

MOUNT WADDINGTON REGIONAL HOSPITAL DISTRICT
Financial Statements
December 31, 2021

MOUNT WADDINGTON REGIONAL HOSPITAL DISTRICT

Financial Statements

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Year Ended December 31, 2021

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MANAGEMENT REPORT

December 31, 2021

The Board of Directors of the Mount Waddington Regional Hospital District has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of the Mount Waddington Regional Hospital District. The financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and that financial records are reliable for preparation of the financial statements. These systems are monitored and evaluated by management.

The Mount Waddington Regional Hospital District's independent auditors, Chan Nowosad Boates Inc., Chartered Professional Accountants, are engaged to express an opinion as to whether these financial statements present fairly Mount Waddington Regional Hospital District's financial position and operating results in accordance with Canadian public sector accounting standards. Their opinion is based on procedures they consider sufficient to support such an opinion.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards. These statements present, in all significant respects the financial position of Mount Waddington Regional Hospital District as at December 31, 2021.

David Kim

David Kim, Chief Administrative Officer
September 20, 2022



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Mount Waddington Regional Hospital District

Opinion

We have audited the accompanying financial statements of the Mount Waddington Regional Hospital District (the "Hospital District"), which comprise the statement of financial position as at December 31, 2021, the statements of operations and accumulated surplus and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, the Hospital District's financial statements present fairly, in all material respects, the financial position of the Hospital District as at December 31, 2021, and of its financial performance and its cash flows for the year then ended. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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 of our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 intends for the Hospital District to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 auditors' 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 auditors' 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.
- 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.

Chan Nawrood Boatis Inc

Chartered Professional Accountants
Campbell River, BC

September 20, 2022

MOUNT WADDINGTON REGIONAL HOSPITAL DISTRICT

Statement of Financial Position

December 31, 2021

2021

2020

FINANCIAL ASSETS

Cash and Cash Equivalents	\$ 1,900,104	\$ 857,820
Temporary Investments (Note 2)	459,139	1,252,012
Accounts Receivable (Note 3)	250,619	83,437
Due from Related Parties (Note 4)	<u>182,679</u>	<u>520,615</u>
	<u>2,792,541</u>	<u>2,713,884</u>

LIABILITIES

Accounts Payable and Accrued Liabilities	86,642	47,435
Deferred Revenue (Note 5)	5,251	29,013
Other Liabilities (Note 6)	638,052	662,926
Long Term Debt (Note 7)	<u>543,272</u>	<u>756,101</u>
	<u>1,273,217</u>	<u>1,495,475</u>

NET FINANCIAL ASSETS

1,519,324 1,218,409

NON-FINANCIAL ASSETS

Tangible Capital Assets (Note 9)	<u>396,499</u>	<u>-</u>
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ACCUMULATED SURPLUS

\$ 1,915,823 \$ 1,218,409

Approved by:

Andrew Hory

Chair

David Kim

Chief Administrative Officer

MOUNT WADDINGTON REGIONAL HOSPITAL DISTRICT

Statement of Operations and Accumulated Surplus

Year Ended December 31, 2021

	2021		
	Budget	Actual	2020
	(Note 10)		
Revenues			
Taxation	\$ 712,400	\$ 746,601	\$ 676,735
Actuarial Income	-	99,759	90,488
Investment Income	20,000	24,793	41,018
Vancouver Island Health Authority	-	<u>250,251</u>	-
	<u>732,400</u>	<u>1,121,404</u>	<u>808,241</u>
Expenditures			
Administration (Note 4)	94,100	94,100	92,300
Amortization	-	3,500	-
Audit Fees	6,000	5,460	5,355
Bank Charges and Interest	-	480	676
Grants to Health Authority	418,200	280,217	103,037
Interest on Long-term Debt	55,844	37,003	55,844
Office and Sundry	<u>5,600</u>	<u>3,230</u>	-
	<u>579,744</u>	<u>423,990</u>	<u>257,212</u>
Annual Surplus	152,656	697,414	551,029
Accumulated Surplus, Beginning of Year	<u>1,218,409</u>	<u>1,218,409</u>	<u>667,380</u>
Accumulated Surplus, End of Year	<u>\$ 1,371,065</u>	<u>\$ 1,915,823</u>	<u>\$ 1,218,409</u>

MOUNT WADDINGTON REGIONAL HOSPITAL DISTRICT

Statement of Changes in Net Financial Assets

Year Ended December 31, 2021

	2021		2020
	Budget	Actual	
	<small>(Note 10)</small>		
Annual Surplus	\$ 152,656	\$ 697,414	\$ 551,029
Purchase of Tangible Capital Assets	-	(399,999)	-
Amortization of Tangible Capital Assets	-	<u>3,500</u>	<u>-</u>
Increase in Net Financial Assets	152,656	300,915	551,029
Net Financial Assets, Beginning of Year	<u>1,218,409</u>	<u>1,218,409</u>	<u>667,380</u>
Net Financial Assets, End of Year	<u>\$ 1,371,065</u>	<u>\$ 1,519,324</u>	<u>\$ 1,218,409</u>

