

Financial Statements of

SUNSHINE COAST
REGIONAL HOSPITAL DISTRICT

For the Year Ended December 31, 2017



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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, 2017, 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, 2017 and the results of its operations, changes 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 26, 2018

Sunshine Coast Regional Hospital District

Statement Of Financial Position
As at December 31, 2017 and 2016

	2017	2016
Financial Assets		
Cash and equivalents	\$ 1,548,741	\$ 1,299,935
Portfolio investments (Note 5)	1,799,321	4,370,252
Accounts receivable	3,291	21,263
	3,351,353	5,691,450
Liabilities		
Accounts payable	66,990	59,685
Long-term debt (Note 6)	8,964,445	9,695,960
	9,031,435	9,755,645
Net Debt and Accumulated Deficit (Note 7)	\$ (5,680,082)	\$ (4,064,195)



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, 2017 and 2016

	Fiscal Plan 2017 (Note 8)	2017	2016
Annual surplus (deficit)	\$ (3,150,435)	\$ (1,615,887)	\$ 1,004,373
Net debt, beginning	(4,064,195)	(4,064,195)	(5,068,568)
Net debt, ending	\$ (7,214,630)	\$ (5,680,082)	\$ (4,064,195)

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, 2017 and 2016

	Fiscal Plan 2017 (Note 8)	Actual 2017	Actual 2016
Revenue			
Grants in lieu of taxes	\$ 1,300	\$ 234	\$ 110
Tax requisitions	1,802,876	1,802,876	1,861,386
Investment income	15,000	66,267	76,730
Other revenue	-	221,161	177,147
	1,819,176	2,090,538	2,115,373
Expenses			
Administration (Note 4)	54,153	54,153	112,663
Debt charges - interest	726,170	694,566	726,170
Minor capital	1,527,519	295,804	651
Bank charges and interest	-	133	157
Funded grants to hospital	2,661,769	2,661,769	271,359
	4,969,611	3,706,425	1,111,000
Annual Surplus (Deficit)	(3,150,435)	(1,615,887)	1,004,373
Accumulated Deficit, beginning of year	(4,064,195)	(4,064,195)	(5,068,568)
Accumulated Deficit, end of year	\$ (7,214,630)	\$ (5,680,082)	\$ (4,064,195)

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, 2017 and 2016

	2017	2016
Operating Transactions:		
Annual Surplus (Deficit)	\$ (1,615,887)	\$ 1,004,373
Items not involving cash included in annual surplus:		
(Increase) Decrease in accounts receivable	17,972	9,473
Increase (Decrease) in accounts payable	7,305	(92,617)
Increase (Decrease) in deferred revenue	-	(273,992)
Total Operating Transactions	(1,590,610)	647,237
Investing Transactions:		
(Increase) Decrease in portfolio investments	2,570,931	775,092
Financing Transactions:		
Repayment of long-term debt	(731,515)	(687,500)
Net increase in cash and equivalents	248,806	734,829
Cash and equivalents, beginning of year	1,299,935	565,106
Cash and equivalents, end of year	\$ 1,548,741	\$ 1,299,935

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, 2017 and 2016

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.

3. Change in Prior Year Presentaion:

During the year a restatement of prior year comparitives was required to conform to current year presentation standards.

Sunshine Coast Regional Hospital District

Notes To The Financial Statements

For the Years Ended December 31, 2017 and 2016

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 2017, the Hospital District paid, at cost, to the Sunshine Coast Regional District an amount of \$54,153 (2016 - \$112,663) 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:

	2017	2016
Municipal Finance Authority ¹	\$ 1,439,268	\$ 878,438
Raymond James	-	726,177
Sunshine Coast Credit Union ²	360,026	1,950,989
BlueShore Financial	27	814,648
	\$ 1,799,321	\$ 4,370,252

¹ Municipal Finance Authority investments are held in a CIBC Mellon Money Market Fund with an average yield of 0.97% in 2017.

² Sunshine Coast Credit Union investments are held in term deposits with interest rates of 2.00% to maturity in 2018

Sunshine Coast Regional Hospital District

Notes To The Financial Statements

For the Years Ended December 31, 2017 and 2016

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	2017	2016
71	Issued in 1999, maturing in 2019	2.10 % \$ 35,016	\$ 51,395
102	Issued in 2007, maturing in 2027	2.25 % 8,929,429	9,644,565
		0 \$ 8,964,445	\$ 9,695,960

Future principal repayments on existing long-term debt:

2018	\$ 760,861
2019	791,386
2020	804,430
2021	836,607
2022	870,071
Thereafter	4,901,090
	\$ 8,964,445

(b) Actuarial earnings:

Long term debt is recorded net of any sinking fund balances. Actuarial sinking fund earnings recognized in 2017 totalled \$221,161 (2016 - \$177,147).

Sunshine Coast Regional Hospital District

Notes To The Financial Statements

For the Years Ended December 31, 2017 and 2016

7. Accumulated Deficit:

	2017	2016
Fund Balances:		
Current fund ¹	\$ 571,740	\$ 799,678
Reserve fund ²	1,658,199	1,153,438
Capital fund ³	(7,910,021)	(6,017,311)
Accumulated Deficit, end of year	\$ (5,680,082)	\$ (4,064,195)

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

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

³ 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, 2017 total \$1,054,424 (2016 - \$3,678,649) of which \$152,713 (2016 - \$2,681,769) is committed to the Sechelt Hospital Expansion project.

Sunshine Coast Regional Hospital District

Notes To The Financial Statements

For the Years Ended December 31, 2017 and 2016

8. Fiscal Plan:

The 2017 Fiscal Plan was approved by the Board through the adoption of By-Law No. 86 on March 23, 2017. The Fiscal Plan includes items not shown on the Statement Of Operations as identified below:

	2017
	Fiscal Plan
Fiscal Plan surplus for the year:	\$ -
Fiscal Plan funding sources that are not revenues for accounting purposes:	
Surplus - operating carryover	(652,125)
Transfer from Section 20 reserves-carry over	(631,894)
Funded grants to hospital	(2,661,769)
Fiscal Plan expenditures that are not expenses for accounting purposes:	
Principal debt payments	510,353
Transfer to reserves	275,000
Transfer to appropriated capital surplus	10,000
Fiscal Plan Deficit	\$ (3,150,435)