

COMOX STRATHCONA
REGIONAL HOSPITAL DISTRICT



Financial Statements
Year Ended December 31, 2021

Comox-Strathcona Regional Hospital District

2021

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
Town of Comox	A. Bissinger
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)
Ka:'yu : 'k't'h / Che : k'tles7et'h First Nations	K. Jules
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 Campbell River	C. Moglove
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, 2021**

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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 'Kevin Douville', is written over a horizontal line.

Kevin Douville, B.Comm
Officer responsible for Financial Administration,
pursuant to Section 237 of the Local Government Act

March 24, 2022

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, 2021, 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, 2021, 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 24, 2022

MNP LLP

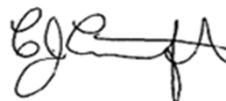
Chartered Professional Accountants

Comox-Strathcona Regional Hospital District
Statement of Financial Position
As at December 31, 2021

	<u>2021</u>	<u>2020</u>
Financial Assets		
Cash	\$ 27,437,288	\$ 25,521,651
Accounts receivable	<u>205,477</u>	<u>282,319</u>
Total Financial Assets	<u>27,642,765</u>	<u>25,803,970</u>
Liabilities		
Accounts payable	20,140	69,675
Accrued interest	813,286	813,499
Long-term debenture debt (Schedule D) (Note 3)	<u>65,819,390</u>	<u>74,167,131</u>
Total Liabilities	<u>66,652,816</u>	<u>75,050,305</u>
Accumulated Deficit (Note 5)	<u>\$ (39,010,051)</u>	<u>\$ (49,246,335)</u>

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


K. Douville, B.Comm
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, 2021

Revenue	2021 Budget (Note 9)	2021 Actual	2020 Actual
Requisitions (Schedule E)	\$ 12,600,000	\$ 12,600,000	\$ 17,000,000
Grants in lieu of taxes	182,000	194,543	272,592
Interest revenue	110,000	197,125	271,097
Total Revenue	<u>12,892,000</u>	<u>12,991,668</u>	<u>17,543,689</u>
Expenses			
Net debenture debt interest (Schedule D) (Note 3)	2,885,264	2,395,547	2,639,163
Administration and governance	276,502	191,171	175,897
Grants to health care facilities (Schedule F) (Note 8)	3,927,188	168,666	129,784
Total Expenses	<u>7,088,954</u>	<u>2,755,384</u>	<u>2,944,844</u>
Annual Surplus	5,803,046	10,236,284	14,598,845
Accumulated Deficit, beginning of year	<u>(49,246,335)</u>	<u>(49,246,335)</u>	<u>(63,845,180)</u>
Accumulated Deficit, end of year	<u>\$ (43,443,289)</u>	<u>\$ (39,010,051)</u>	<u>\$ (49,246,335)</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, 2021

	<u>2021</u>	<u>2020</u>
Operating Transactions		
Annual Surplus (Statement II)	\$ 10,236,284	\$ 14,598,845
Changes in non-cash operating balances:		
Accounts receivable	76,842	8,263
Accounts payable	(49,535)	17,538
Accrued interest	(213)	-
Item not utilizing cash:		
Actuarial adjustment	(489,503)	(246,101)
Cash Applied to Operating Transactions	<u>9,773,875</u>	<u>14,378,545</u>
Financing Transactions		
Long-term debenture debt principal repayments	(7,858,238)	(7,858,239)
Cash Provided by Financing Transactions	<u>(7,858,238)</u>	<u>(7,858,239)</u>
Increase in Cash	1,915,637	6,520,306
Cash, beginning of year	25,521,651	19,001,345
Cash, end of year	<u>\$ 27,437,288</u>	<u>\$ 25,521,651</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, 2021

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, 2021

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:

2022	\$	8,598,456
2023		8,856,703
2024		9,122,709
2025		9,396,708
2026		9,678,940
Future years		<u>20,165,874</u>
		<u>\$ 65,819,390</u>

Interest on long-term debenture debt, net of actuarial gains, recorded in the Statement of Operations in 2021 is \$2,395,547 (2020 - \$2,639,163).

