

CENTRAL COAST REGIONAL HOSPITAL DISTRICT

I N D E X

TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Central Coast Regional Hospital District and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The District's management maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial statements are relevant, reliable and accurate and the District's assets are appropriately accounted for and adequately safeguarded.

The District's Board of Directors is responsible for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The District's Board of Directors reviews and approves the financial statements. The District's management meets periodically with the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities. They review the annual report, financial statements and the external auditor's report, as well as the engagement of the external auditors.

The financial statements have been audited by PMT Chartered Accountants / Business Advisors LLP, in accordance with in accordance with Canadian public sector accounting standards on behalf of the District.



Samuel Schooner
Chairman of the Board of Directors



Donna Mikkelson
Acting Chief Administrative Officer



INDEPENDENT AUDITORS' REPORT

To The Board of Directors of the
Central Coast Regional Hospital District

Report on the Financial Statements

We have audited the accompanying financial statements of the Central Coast Regional Hospital District, which comprise the statement of financial position as at December 31, 2014, the statements of financial activity and cash flows for the General Operating Fund for the year then ended, and the statement of financial position as at December 31, 2014, the statements of equity in capital assets and cash flows for the Capital Fund for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Central Coast Regional Hospital District as at December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards as described in Note 2 to the financial statements.

Williams Lake, BC


April 10, 2015

PMT CHARTERED ACCOUNTANTS /
BUSINESS ADVISORS LLP

General Operating Fund
Statement of Financial Position - December 31, 2014

Statement A

	2014	2013
ASSETS		
Current		
Cash - Note 4	\$ 151,210	\$ 187,828
Accounts receivable - Note 5	<u>27,594</u>	<u>6,076</u>
	<u>\$ 178,804</u>	<u>\$ 193,904</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities - Note 6	\$ 39,586	\$ 48,009
Contingencies - Note 7		
SURPLUS		
Surplus - Statement B	<u>139,218</u>	<u>145,895</u>
	<u>\$ 178,804</u>	<u>\$ 193,904</u>



Acting Chief Administrative Officer

The accompanying Notes are an integral part of this statement.

General Operating Fund
Statement of Financial Activity
For The Year Ended December 31, 2014

Statement B

	Budget 2014	2014	2013
Revenue			
Community transit partnership agreement - Note 8	\$ 246,813	\$ 181,202	\$ 160,579
Tax requisition	20,000	20,000	20,000
Administrative fees	4,122	4,122	-
Interest earned	1,500	1,485	1,550
Federal government grant-in-lieu of tax	<u>1,000</u>	<u>870</u>	<u>853</u>
	<u>273,435</u>	<u>207,679</u>	<u>182,982</u>
Expenditures			
Administrative expenses	13,000	13,000	13,000
Bank charges	-	154	161
Community transit partnership agreement - Note 8	250,935	181,202	160,579
Transfer to Section 20(2) capital reserve for equipment grants - Statement F	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
	<u>283,935</u>	<u>214,356</u>	<u>193,740</u>
Excess (deficiency) of revenue over expenditures	(10,500)	(6,677)	(10,758)
Use of prior years surplus	<u>10,500</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	-	(6,677)	(10,758)
Surplus, beginning of year	<u>145,895</u>	<u>145,895</u>	<u>156,653</u>
Surplus, end of year - Statement A	<u>\$ 145,895</u>	<u>\$ 139,218</u>	<u>\$ 145,895</u>



Acting Chief Administrative Officer

General Operating Fund
 Statement of Cash Flows
 For The Year Ended December 31, 2014

Statement C

	2014	2013
Operating activities		
Cash received from operations	\$ 184,676	\$ 188,569
Cash received for interest	1,485	1,550
Cash paid for other expenses	(13,154)	(13,161)
Cash paid for the transit partnership agreement	(189,625)	(152,650)
Cash paid to the Capital Fund	(20,000)	(20,000)
Cash from operations	(36,618)	4,308
Cash and cash equivalents, beginning of year	<u>187,828</u>	<u>183,520</u>
Cash and cash equivalents, end of year	<u>\$ 151,210</u>	<u>\$ 187,828</u>
Cash and cash equivalents consist of:		
Cash	\$ 20,866	\$ 58,888
Term deposits	<u>130,344</u>	<u>128,940</u>
	<u>\$ 151,210</u>	<u>\$ 187,828</u>



Acting Chief Administrative Officer

The accompanying Notes are an integral part of this statement.

