

COMOX STRATHCONA
REGIONAL HOSPITAL DISTRICT



Financial Statements
Year Ended December 31, 2022

**Comox-Strathcona Regional Hospital District
Board of Directors
As at December 31, 2022**

CVRD Area A Baynes Sound-Denman/Hornby	D. Arbour
Village of Sayward	M. Barker
City of Campbell River	D. Chapman
City of Courtenay	W. Cole-Hamilton
City of Campbell River	K. Dahl
Village of Tahsis	M. Davis
Village of Zeballos	R. Deck
Town of Comox	K. Grant
CVRD Area C Puntledge - Black Creek	E. Grieve (Vice Chair)
CVRD Area B Lazo North	R. Hardy
City of Courtenay	D. Hillian (Chair)
City of Courtenay	E. Jolicoeur
Ka:'yu : 'k't'h / Che : k'tles7et'h First Nations	K. Jules
City of Campbell River	R. Kerr
Town of Comox	J. Kerr
City of Campbell River	B. Lanyon
Village of Gold River	M. Lott
SRD Area C Discovery Islands - Mainland Inlets	R. Mawhinney
City of Courtenay	W. Morin
SRD Area D Oyster Bay - Buttle Lake	J. Rice
City of Campbell River	S. Sinnott
Village of Cumberland	S. Sullivan
SRD Area B Cortes Island	M. Vonesch
SRD Area A Kyuquot/Nootka-Sayward	G. Whalley

**Comox-Strathcona Regional Hospital District
Financial Statements
Year ended December 31, 2022**

	Page
Statement of Management's Responsibility	
Independent Auditor's Report	
Financial Statements	
Statement of Financial Position	7
Statement of Operations	8
Statement of Cash Flows	9
Notes to Financial Statements	10
Schedules	
A Schedule of Revenue from Requisitions	15
B Schedule of Operations and Changes in Fund Balances	16



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 'Lucy Wiwcharuk', is written over a horizontal line. The signature is fluid and cursive.

Lucy Wiwcharuk, BMgmt., CPA, CMA
Officer responsible for Financial Administration,
pursuant to Section 237 of the Local Government Act

April 27, 2023

To the Board of Comox-Strathcona Regional Hospital District:

Opinion

We have audited the financial statements of Comox-Strathcona Regional Hospital District (the "Regional Hospital District"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and accumulated deficit, 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 Regional Hospital District as at December 31, 2022, 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 Regional 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.

Supplementary Information

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 and B, has been presented for purposes of additional analysis. The supplementary information in Schedules A and B 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.

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 Regional 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 Regional Hospital District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Regional 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 Regional 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 Regional 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 Regional 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

April 27, 2023

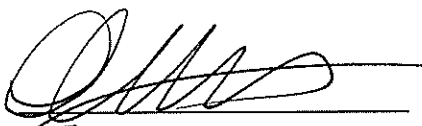
MNP LLP

Chartered Professional Accountants

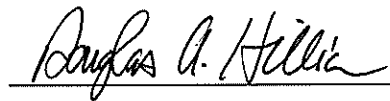
Comox Strathcona Regional Hospital District
Statement of Financial Position
As at December 31, 2022

	2022	2021
Financial Assets		
Cash	\$ 29,323,733	\$ 27,437,288
Accounts receivable (Note 3 & Note 4)	278,685	205,477
Total Financial Assets	29,602,418	27,642,765
 Liabilities		
Accounts payable	55,159	20,140
Accrued interest on long-term debenture debt	813,286	813,286
Long-term debenture debt (Note 5)	57,220,934	65,819,390
Total Liabilities	58,089,379	66,652,816
 Accumulated Deficit (Note 7)	\$ (28,486,961)	\$ (39,010,051)

Commitments (Note 11)



L. Wiwcharuk, BMgmt., CPA, CMA
Officer responsible for Financial Administration



D. Hillian
Chair

**Comox-Strathcona Regional Hospital District
Statement of Operations and Accumulated Deficit
As at December 31, 2022**

Revenue	2022 Budget (Note 8)	2022 Actual	2021 Actual
Requisitions (Schedule A)	\$ 12,600,000	\$ 12,600,000	\$ 12,600,000
Grants in lieu of taxes	182,000	169,318	194,543
Interest revenue	110,000	706,495	197,125
	<u>12,892,000</u>	<u>13,475,813</u>	<u>12,991,668</u>
Expenses			
Debenture debt interest, net of actuarial income (Note 5)	2,885,264	2,143,978	2,395,547
Administration (Note 4)	200,500	200,443	151,741
Governance	70,110	22,461	28,934
Professional fees	46,888	18,986	10,496
Grants to health care facilities (Note 9)	4,513,101	566,855	168,666
	<u>7,715,863</u>	<u>2,952,723</u>	<u>2,755,384</u>
Annual Surplus	5,176,137	10,523,090	10,236,284
Accumulated Deficit, beginning of year	<u>(39,010,051)</u>	<u>(39,010,051)</u>	<u>(49,246,335)</u>
Accumulated Deficit, end of year	<u>\$ (33,833,914)</u>	<u>\$ (28,486,961)</u>	<u>\$ (39,010,051)</u>

