

**Financial Statements of**

SUNSHINE COAST  
REGIONAL HOSPITAL DISTRICT

**For the Year Ended December 31, 2020**



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## Independent Auditor's Report

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### To the Chairperson and Directors of the Sunshine Coast Regional Hospital District

#### Opinion

We have audited the accompanying financial statements of the Sunshine Coast Regional Hospital District (the "District"), which comprise the Statement of Financial Position as at December 31, 2020, the Statements of Change in Net Debt, 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 financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2020, and the results of its operations, change in net debt, and 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 this report. We are independent of the 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.

#### Emphasis of Matter - Restated Comparative Information

We draw attention to Note 3 of the financial statements, which explains that certain comparative information presented for the year December 31, 2019 has been restated. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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.



## Auditor's 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 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 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 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.

*BDO Canada LLP*

Chartered Professional Accountants

Whistler, British Columbia  
April 22, 2021

# Sunshine Coast Regional Hospital District

Statement Of Financial Position  
As at December 31, 2020 and 2019

	2020	2019 Restated (Note 3)
<b>Financial Assets</b>		
Cash and equivalents	\$ 1,148,840	\$ 792,479
Portfolio investments (Note 5)	3,137,746	2,980,674
Accounts receivable	31,841	38,669
Restricted cash: MFA debt reserve fund	219,733	215,303
	<b>4,538,160</b>	<b>4,027,125</b>
<b>Liabilities</b>		
Accounts payable	27,769	31,169
Long-term debt (Note 6)	6,607,769	7,412,199
	<b>6,635,538</b>	<b>7,443,368</b>
<b>Net Debt and Accumulated Deficit (Note 7)</b>	<b>\$ (2,097,378)</b>	<b>\$ (3,416,243)</b>



Tina Perreault  
Chief Financial Officer



Darnelda Siegers  
Chair

The accompanying "Notes to the Financial Statements" form an integral part of these financial statements.

# Sunshine Coast Regional Hospital District

## Statement Of Change In Net Debt

For the Years Ended December 31, 2020 and 2019

	Fiscal Plan 2020 (Note 8)	2020	2019 Restated (Note 3)
Annual surplus (deficit)	\$ (709,658)	\$ 1,318,865	\$ 1,323,250
Net debt, beginning	(3,416,243)	(3,416,243)	(4,739,493)
<b>Net debt, ending</b>	<b>\$ (4,125,901)</b>	<b>\$ (2,097,378)</b>	<b>\$ (3,416,243)</b>

The accompanying "Notes to the Financial Statements" form an integral part of these financial statements.

# Sunshine Coast Regional Hospital District

## Statement Of Operations

For the Years Ended December 31, 2020 and 2019

	Fiscal Plan 2020  (Note 8)	Actual 2020	Actual 2019 Restated (Note 3)
<b>Revenue</b>			
Grants in lieu of taxes	\$ 316	\$ 214	\$ 316
Tax requisitions	1,369,464	<b>1,369,463</b>	1,408,619
Investment income	30,000	<b>70,675</b>	88,226
Other revenue (Note 6(b))	301,985	<b>301,985</b>	281,511
	1,701,765	<b>1,742,337</b>	1,778,672
<b>Expenses</b>			
Administration (Note 4)	28,961	<b>27,914</b>	59,787
Debt charges - interest	336,641	<b>336,641</b>	341,240
Government transfers - Minor capital	2,045,671	<b>58,815</b>	54,190
Bank charges and interest	150	<b>102</b>	205
	2,411,423	<b>423,472</b>	455,422
<b>Annual Surplus (Deficit)</b>	(709,658)	<b>1,318,865</b>	1,323,250
Accumulated Deficit, beginning of year	(3,416,243)	<b>(3,416,243)</b>	(4,739,493)
<b>Accumulated Deficit, end of year</b>	\$ (4,125,901)	\$ <b>(2,097,378)</b>	\$ (3,416,243)

The accompanying "Notes to the Financial Statements" form an integral part of these financial statements.