Capital Fund
*Statement of Financial Position - December 31, 2014**Statement D*

	2014	2013
<i>ASSETS</i>		
Grants to district hospitals capitalized		
From debenture debt	\$ 2,153,500	\$ 2,153,500
From current revenue	1,308,872	1,288,872
From federal government	449,405	449,405
From provincial government	<u>137,204</u>	<u>137,204</u>
Total grants to district hospitals capitalized - Schedule 1	<u>\$ 4,048,981</u>	<u>\$ 4,028,981</u>

LIABILITIES AND EQUITY

Capital equity - Statement E	<u>\$ 4,048,981</u>	<u>\$ 4,028,981</u>
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Acting Chief Administrative Officer

*Capital Fund
Statement of Equity in Capital Assets
For The Year Ended December 31, 2014*

Statement E

	2014	2013
Balance, beginning of year	\$ 4,028,981	\$ 4,008,981
Capital expenditures (net) - Schedule 2	<u>20,000</u>	<u>20,000</u>
Balance, end of year - Statement D	<u>\$ 4,048,981</u>	<u>\$ 4,028,981</u>



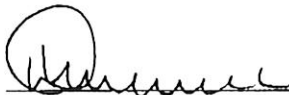
Acting Chief Administrative Officer

The accompanying Notes and Schedules are an integral part of this statement.

Capital Fund
 Statement of Cash Flows
 For The Year Ended December 31, 2014

Statement F

	2014	2013
Source of funds		
Contribution from General Operating Fund		
Reserve for Section 20(2) expenditures	\$ 20,000	\$ 20,000
Application of funds		
Equipment grants to district hospitals - Statement B	(20,000)	(20,000)
	-	-
Cash, beginning of year	-	-
Cash, end of year	<u>\$ -</u>	<u>\$ -</u>


 Acting Chief Administrative Officer

The accompanying Notes are an integral part of this statement.

*Notes to the Financial Statements
For The Year Ended December 31, 2014*

1. Purpose

The Central Coast Regional Hospital District (the "Hospital District") operates under the provisions of the Hospital District Act.

The Hospital District provides grants to district hospitals and administers the Community Transit Partnership Agreement pursuant to the Annual Operating Agreement among the Central Coast Regional Hospital District and the Bella Coola General Hospital and pursuant to the Bella Coola Master Operating Agreement among the Central Coast Regional Hospital District, British Columbia Transit and the Bella Coola Valley Bus Company Ltd.

2. Significant accounting policies

a) Basis of presentation

The financial statements of the Hospital District are prepared by management in accordance with Canadian generally accepted accounting principles for the public sector established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

b) Funds of the Central Coast Regional Hospital District

The resources and operations of the Hospital District are separated into the General Operating and Capital Funds for accounting and financial reporting purposes. Transfers between funds are recorded as adjustments to the appropriate fund balance.

c) Accrual accounting

The accrual method for reporting revenues and expenditures, including capital expenditures, has been used. Revenues are recorded in the period they are earned. Expenditures are recorded as the cost of goods or services in the period they are obtained.

d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand less outstanding cheques and deposits with a maturity of less than three months at the time of purchase. When outstanding cheques are in excess of cash on hand, the excess is reported in bank indebtedness.

e) Term deposits

Term deposits are valued at cost plus accrued interest.

Notes to the Financial Statements
For The Year Ended December 31, 2014

2. *Significant accounting policies (continued)*

- f) Revenue recognition
 Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- g) Grants to Health Region
 Grants to the Health Region are capitalized in accordance with the Ministry of Health policy.
- h) Contributed services
 Volunteer hours are contributed during the year to assist the Hospital District in carrying out its operations. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.
- i) Budget reporting
 Unaudited budget figures shown represent the Annual Budget Bylaw adopted by the Board of Directors on March 13, 2014.
- j) Measurement uncertainty
 The preparation of financial statements in accordance with the accounting principles defined in Note 2(a) to these statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure on contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Significant areas requiring use of management estimates relate to the collectibility of accounts receivable. Actual results could differ from those estimates.

3. *Financial instruments*

- a) Fair value
 The Hospital District's carrying value of cash, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.
- b) Interest rate risk
 Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the district manages exposure through its normal operating and financing activities. The Hospital District is exposed to interest rate risk primarily through its variable interest money market funds.
- c) Credit risk
 It is management's opinion that the Hospital District is not subject to significant credit risk associated with its financial instruments.

