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Independent Auditor's Report

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

We have audited the accompanying financial statements of Sunshine Coast Regional Hospital District, which comprise the Statement of Financial Position as at December 31, 2015, and the Statements of Operations, Changes in Net Debt and Cash Flows for the year then ended, and 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 from 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.

Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of the Sunshine Coast Regional Hospital District as at December 31, 2015 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.

Chartered Professional Accountants

Vancouver, British Columbia
April 28, 2016

Sunshine Coast Regional Hospital District

Statement Of Financial Position
As at December 31, 2015 and 2014

	2015	2014
Financial Assets		
Cash and equivalents	\$ 565,106	\$ 45,716
Portfolio investments (Note 4)	5,145,344	5,055,779
Accounts receivable	30,736	20,640
	5,741,186	5,122,135
Liabilities		
Accounts payable and accrued liabilities	152,302	164,334
Deferred revenue	273,992	-
Long-term debt (Note 5)	10,383,460	11,104,689
	10,809,754	11,269,023
Net Financial Debt and Accumulated Deficit (Note 6)	\$ (5,068,568)	\$ (6,146,888)



Tina Perreault
Chief Financial Officer



Frank Mauro
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, 2015 and 2014

	Fiscal Plan 2015 (Note 7)	2015	2014
Annual surplus (deficit)	\$ (2,620,075)	\$ 1,078,320	\$ 678,946
Net debt, beginning	(6,146,888)	(6,146,888)	(6,825,834)
Net debt, ending	\$ (8,766,963)	\$ (5,068,568)	\$ (6,146,888)

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, 2015 and 2014

	Fiscal Plan 2015 (Note 7)	Actual 2015	Actual 2014
Revenue			
Grants in lieu of taxes	\$ 1,300	\$ -	\$ 1,066
Tax requisitions	1,909,638	1,909,638	1,823,718
Investment income	15,000	135,647	58,991
Other revenue	-	185,071	157,577
	1,925,938	2,230,356	2,041,352
Expenses			
Administration (Note 3)	110,097	110,097	109,313
Debt charges - interest	744,794	738,800	744,588
Minor capital	593,060	137,522	206,199
Bank charges and interest	-	152	427
Funded grants to hospital	3,098,062	165,465	301,879
	4,546,013	1,152,036	1,362,406
Annual Surplus (Deficit)	(2,620,075)	1,078,320	678,946
Accumulated Deficit, beginning of year	(6,146,888)	(6,146,888)	(6,825,834)
Accumulated Deficit, end of year	\$ (8,766,963)	\$ (5,068,568)	\$ (6,146,888)

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, 2015 and 2014

	2015	2014
Operating Transactions:		
Annual Surplus	\$ 1,078,320	\$ 678,946
Items not involving cash included in annual surplus:		
Non-cash item - actuarial investment earnings	(178,682)	(154,133)
(Increase) Decrease in accounts receivable	(10,096)	541,232
Decrease in accounts payables and accrued liabilities	(12,032)	(274,555)
Increase in deferred revenue	273,992	-
Total Operating Transactions	1,151,502	791,490
Investing Transactions:		
Increase in portfolio investments	(89,565)	(1,560,107)
Financing Transactions:		
Debt sinking fund contributions	(542,547)	(542,547)
Total Increase (Decrease) in cash and equivalents	519,390	(1,311,164)
Cash and equivalents, beginning of year	45,716	1,356,880
Cash and equivalents, end of year	\$ 565,106	\$ 45,716

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, 2015 and 2014

1. Operations:

The Sunshine Coast Regional Hospital District is responsible for financing and funding of capital activities relating to Sechelt Hospital.

2. Significant Accounting Policies

(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.

Taxes received in the current year prior to being requisitioned are reported on the Statement Of Financial Position as deferred revenue.

(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, 2015 and 2014

3. 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 2015, the Hospital District paid, at cost, to the Sunshine Coast Regional District an amount of \$110,097 (2014 - \$109,313) 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.

4. Portfolio Investments:

	2015	2014
Municipal Finance Authority ¹	\$ 594,888	\$ 434,926
Raymond James ²	1,406,578	3,074,461
Sunshine Coast Credit Union ³	2,245,050	330,000
BlueShore Financial ⁴	898,828	1,216,392
	\$ 5,145,344	\$ 5,055,779

¹ Municipal Finance Authority investments are held in a CIBC Mellon Money Market Fund with an average yield of 0.70%. These include tax requisition funds, debt reserve payouts, and sinking fund surplus payments to be used for future capital projects.