# Sunshine Coast Regional Hospital District

## Statement Of Cash Flows

For the Years Ended December 31, 2020 and 2019

	2020	2019 Restated (Note 3)
<b>Operating Transactions:</b>		
<b>Annual Surplus</b>	<b>\$ 1,318,865</b>	<b>\$ 1,323,250</b>
<b>Items not involving cash included in annual surplus:</b>		
Decrease (Increase) in accounts receivable	<b>6,828</b>	(31,504)
(Decrease) Increase in accounts payable	<b>(3,400)</b>	3,088
<b>Total Operating Transactions</b>	<b>1,322,293</b>	<b>1,294,834</b>
<b>Investing Transactions:</b>		
Increase in portfolio investments	<b>(157,072)</b>	(1,257,140)
<b>Financing Transactions:</b>		
Repayment of long-term debt	<b>(804,430)</b>	(791,385)
(Increase) Decrease in restricted cash: MFA debt reserve fund	<b>(4,430)</b>	44
<b>Total Financing Transactions</b>	<b>(808,860)</b>	<b>(791,341)</b>
<b>Net decrease in cash and equivalents</b>	<b>356,361</b>	<b>(753,647)</b>
Cash and equivalents, beginning of year	<b>792,479</b>	1,546,126
<b>Cash and equivalents, end of year</b>	<b>\$ 1,148,840</b>	<b>\$ 792,479</b>

The accompanying "Notes to the Financial Statements" form an integral part of these financial statements.

# Sunshine Coast Regional Hospital District

## Notes To The Financial Statements

For the Years Ended December 31, 2020 and 2019

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### 1. Operations:

The Sunshine Coast Regional Hospital District is responsible for financing and funding of capital activities relating to hospital facilities on the Sunshine Coast. This includes the Sechelt Hospital and Totem Lodge.

### 2. Significant Accounting Policies

The preparation of the Financial Statements is the responsibility of the management of the Sunshine Coast Regional Hospital District. The accounting policies used within these statements conform to Canadian Public Sector Accounting Standards ("PSAS"). They have been prepared in accordance with current recommendations issued by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada

#### (a) Revenue recognition:

Sources of revenue are recorded on an accrual basis and recognized in the period in which they are earned.

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. Annual tax requisitions are recorded as taxes for Hospital District services in the year they are requisitioned.

#### (b) Expense recognition:

Operating expenses are recognized on an accrual basis in the period in which they are incurred.

#### (c) Cash and equivalents:

Cash consists of cash on hand, cash in transit, and cash on deposit. Cash equivalents are short-term investments made to obtain a return on a temporary basis and are carried at cost.

#### (d) Portfolio investments:

Investments consist of marketable securities which are carried at cost but written down when there has been a permanent decline in value.

#### (e) Government Transfers

Grants and transfers are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

# Sunshine Coast Regional Hospital District

## Notes To The Financial Statements

For the Years Ended December 31, 2020 and 2019

### 3. Prior Period Restatement:

In the 2020 fiscal period, the Sunshine Coast Regional Hospital District changed how it accounts for cash deposits in the Municipal Finance Authority Debt Reserve Fund. Previously, cash deposits made to the debt reserve fund were recognized as an expense and cash payouts including interest earned while on deposit were recognized as revenue in the period the transaction occurred. The amount on deposit did not appear on the Statement of Financial Position.

Effective January 1, 2020, the Hospital District began recognizing cash deposits to the Debt Reserve Fund as an obligation of the Municipal Finance Authority to the Hospital District and annual interest earned (less administrative expenses) as revenue in the current period. The amount on deposit is included as a Financial Asset on the Statement of Financial Position.

The impact of these changes in the prior period was to decrease opening accumulated deficit by \$215,347 and closing accumulated deficit by \$215,303, decrease net debt by \$215,303 and decrease the annual operating surplus by \$44 as follows:

	2019	2019
	(restated)	(as reported)
<b>Statement of Financial Position</b>		
Restricted Cash: MFA Debt Reserve Fund	\$ 215,303	\$ -
Other financial assets	3,811,822	3,811,822
Liabilities	(7,443,368)	(7,443,368)
<b>Net Debt and Accumulated Deficit</b>	<b>\$ (3,416,243)</b>	<b>\$ (3,631,546)</b>

	2019	2019
	(restated)	(as reported)
<b>Statement of Operations</b>		
Investment Income	\$ 88,226	\$ 83,211
Other revenue	281,511	286,570
<b>Annual Surplus</b>	<b>1,323,250</b>	<b>1,323,294</b>
Accumulated deficit, beginning of year	(4,739,493)	(4,954,840)
<b>Accumulated deficit, end of year</b>	<b>\$ (3,416,243)</b>	<b>\$ (3,631,546)</b>