4. *Cash*

Cash consists of:

	<u>2014</u>	<u>2013</u>
Operating cash	\$ 19,866	\$ 57,888
Money market funds with the Municipal Finance Authority	130,344	128,940
Equity shares in Williams Lake and District Credit Union	<u>1,000</u>	<u>1,000</u>
	<u>\$ 151,210</u>	<u>\$ 187,828</u>

Notes to the Financial Statements
 For The Year Ended December 31, 2014

5. *Accounts receivable*

	<u>2014</u>	<u>2013</u>
Bella Coola General Hospital	\$ <u>27,594</u>	\$ <u>6,076</u>

The 2014 receivable relates to November and December 2014 transit service (2013 - December 2013 transit service).

6. *Accounts payable and accrued liabilities*

	<u>2014</u>	<u>2013</u>
BC Transit	\$ 16,087	\$ 48,009
Section 20 (2) contribution to equipment reserve	<u>23,499</u>	<u>-</u>
	\$ <u>39,586</u>	\$ <u>48,009</u>

7. *Contingencies*

During the course of the year, the Hospital District may be a defendant in a lawsuit. The Hospital District reviews any claims or potential claims made against it on a yearly basis to determine if they would be covered by insurance, and if not, whether a claim that would not be successfully defended would have a material effect on the financial statements.

The management of the Hospital District is not aware of any claims or potential claims that if not successfully defended would have a material effect on the financial statements. If a claim was paid as a result of the outcome of litigation it would be treated as an expenditure.

8. *Community Transit Partnership Agreement*

Community Transit funding is provided by the Bella Coola General Hospital pursuant to the Annual Operating Agreement among the Central Coast Regional Hospital District and the Bella Coola General Hospital and pursuant to the Bella Coola Master Operating Agreement among the Central Coast Regional Hospital District, British Columbia Transit and the Bella Coola Valley Bus Company Ltd.

	<u>2014</u>	<u>2013</u>
Community Transit Partnership Agreement Funds		
Opening balance of unspent funds	\$(34)	\$(34)
Add: Amount received during the year	181,202	160,579
Less: Amount spent	(181,202)	(160,579)
Closing balance of unspent funds	\$ <u>(34)</u>	\$ <u>(34)</u>

*Notes to the Financial Statements
For The Year Ended December 31, 2014*

9. *Related party transaction*

The Hospital District is related to the Central Coast Regional District as the members of the Board of Directors of the Central Coast Regional District form the majority of the members of the Board of Directors of the Central Coast Regional Hospital District. As legislated by the Hospital District Act, the officers and employees of the Central Coast Regional District are the corresponding officers and employees of the Central Coast Regional Hospital District. Each of the Regional District and the Hospital District are separate legal entities as authorized by separate legislation.

During the year the Hospital District received accounting and management services from the Central Coast Regional District and paid \$13,000 (2013 - \$13,000) for these services.

These transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Capital Fund
 Schedule of Capitalized Grants
 For The Year Ended December 31, 2014

Schedule 1

	Expenditures to December 31, 2013	2014 Expenditures	Net amount December 31, 2014
Grants to district hospitals capitalized			
Bella Coola General Hospital			
Construction	\$ 1,914,730	\$ -	\$ 1,914,730
Major equipment	212,234	-	212,234
Minor equipment and supplies	613,632	20,000	633,632
Working capital	<u>27,000</u>	<u>-</u>	<u>27,000</u>
	<u>2,767,596</u>	<u>20,000</u>	<u>2,787,596</u>
R.W. Large Memorial Hospital	1,211,270	-	1,211,270
Ocean Falls General Hospital	<u>50,115</u>	<u>-</u>	<u>50,115</u>
	<u>1,261,385</u>	<u>-</u>	<u>1,261,385</u>
Total grants to hospitals capitalized - Statement D	<u>\$ 4,028,981</u>	<u>\$ 20,000</u>	<u>\$ 4,048,981</u>

The accompanying notes are an integral part of this Schedule.

Capital Fund

Schedule of Details of Equity in Capital Assets

Schedule 2

For The Year Ended December 31, 2014

	General Equity in Capitalized Grants	Provincial Government Contributions	Federal Government Contributions	Total
Balance, beginning of year	\$ 2,852,979	\$ 758,576	\$ 417,426	\$ 4,028,981
Contribution from Section 20 (2) reserve for equipment grants	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Balance, end of year - Statement E	<u>\$ 2,872,979</u>	<u>\$ 758,576</u>	<u>\$ 417,426</u>	<u>\$ 4,048,981</u>

The accompanying notes are an integral part of this Schedule.