

Financial Statements of

SUNSHINE COAST
REGIONAL HOSPITAL DISTRICT

For the Year Ended December 31, 2016



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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, 2016, 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, 2016 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.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 27, 2017

Sunshine Coast Regional Hospital District

Statement Of Financial Position
As at December 31, 2016 and 2015

	2016	2015
Financial Assets		
Cash and equivalents	\$ 1,299,935	\$ 565,106
Portfolio investments (Note 4)	4,370,252	5,145,344
Accounts receivable	21,263	30,736
	5,691,450	5,741,186
Liabilities		
Accounts payable	59,685	152,302
Deferred revenue	-	273,992
Long-term debt (Note 5)	9,695,960	10,383,460
	9,755,645	10,809,754
Net Debt and Accumulated Deficit (Note 6)	\$ (4,064,195)	\$ (5,068,568)



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, 2016 and 2015

	Fiscal Plan 2016 (Note 7)	2016	2015
Annual surplus (deficit)	\$ (3,079,944)	\$ 1,004,373	\$ 1,078,320
Net debt, beginning	(5,068,568)	(5,068,568)	(6,146,888)
Net debt, ending	\$ (8,148,512)	\$ (4,064,195)	\$ (5,068,568)

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, 2016 and 2015

	Fiscal Plan 2016 (Note 7)	Actual 2016	Actual 2015
Revenue			
Grants in lieu of taxes	\$ 1,300	\$ 110	\$ -
Tax requisitions	1,861,387	1,861,386	1,909,638
Investment income	30,000	76,730	135,647
Other revenue	-	177,147	185,071
	1,892,687	2,115,373	2,230,356
Expenses			
Administration (Note 3)	112,663	112,663	110,097
Debt charges - interest	726,170	726,170	738,800
Minor capital	1,200,670	651	137,522
Bank charges and interest	-	157	152
Funded grants to hospital	2,933,128	271,359	165,465
	4,972,631	1,111,000	1,152,036
Annual Surplus (Deficit)	(3,079,944)	1,004,373	1,078,320
Accumulated Deficit, beginning of year	(5,068,568)	(5,068,568)	(6,146,888)
Accumulated Deficit, end of year	\$ (8,148,512)	\$ (4,064,195)	\$ (5,068,568)

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, 2016 and 2015

	2016	2015
Operating Transactions:		
Annual Surplus	\$ 1,004,373	\$ 1,078,320
Items not involving cash included in annual surplus:		
Non-cash item - actuarial investment earnings	(177,147)	(178,682)
(Increase) Decrease in accounts receivable	9,473	(10,096)
Decrease in accounts payable	(92,617)	(12,032)
Increase (Decrease) in deferred revenue	(273,992)	273,992
Total Operating Transactions	470,090	1,151,502
Investing Transactions:		
(Increase) Decrease in portfolio investments	775,092	(89,565)
Financing Transactions:		
Debt sinking fund contributions	(510,353)	(542,547)
Net increase in cash and equivalents	734,829	519,390
Cash and equivalents, beginning of year	565,106	45,716
Cash and equivalents, end of year	\$ 1,299,935	\$ 565,106

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, 2016 and 2015

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

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. 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.

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, 2016 and 2015

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 2016, the Hospital District paid, at cost, to the Sunshine Coast Regional District an amount of \$112,663 (2015 - \$110,097) 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:

	2016	2015
Municipal Finance Authority ¹	\$ 878,438	\$ 594,888
Raymond James ²	726,177	1,406,578
Sunshine Coast Credit Union ³	1,950,989	2,245,050
BlueShore Financial ⁴	814,648	898,828
	\$ 4,370,252	\$ 5,145,344

¹ Municipal Finance Authority investments are held in a CIBC Mellon Money Market Fund with an average yield of 0.80%. 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 consisting of fixed income investments with an interest rate of 1.35% for the purpose of the Sechelt Hospital expansion project.

³ Sunshine Coast Credit Union investments are held in term deposits with interest rates of 1.40% 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 1.40% and 1.88% for the purpose of the Sechelt Hospital expansion project and regular Hospital District operations.

Sunshine Coast Regional Hospital District

Notes To The Financial Statements

For the Years Ended December 31, 2016 and 2015

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	2016	2015
71	Issued in 1999, maturing in 2019	2.10 % \$ 51,395	\$ 66,464
102	Issued in 2007, maturing in 2027	4.82 % 9,644,565	10,316,996
		\$ 9,695,960	\$ 10,383,460

Future principal repayments on existing long-term debt:

2017	\$ 731,515
2018	760,861
2019	791,386
2020	804,430
2021	836,607
Thereafter	5,770,891
\$ 9,695,690	

(b) Actuarial earnings:

Long term debt is recorded net of any sinking fund balances. Actuarial sinking fund earnings in 2016 was \$177,147 (2015 - \$178,682).

Sunshine Coast Regional Hospital District

Notes To The Financial Statements

For the Years Ended December 31, 2016 and 2015

6. Accumulated Deficit:

	2016	2015
Fund Balances:		
Current fund	\$ 799,678	\$ 545,858
Reserve fund ¹	1,153,438	872,814
Capital fund ²	2,216,916	2,163,092
Amount representing cumulative funded grants to hospital less related debt repaid ³	(8,234,227)	(8,650,332)
Accumulated Deficit, end of year	\$ (4,064,195)	\$ (5,068,568)

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.

² In 2016, revenue earned from capital investments held for the purpose of the Sechelt Hospital Expansion project was \$53,824 (2015 - \$117,123).

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, 2016 and 2015

7. Fiscal Plan:

The 2016 Fiscal Plan was approved by the Board through the adoption of By-Law No. 85 on March 24, 2016. The Fiscal Plan includes items not shown on the Statement Of Operations as identified below:

	2016
	Fiscal Plan
Fiscal Plan surplus for the year:	\$ -
Fiscal Plan funding sources that are not revenues for accounting purposes:	
Surplus - operating carryover	(409,276)
Transfer from Section 20 reserves-carry over	(547,894)
Funded grants to hospital	(2,933,128)
Fiscal Plan expenditures that are not expenses for accounting purposes:	
Principal debt payments	510,354
Transfer to reserves	275,000
Transfer to appropriated capital surplus	25,000
Fiscal Plan Deficit	\$ (3,079,944)

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 2016, \$271,359 was expensed for the hospital expansion project and in 2015, \$165,465.

In 2015, the cumulative amount of the Sunshine Coast Regional Hospital District share of the commitment paid is \$13,238,231 and in 2014, \$12,966,872.