MOUNT WADDINGTON REGIONAL HOSPITAL DISTRICT

Statement of Cash Flows

Year Ended December 31, 2021

2021

2020

Cash Flows From Operating Activities:

Annual Surplus	\$ 697,414	\$ 551,029
Items Not Involving Cash		
Debt Actuarial Adjustments	(99,759)	(90,488)
Amortization of Tangible Capital Assets	<u>3,500</u>	<u>-</u>
	601,155	460,541
Changes in Non-Cash Operating Balances		
Accounts Receivable	(167,182)	(1,673)
Due from Related Parties	(62,063)	(520,615)
Accounts Payable	39,207	(12,506)
Deferred Revenue	(23,762)	29,013
Other Liabilities	<u>(24,874)</u>	<u>18,583</u>
	<u>362,481</u>	<u>(26,657)</u>

Cash Flows From Investing Activities:

Redemption of Portfolio Investments	-	253,765
Redemption of Temporary Investments	<u>792,873</u>	<u>94,971</u>
	<u>792,873</u>	<u>348,736</u>

Cash Flows From Financing Activities:

Repayment of Long Term Debt	<u>(113,070)</u>	<u>(113,070)</u>
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Increase in Cash	1,042,284	209,009
Cash - Beginning of Year	<u>857,820</u>	<u>648,811</u>
Cash - End of Year	<u>\$ 1,900,104</u>	<u>\$ 857,820</u>

MOUNT WADDINGTON REGIONAL HOSPITAL DISTRICT

Notes to the Financial Statements

December 31, 2021

1. Significant Accounting Policies:

a) Basis of Presentation

The financial statements have been prepared in accordance with Canadian public sector accounting standards as using guidelines developed by the Public Sector Accounting Board ("PSAS") for the Chartered Professional Accountants of Canada.

b) Cash and Cash Equivalents

Cash consists of cash on hand and demand deposits.

c) Temporary Investments

Temporary investments are comprised of guaranteed investment certificates ("GICs"). The investments are carried at cost.

d) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the asset. Amortization is recorded on a straight-line basis over the estimated useful life of the tangible capital asset commencing once the asset is in use.

Estimated useful lives of tangible capital assets are as follows:

Building	40 years
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e) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Taxation revenue in the form of local government requisitions are recognized in the year they are levied.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to any obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability.

Investment income and other earnings are recorded in the year they are earned.

f) Expense Recognition

Expenses are recorded on an accrual basis and are recognized in the period in which the goods and services are acquired and a liability is incurred or transfers are due.

g) Use of Estimates

The preparation of the financial statements in conformity with PSAS 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 revenue and expenses during the reporting period.

Significant areas requiring the use of management estimates are the collectability of accounts receivable, valuation of investments and the provision for amortization. Actual results could differ from management's best estimates as additional information becomes available in the future.

MOUNT WADDINGTON REGIONAL HOSPITAL DISTRICT

Notes to the Financial Statements

December 31, 2021

2. Temporary Investments:

Temporary investments include funds invested in GICs with Canaccord Genuity Wealth Management.

	<u>2021</u>	<u>2020</u>
Short-term: mature within one year, interest rates vary between 0.8% - 1.3%	\$ <u>459,139</u>	\$ <u>1,252,012</u>

3. Accounts Receivable:

	<u>2021</u>	<u>2020</u>
Trade and Other	\$ 10,620	\$ 3,437
Vancouver Island Health Authority	<u>239,999</u>	<u>80,000</u>
	<u>\$ 250,619</u>	<u>\$ 83,437</u>

4. Due from Related Parties:

	<u>2021</u>	<u>2020</u>
Regional District of Mount Waddington	\$ <u>182,679</u>	\$ <u>520,615</u>

The Regional District of Mount Waddington ("RDMW") and the Hospital District of separate legal entities as defined by separate letters patent and authorize separate legislation. The directors of the Hospital District sit on the board of RDMW, so the entities are related by virtue of common control. The amount due from RDMW is non-interest bearing, unsecured and has no stated terms of repayment.

During the year ended December 31, 2021, administrative support services of \$94,100 (2020 - \$92,300) were provided to RDMW. Additionally, RDMW was appointed as a bare trustee in the acquisition of a clinic with a purchase price of \$399,999 in the year. RDMW holds legal title to the clinic, while the Hospital District is the principal and beneficial owner of the clinic. As a result, the clinic is an asset of the Hospital District and has been recorded as such, as disclosed in Note 9.