² Raymond James investments are held in a portfolio of various fixed income investments with interest rates ranging from 1.20% to 1.89% for the purpose of the Sechelt Hospital expansion project.

³ Sunshine Coast Credit Union investments are held in term deposits with interest rates of 1.65% for the purpose of regular Hospital District operations and the Sechelt Hospital expansion project.

⁴ BlueShore Financial investments are held in term deposits with interest rates of 1.60% for the purpose of the Sechelt Hospital expansion project.

The fair market value of the portfolio investments approximates the carrying value including accrued interest of \$2,090 (2014 - \$65,204) of the various investments, based on the quoted year-end market bid prices.

Sunshine Coast Regional Hospital District

Notes To The Financial Statements

For the Years Ended December 31, 2015 and 2014

5. 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	2015	2014
71	Issued in 1999, maturing in 2019	2.10 % \$ 66,464	\$ 81,510
102	Issued in 2007, maturing in 2027	4.82 % 10,316,996	10,980,311
95	Issued in 2005, matured in 2015	4.17 % -	42,868
		\$ 10,383,460	\$ 11,104,689

Future principal repayments on existing long-term debt:

2016	\$ 703,300
2017	731,515
2018	760,861
2019	791,386
2020	804,430
Thereafter	6,591,968
\$ 10,383,460	

(b) Actuarial earnings:

Long term debt is recorded net of any sinking fund balances. Actuarial sinking fund earnings in 2015 was \$178,682 (2014 - \$154,133).

Sunshine Coast Regional Hospital District

Notes To The Financial Statements

For the Years Ended December 31, 2015 and 2014

6. Accumulated Deficit:

	2015	2014
Fund Balances:		
Current fund	\$ 545,858	\$ 382,079
Reserve fund ¹	872,814	631,160
Capital fund ²	2,163,092	2,045,968
Amount representing cumulative funded grants to hospital less related debt repaid ³	(8,650,332)	(9,206,095)
Accumulated Deficit, end of year	\$ (5,068,568)	\$ (6,146,888)

¹ This amount of tax requisition funds, debt reserve payouts and sinking fund surplus payments received from the Municipal Finance Authority were recorded in a reserve fund to be used for future capital projects. During 2015, the Hospital District contributed \$308,677 from the Current Fund and other earnings of \$10,483 from MFA investment earnings and cash distributions. Reserve funds of \$77,505 were used for funding additional minor capital projects at the Sechelt Hospital.

² In 2015, revenue earned from capital investments held for the purpose of the Sechelt Hospital Expansion project was \$117,123 (2014 - \$42,852).

³ These amounts will be recovered from future requisitions for debt repayment.

Sunshine Coast Regional Hospital District

Notes To The Financial Statements

For the Years Ended December 31, 2015 and 2014

7. Fiscal Plan:

The 2015 Fiscal Plan was approved by the Board through the adoption of By-Law No. 84 on March 26, 2015. The Fiscal Plan includes items not shown on the Statement Of Operations as identified below:

	2015
	Fiscal Plan
Fiscal Plan surplus for the year:	\$ -
Fiscal Plan funding sources that are not revenues for accounting purposes:	
Surplus - operating carryover	(245,560)
Transfer from Section 20 reserves-carry over	(104,000)
Funded grants to hospital	(3,098,062)
Fiscal Plan expenditures that are not expenses for accounting purposes:	
Principal debt payments	542,547
Transfer to reserves	275,000
Transfer to appropriated capital surplus	10,000
Fiscal Plan Deficit	\$ (2,620,075)

8. Commitments:

Vancouver Coastal Health is expanding and renovating the facilities at the Sechelt Hospital. The original project cost was \$39,750,000. The project cost has been revised to \$44,150,000 with a 2017 estimated completion date of which the Sunshine Coast Regional Hospital District share of the cost remains at \$15,900,000. On July 26, 2007, Capital Expenditure and Borrowing Bylaw No. 76 was enacted to borrow up to \$16,183,200 including issuing expense and debt reserves, with a 20 year term.

In 2015, \$165,465 was expensed for the hospital expansion project and in 2014, \$301,879.

In 2015, the cumulative amount of the Sunshine Coast Regional Hospital District share of the commitment paid is \$12,966,872 and in 2014, \$12,801,407.