# Sunshine Coast Regional Hospital District

## Notes To The Financial Statements

For the Years Ended December 31, 2020 and 2019

#### 4. Related Party Transactions:

The Sunshine Coast Regional Hospital District is related to the Sunshine Coast Regional District since the same individuals are members of the Board of Directors of both organizations. As legislated by the Hospital District Act, the officers and employees of the Sunshine Coast Regional Hospital District are the corresponding officers and employees of the Sunshine Coast Regional District. Each of the Hospital District and Regional District are separate legal entities as defined by separate Letters Patent and authorized by separate legislation. In 2020, the Hospital District paid, at cost, to the Sunshine Coast Regional District an amount of \$27,914 (2019 - \$59,787) for general accounting and administration services provided to the Hospital District. These transactions are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

#### 5. Portfolio Investments:

	2020	2019
Municipal Finance Authority <sup>1</sup>	\$ 1,030,815	\$ 1,022,157
Sunshine Coast Credit Union <sup>2</sup>	2,106,903	1,400,027
BlueShore Financial <sup>3</sup>	28	558,490
	<b>\$ 3,137,746</b>	<b>\$ 2,980,674</b>

<sup>1</sup> Municipal Finance Authority investments are pooled investment funds by which local governments in B.C. can access high-quality investments while maintaining a high degree of security and liquidity. Interest rates are variable. The average yield in 2020 was 0.84% (2019 - 1.86%).

<sup>2</sup> Investments with Sunshine Coast Credit Union consist of money market securities at interest rates ranging from 0.65% to 2.70% to maturity in 2021, recorded at cost.

<sup>3</sup> Investments with Blue Shore Financial consists of Equity Shares, recorded at cost.

# Sunshine Coast Regional Hospital District

## Notes To The Financial Statements

For the Years Ended December 31, 2020 and 2019

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### 6. Long Term Debt:

All long term debt is issued through the Municipal Finance Authority of British Columbia. The Authority is the borrowing agent for municipalities and regional districts in the province of British Columbia. All debenture debt issued by the Municipal Finance Authority is sinking fund debt.

#### (a) Sinking fund debentures issued through the Municipal Finance Authority:

Issue	Interest Rate	2020	2019
102 Issued in 2007, maturing in 2027	2.25 %	\$ 6,607,769	\$ 7,412,199

#### Future principal repayments on existing long-term debt:

2021	\$ 836,607
2022	870,071
2023	904,874
2024	941,069
2025	978,712
Thereafter	2,076,436
	<b>\$ 6,607,769</b>

#### (b) Actuarial earnings:

Long term debt is recorded net of any sinking fund balances. Actuarial sinking fund earnings recognized in 2020 totalled \$301,985 (2019 - \$281,033).

# Sunshine Coast Regional Hospital District

## Notes To The Financial Statements

For the Years Ended December 31, 2020 and 2019

### 7. Accumulated Deficit:

	2020	2019
<b>Fund Balances:</b>		
Current fund <sup>1</sup>	\$ 1,049,278	\$ 864,419
Reserve fund <sup>2</sup>	2,106,342	1,808,666
Capital fund <sup>3</sup>	(5,472,731)	(6,304,631)
Debt reserve funds	219,733	215,303
<b>Accumulated Deficit, end of year</b>	<b>\$ (2,097,378)</b>	<b>\$ (3,416,243)</b>

<sup>1</sup> Consists of surplus funds requisitioned to fund capital improvement projects and equipment with a value less than \$100,000.

<sup>2</sup> Consists of surplus funds requisitioned to fund capital improvement projects and equipment with a value greater than \$100,000.

<sup>3</sup> Consists of surplus funds borrowed and/or requisitioned to fund major capital projects, less outstanding long-term debt repayable in future years. Surplus funds available to fund projects as at December 31, 2020 total \$1,135,038 (2019 - \$1,107,567).

# Sunshine Coast Regional Hospital District

## Notes To The Financial Statements

For the Years Ended December 31, 2020 and 2019

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### 8. Fiscal Plan:

The 2020 Fiscal Plan was approved by the Board through the adoption of the Sunshine Coast Regional Hospital District Annual Budget Bylaw No. 89 on March 26, 2020. The Fiscal Plan includes items not shown on the Statement Of Operations as identified below:

	2020
	Fiscal Plan
Budgeted surplus per bylaw:	\$ -
<b>Fiscal Plan funding sources that are not revenues for accounting purposes:</b>	
Surplus - operating carryover	(892,088)
Transfer from Section 20 reserves - carryover	(922,000)
<b>Fiscal Plan expenditures that are not expenses for accounting purposes:</b>	
Principal debt payments	804,430
Transfer to reserves	290,000
Transfer to appropriated capital surplus	10,000
<b>Budgeted deficit per PSAS</b>	<b>\$ (709,658)</b>