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, 2021 the cash balance of the regional hospital district's debt reserve funds was \$969,511 (2020 - \$953,296). Debt reserve funds are not recorded elsewhere in the financial statements.

5. Accumulated Deficit

	<u>2021</u>	<u>2020</u>
Revenue Fund (Schedule A)	\$ 2,035,213	\$ 1,022,693
Reserve Fund (Schedule B)	25,092,078	24,216,055
Capital and Loan Fund (Schedule C)	<u>(66,137,342)</u>	<u>(74,485,083)</u>
Accumulated Deficit, end of year	<u>\$(39,010,051)</u>	<u>\$(49,246,335)</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, 2021

6. Commitments

As at December 31, 2021 commitments in connection with various capital grants amounted to \$3,758,522 (2020 - \$2,047,188) 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 \$174,261 (2020 - \$242,644). During the year, administrative support services supplied to the regional hospital district by the Comox Valley Regional District totaled \$151,000 (2020 - \$151,000).

8. Grants to Health Care Facilities

	<u>2021</u>	<u>2020</u>
North Island Hospital - Campbell River campus	\$ 107,432	\$ 48,337
North Island Hospital - Comox Valley campus	9,713	39,158
Cortes Health Centre – global grant	5,000	5,000
Gold River Health Clinic – global grant	5,000	5,000
Kyuquot Health Centre – capital project	11,794	5,162
Kyuquot Health Centre – global grant	5,000	5,000
Sayward Primary Healthcare Clinic – global grant	5,000	5,000
Tahsis Health Centre – capital project	1,104	-
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
Cerner Code Upgrade – all	8,623	2,249
Cerner Code – Millennium - all	-	-
	<u>\$ 168,666</u>	<u>\$ 129,784</u>

Comox-Strathcona Regional Hospital District
Notes to Financial Statements
As at December 31, 2021

9. Restatement of 2021 Budget

The budget amounts presented throughout these financial statements represent the budget bylaw approved by the regional hospital district board on March 18, 2021.

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 2021 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		1,014,689
Less:		
Transfers from future expenditure reserve		(2,047,188)
Transfers from previous years' surplus		(1,022,693)
Budgeted Annual Surplus, as restated		<u><u>\$ 5,803,046</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 2022.

Comox-Strathcona Regional Hospital District
Schedule of Revenue Fund Transactions
As at December 31, 2021

	2021 Budget (Note 9)	2021 Actual	2020 Actual
Revenue			
Requisitions (Schedule E)	\$ 12,600,000	\$ 12,600,000	\$ 17,000,000
Grants in lieu of taxes	182,000	194,543	272,592
Interest revenue	110,000	197,125	271,097
Total Revenue	<u>12,892,000</u>	<u>12,991,668</u>	<u>17,543,689</u>
Expenses			
Debenture debt interest (Schedule D)	2,885,264	2,885,050	2,885,264
Administration and governance costs	276,502	191,171	175,897
Contribution to reserves for future expenditures	1,014,689	1,014,689	6,424,657
Total Expenses	<u>4,176,455</u>	<u>4,090,910</u>	<u>9,485,818</u>
Net Revenue	<u>8,715,545</u>	<u>8,900,758</u>	<u>8,057,871</u>
Financing Transactions			
Grants funded by operating	(1,880,000)	(30,000)	(30,000)
Long-term debenture debt principal repayments (Schedule D)	(7,858,238)	(7,858,238)	(7,858,239)
Total Financing Transactions	<u>(9,738,238)</u>	<u>(7,888,238)</u>	<u>(7,888,239)</u>
Change in Fund Balance	(1,022,693)	1,012,520	169,632
Fund Balance, beginning of year	1,022,693	1,022,693	853,061
Fund Balance, end of year	<u>\$ -</u>	<u>\$ 2,035,213</u>	<u>\$ 1,022,693</u>

Comox-Strathcona Regional Hospital District
Schedule of Reserve Fund Transactions
As at December 31, 2021