Comox-Strathcona Regional Hospital District
Statement of Cash Flows
As at December 31, 2022

	<u>2022</u>	<u>2021</u>
Operating Transactions		
Annual Surplus	\$ 10,523,090	\$ 10,236,284
Changes in non-cash working capital balances:		
Accounts receivable	(73,208)	76,842
Accounts payable	35,019	(49,535)
Accrued interest	-	(213)
Non-cash items included in surplus:		
Actuarial income (Note 5)	(740,218)	(489,503)
Increase in cash from operations	<u>9,744,683</u>	<u>9,773,875</u>
Financing Transactions		
Long-term debenture debt principal repayments (Note 5)	<u>(7,858,238)</u>	<u>(7,858,238)</u>
Decrease in cash from financing	<u>(7,858,238)</u>	<u>(7,858,238)</u>
Increase in Cash	1,886,445	1,915,637
Cash, beginning of year	27,437,288	25,521,651
Cash, end of year	<u>\$ 29,323,733</u>	<u>\$ 27,437,288</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, 2022

1. Purpose

British Columbia Hospital Districts

The Comox-Strathcona Regional Hospital District ("CSRHD") 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 CSRHD. The CSRHD's 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 by management in accordance with Canadian public sector accounting standards for local governments as recommended by 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 CSRHD'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 CSRHD 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 CSRHD. 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, 2022

3. Accounts receivable

	2022	2021
Government of Canada	\$ 294	\$ 313
Province of British Columbia	15,123	15,754
Regional and local governments	150,187	174,261
Accrued interest	113,081	15,149
	\$ 278,685	\$ 205,477

4. Related Party Transactions

Related parties consist of the municipalities and electoral areas listed on Schedule A. Included in accounts receivable are amounts from related parties totaling \$150,187 (2021 - \$174,261). During the year, administrative support services supplied to the CSRHD by the Comox Valley Regional District included in administration expense totaled \$200,000 (2021 - \$151,000).

5. Long-Term Debenture Debt

	Balance 31-Dec-21	Principal Payments	Actuarial Income	Balance 31-Dec-22
MFA #99: 20 year term, issued November 7, 2006, bearing interest at 4.43%	\$ 159,035	\$ (16,304)	\$ (13,059)	\$ 129,672
MFA #146: 10 year term, issued September 19, 2018, bearing interest at 3.20%	65,660,355	(7,841,934)	(727,159)	57,091,262
	\$ 65,819,390	\$ (7,858,238)	\$ (740,218)	\$ 57,220,934

The CSRHD paid \$2,884,196 in interest during 2022 (2021 - \$2,885,050). Interest on long-term debenture debt, net of actuarial gains, recorded in the Statement of Operations in 2022 is \$2,143,978 (2021 - \$2,395,547).

Payments of principal and anticipated actuarial income on issued debt of the CSRHD are approximately as follows:

2023	\$ 8,856,703
2024	9,122,709
2025	9,396,708
2026	9,678,940
2027	9,933,928
Future years	10,231,946
	\$ 57,220,934

Comox-Strathcona Regional Hospital District
Notes to Financial Statements
As at December 31, 2022

6. Municipal Finance Authority Debt Reserve Fund

The CSRHD 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, 2022 the cash balance of the CSRHD's debt reserve funds was \$991,166 (2021 - \$969,511). Debt reserve funds are not recorded elsewhere in the financial statements.

7. Accumulated Deficit

	2022	2021
Revenue Fund	\$ 2,231,443	\$ 2,035,213
Reserve Fund	26,820,482	25,092,078
Capital and Loan Fund	(57,538,886)	(66,137,342)
Accumulated Deficit, end of year	<u>\$ (28,486,961)</u>	<u>\$ (39,010,051)</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. Further details of interfund transactions are detailed in Schedule B.

8. Restatement of 2022 Budget

The budget amounts presented throughout these financial statements represent the budget bylaw approved by the CSRHD board on March 24, 2022.

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 2022 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	1,956,215
Less:	
Transfers from future expenditure reserve	(2,603,101)
Transfers from previous years' surplus	(2,035,215)
Budgeted Annual Surplus, as restated	<u>\$ 5,176,137</u>

Comox-Strathcona Regional Hospital District
Notes to Financial Statements
As at December 31, 2022

9. Grants to Health Care Facilities

The CSRHD provides capital grants towards Island Health's annual equipment and project needs. The allocation represents a 40 per cent share of capital costs with Island Health providing the balance of 60 per cent. The regional hospital district also provides annual grants for each of the six named health care facilities other than hospitals. The funds are unconditional and are generally used to support operations. Grants to health care facilities consist of capital grants and unconditional grants as follows:

	2022	2021
Capital Grants:		
North Island Hospital - Campbell River campus	\$ 101,492	\$ 107,432
North Island Hospital - Comox Valley campus	389,561	9,713
Gold River Health Clinic	8,765	-
Kyuquot Health Centre	4,746	11,794
Tahsis Health Centre	2,291	1,104
Cerner Code Upgrade – all	-	8,623
Unconditional Grants:		
Cortes Health Centre	10,000	5,000
Gold River Health Clinic	10,000	5,000
Kyuquot Health Centre	10,000	5,000
Sayward Primary Healthcare Clinic	10,000	5,000
Tahsis Health Centre	10,000	5,000
Zeballos Health Centre	10,000	5,000
	\$ 566,855	\$ 168,666

10. Statement Presentation

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

Comox-Strathcona Regional Hospital District
Notes to Financial Statements
As at December 31, 2022

11. Commitments

As at December 31, 2022 commitments in connection with various capital grants towards Island Health's annual equipment and project needs amounted to \$5,093,126 (2021 - \$3,758,522) as detailed below:

	2022	2021
Capital projects less than \$100,000		
2016 Allocation	\$ 146,977	\$ 374,788
2017 Allocation	116,810	116,810
2018 Allocation	269,142	269,142
2019 Allocation	363,894	363,894
2020 Allocation	541,509	623,404
2021 Allocation	1,476,930	1,476,930
2022 Allocation	577,289	-
Capital projects greater than \$100,000 and less than \$1,500,000		
North Island Hospital - Campbell River campus	268,754	144,000
North Island Hospital - Comox Valley campus	320,037	229,070
Cumberland Health Center	260,000	-
All Facilities	511,800	-
Tahsis Health Center	79,500	-
Major capital projects greater than \$1,500,000		
Unit Dose Medication Distribution	160,484	160,484
	\$ 5,093,126	\$ 3,758,522

Comox-Strathcona Regional Hospital District
Schedule of Revenue from Requisitions
As at December 31, 2022

	2022 Budget (Note 8)	2022 Actual	2021 Actual
Member Municipalities			
City of Courtenay	\$ 2,924,048	\$ 2,924,048	\$ 3,029,825
Town of Comox	1,437,692	1,437,692	1,425,796
Village of Cumberland	426,033	426,033	408,909
City of Campbell River	3,162,556	3,162,556	3,202,573
Village of Gold River	64,360	64,360	64,009
Village of Sayward	19,966	19,966	20,171
Village of Tahsis	19,922	19,922	21,411
Village of Zeballos	5,750	5,750	5,634
Electoral Areas			
Baynes Sound/Denman-Hornby Islands (CVRD Area A)	\$ 1,245,384	\$ 1,245,384	\$ 1,198,476
Lazo North (CVRD Area B)	932,832	932,832	854,631
Puntledge-Black Creek (CVRD Area C)	1,112,996	1,112,996	1,111,243
Kyuquot-Nootka/Sayward (SRD Area A)	161,549	161,549	177,781
Cortes (SRD Area B)	163,198	163,198	153,322
Discovery Islands-Mainland Inlets (SRD Area C)	411,748	411,748	387,000
Oyster Bay-Buttle Lake (SRD Area D)	511,966	511,966	539,219
Total Revenue from Requisitions	\$ 12,600,000	\$ 12,600,000	\$ 12,600,000

Comox-Strathcona Regional Hospital District
Schedule of Operations and Changes in Fund Balances
As at December 31, 2022

	Revenue Fund	Reserve Fund	Capital and Loan Fund	Total 2022	Total 2021
Revenue					
Requisitions (Schedule A)	\$ 12,600,000	\$ -	\$ -	\$ 12,600,000	\$ 12,600,000
Grants in lieu of taxes	169,318	-	-	169,318	194,543
Interest revenue	706,495	-	-	706,495	197,125
	<u>13,475,813</u>	<u>-</u>	<u>-</u>	<u>13,475,813</u>	<u>12,991,668</u>
Expenses					
Debenture debt interest, net of actuarial income (Note 5)	2,884,196	-	(740,218)	2,143,978	2,395,547
Administration	200,443	-	-	200,443	151,741
Governance	22,461	-	-	22,461	28,934
Professional fees	18,986	-	-	18,986	10,496
Grants to health care facilities (Note 9)	339,044	227,811	-	566,855	168,666
	<u>3,465,130</u>	<u>227,811</u>	<u>(740,218)</u>	<u>2,952,723</u>	<u>2,755,384</u>
Annual Surplus (Deficit)	<u>10,010,683</u>	<u>(227,811)</u>	<u>740,218</u>	<u>10,523,090</u>	<u>10,236,284</u>
Interfund transactions					
Contributions to reserves	(1,956,215)	1,956,215	-	-	-
Long-term debenture debt principal repayments (Note 5)	(7,858,238)	-	7,858,238	-	-
	<u>(9,814,453)</u>	<u>1,956,215</u>	<u>7,858,238</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	196,230	1,728,404	8,598,456	10,523,090	10,236,284
Fund Balance, beginning of year	2,035,213	25,092,078	(66,137,342)	(39,010,051)	(49,246,335)
Fund Balance, end of year	<u>\$ 2,231,443</u>	<u>\$ 26,820,482</u>	<u>\$ (57,538,886)</u>	<u>\$ (28,486,961)</u>	<u>\$ (39,010,051)</u>