5. Deferred Revenue:

	<u>2020</u>	<u>Collections</u>	<u>Transfers</u>	<u>2021</u>
Port Alice Taxation	\$ <u>29,013</u>	\$ <u>-</u>	\$ <u>23,762</u>	\$ <u>5,251</u>

Port Alice taxation consists of funds carried forward from an adjustment to the Village of Port Alice's 2020 BC Assessment roll due to the bankruptcy of a property owner in the Village. The decrease in property valuations in the Village reduced the original taxation requisition received by the Hospital District, resulting in \$29,013 of deferred taxation revenues in the year ending December 31, 2020. In the year ending December 31, 2021, the taxation revenues from Port Alice of \$23,762 were recognized from the deferred amount, and the remaining balance will be recognized in the year ending December 31, 2022.

MOUNT WADDINGTON REGIONAL HOSPITAL DISTRICT

Notes to the Financial Statements

December 31, 2021

6. Other Liabilities:

Other liabilities represent grant funding from the Vancouver Island Health Authority for the Mount Waddington Health Network. The funding is for public participation with its member communities for the enhancement of health services in the Regional District. Management of these funds is the direct responsibility of the Health Network.

7. Long Term Debt:

The Hospital District's long term borrowing is secured through the BC Municipal Finance Authority ("MFA"). The debt is reported net of actuarial adjustments.

The Hospital District executed MFA loan issue #77 in 2002 to finance capital expenditures of Alert Bay Cormorant Island Health Centre. MFA loan issue #145 was executed in 2018 to finance capital expenditures for a Port Hardy 11-bed residential care facility.

	<u>2021</u>	<u>2020</u>
MFA Issue # 77:		
Loan bearing interest at 15.7% (2020 - 11.7%), repayable in annual installments of \$69,014 plus interest, matures June 1, 2022	\$ 174,394	\$ 340,484
MFA Issue # 145:		
Loan bearing interest at 4.3% (2020 - 3.8%), repayable in annual installments of \$44,056 plus interest, matures April 23, 2028	<u>368,878</u>	<u>415,617</u>
	<u>\$ 543,272</u>	<u>\$ 756,101</u>

The aggregate amount of principal payments required on the Hospital District's long-term debt during each of the next 5 years is as follows:

	<u>Issue # 77</u>	<u>Issue #145</u>	<u>Total</u>
2022	\$ 69,014	\$ 44,056	\$ 113,070
2023	-	44,056	44,056
2024	-	44,056	44,056
2025	-	44,056	44,056
2026	-	44,056	44,056

8. Municipal Finance Authority Reserve Deposits:

The Hospital District secures its long-term debts through the MFA. As a condition of these borrowings the MFA requires establishment of a fund equal to one half the annual installment of principal and interest of the long-term debt issued. The cash portion of the fund is equal to 1% of the total principal borrowed with the remainder made up of a non-interest bearing promissory note. The MFA adds interest earned by the cash reserves and deducts expenses. Due to their contingent nature, neither the asset nor the liability are recorded in the financial statements. The balance of the MFA debt reserve fund as at December 31, 2021 \$49,516 is (2020 - \$48,688).

MOUNT WADDINGTON REGIONAL HOSPITAL DISTRICT

Notes to the Financial Statements

December 31, 2021

9. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2022	2021
Land	\$ -	\$ 117,360	\$ -	\$ 117,360	\$ -	\$ -	\$ -	\$ -	\$ 117,360	\$ -
Building	-	<u>282,639</u>	-	<u>282,639</u>	-	<u>3,500</u>	-	<u>3,500</u>	<u>279,139</u>	-
Total	\$ -	\$ <u>399,999</u>	\$ -	\$ <u>399,999</u>	\$ -	\$ <u>3,500</u>	\$ -	\$ <u>3,500</u>	\$ <u>396,499</u>	\$ -

10. Budget Figures:

Budget figures represent the 2021 Financial Plan Bylaw No. 107 adopted by the Board on March 16, 2021.

The financial plan anticipated use of surpluses accumulated in previous years to balance against current expenditures in excess of current year revenues. In addition, the budget anticipated capital expenditures rather than amortization expense. The following schedule reconciles the approved bylaw to the amounts presented in the financial statements.

	<u>2021</u>
Financial Plan (Budget) Bylaw	\$ -
Add:	
Debt Principal Repayments	113,069
Transfer to Accumulated Surplus	<u>39,587</u>
Annual Surplus Presented in Financial Statements	\$ <u>152,656</u>

11. Comparative Figures:

Certain comparative figures have been reclassified, where necessary, to conform with the current year's presentation.