	<u>2021</u>	<u>2020</u>
Fund Balance, beginning of year	\$ 24,216,055	\$ 17,891,182
Add:		
Transfer from Revenue Fund for future expenditures (Schedule A)	1,014,689	6,424,657
Less:		
Grants funded by reserves	<u>(138,666)</u>	<u>(99,784)</u>
Fund Balance, end of year	<u>\$ 25,092,078</u>	<u>\$ 24,216,055</u>

Comox-Strathcona Regional Hospital District
Schedule of Capital and Loan Fund Transactions
As at December 31, 2021

	<u>2021</u>	<u>2020</u>
Fund Balance, beginning of year	\$ (74,485,083)	\$ (82,589,423)
Add:		
Long-term debenture debt principal repayments (Schedule D)	7,858,238	7,858,239
Actuarial additions (Schedule D)	489,503	246,101
Fund Balance, end of year	<u>\$ (66,137,342)</u>	<u>\$ (74,485,083)</u>

Comox-Strathcona Regional Hospital District
Schedule of Long-term Debenture Debt
Municipal Finance Authority (MFA)
As at December 31, 2021

Schedule D

MFA#	Issue Date	Yrs	Int Rate	Beginning Balance	Principal Payments	Actuarial Gains	Ending Balance	Interest Expense
99	Nov 7/06	20	4.43%	187,268	16,304	11,929	159,035	8,282
146	Sept 19/18	10	3.20%	73,979,863	7,841,934	477,574	65,660,355	2,876,768
				\$ 74,167,131	7,858,238	489,503	\$ 65,819,390	2,885,050

Comox-Strathcona Regional Hospital District
Schedule of Revenue from Requisitions
As at December 31, 2021

	2021 Budget (Note 9)	2021 Actual	2020 Actual
Member Municipalities			
City of Courtenay	\$ 3,029,825	\$ 3,029,825	\$ 4,142,432
Town of Comox	1,425,796	1,425,796	1,915,951
Village of Cumberland	408,909	408,909	550,343
City of Campbell River	3,202,573	3,202,573	4,290,498
Village of Gold River	64,009	64,009	79,850
Village of Sayward	20,171	20,171	27,541
Village of Tahsis	21,411	21,411	26,345
Village of Zeballos	5,634	5,634	7,796
Electoral Areas			
Baynes Sound/Denman-Hornby Islands (CVRD Area A)	\$ 1,198,476	\$ 1,198,476	\$ 1,572,172
Lazo North (CVRD Area B)	854,631	854,631	1,156,363
Puntledge-Black Creek (CVRD Area C)	1,111,243	1,111,243	1,504,571
Kyuquot-Nootka/Sayward (SRD Area A)	177,781	177,781	242,201
Cortes (SRD Area B)	153,322	153,322	198,761
Discovery Islands-Mainland Inlets (SRD Area C)	387,000	387,000	552,673
Oyster Bay-Buttle Lake (SRD Area D)	539,219	539,219	732,503
Total Revenue from Requisitions	\$ 12,600,000	\$ 12,600,000	\$ 17,000,000

Comox-Strathcona Regional Hospital District
Schedule of Projects and Commitments
As at December 31, 2021
(Unaudited)

Project	RHD Portion Approved	Paid Prior Years	Paid 2021	Balance of Committed Funds
All Facilities				
2015 Allocation	\$ 69,565	\$ -	\$ (69,565)	\$ -
2016 Allocation	435,266	-	(60,478)	374,788
2017 Allocation	116,810	-	-	116,810
2018 Allocation	269,142	-	-	269,142
2019 Allocation	363,894	-	-	363,894
2020 Allocation	623,404	-	-	623,404
2021 Allocation	1,850,000	-	-	1,850,000
Unit Dose Medication Distribution	160,484	-	-	160,484
All Facilities				
Cerner Code Upgrade	8,623	-	(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	\$ 3,927,188	\$ -	\$ (168,666)	\$ 3,758,522