, 2020

	2020 <u>Budget</u> (Note 9)	2020 <u>Actual</u>	2019 <u>Actual</u>
Member Municipalities			
City of Courtenay	\$ 4,142,432	\$ 4,142,432	\$ 4,154,239
Town of Comox	1,915,951	1,915,951	1,961,182
Village of Cumberland	550,343	550,343	522,178
City of Campbell River	4,290,499	4,290,499	4,209,193
Village of Gold River	79,850	79,850	81,897
Village of Sayward	27,541	27,541	26,601
Village of Tahsis	26,345	26,345	26,830
Village of Zeballos	7,796	7,796	8,227
Electoral Areas			
Baynes Sound/Denman-Hornby Islands (CVRD Area A)	\$ 1,572,172	\$ 1,572,172	\$ 1,577,049
Lazo North (CVRD Area B)	1,156,363	1,156,363	1,165,033
Puntledge-Black Creek (CVRD Area C)	1,504,571	1,504,571	1,539,369
Kyuquot-Nootka/Sayward (SRD Area A)	242,201	242,201	237,672
Cortes (SRD Area B)	198,761	198,761	204,294
Discovery Islands-Mainland Inlets (SRD Area C)	552,673	552,673	521,393
Oyster Bay-Buttle Lake (SRD Area D)	732,503	732,503	764,843
Total Revenue from Requisitions	<u>\$ 17,000,000</u>	<u>\$ 17,000,000</u>	<u>\$ 17,000,000</u>

Comox-Strathcona Regional Hospital District
Schedule of Projects and Commitments
As at December 31, 2020
(Unaudited)

Project	RHD Portion Approved	Paid Prior Years	Paid 2020	Balance of Committed Funds
All Facilities				
2015 Allocation	\$ 162,222	\$ -	\$ (92,657)	\$ 69,565
2016 Allocation	435,266	-	-	435,266
2017 Allocation	116,810	-	-	116,810
2018 Allocation	269,142	-	-	269,142
2019 Allocation	363,894	-	-	363,894
2020 Allocation	623,404	-	-	623,404
Unit Dose Medication Distribution	165,363	-	(4,878)	160,484
All Facilities				
Cerner Code Upgrade	10,872	-	(2,249)	8,623
Cortes Health Centre				
2020 Allocation	5,000	-	(5,000)	-
Gold River Health Clinic				
2020 Allocation	5,000	-	(5,000)	-
Kyuquot Health Centre				
2020 Allocation	5,000	-	(5,000)	-
Sayward Primary Healthcare Clinic				
2020 Allocation	5,000	-	(5,000)	-
Tahsis Health Centre				
2020 Allocation	5,000	-	(5,000)	-
Zeballos Health Centre				
2020 Allocation	5,000	-	(5,000)	-
Total Commitments	\$ 2,176,972	\$ -	\$ (129,784)	\$ 2,047,188