

**Kootenay East
Regional Hospital District
Financial Statements**
For the year ended December 31, 2022

Contents

Management's Responsibility for Financial Reporting	2
Independent Auditor's Report	3 - 4
Financial Statements	
Statement of Financial Position	5
Statement of Operations and Change in Net Assets	6
Statement of Cash Flows	7
Summary of Significant Accounting Policies	8
Notes to the Financial Statements	9 - 10
Schedule - Property Tax Requisition	11

Managements' Responsibility for Financial Reporting

To Directors of the Board:

In accordance with Section 814 of the Local Government Act and Section 167 of the Community Charter, I am pleased to submit the 2022 financial statements for the Kootenay East Regional Hospital District, together with the report of our auditors, BDO Canada LLP.

The preparation of the financial statements and schedules is the responsibility of the Hospital District's management. The statements have been prepared in accordance with Canadian generally accepted accounting principles for governments. These principles are based upon recommendations of the Public Sector Accounting Board ("PSAB") of CPA Canada.

Financial statements are not precise since they include certain amounts based on estimates and judgements. 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 Hospital District 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 information is relevant, reliable and accurate and the Hospital District's assets are appropriately accounted for and adequately safeguarded.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited by BDO Canada LLP Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the ratepayers. The auditor's report expresses their opinion on these financial statements. The auditors have full and free access to the accounting records.



Holly Ronnquist, CPA, CMA
Chief Financial Officer

May 12, 2023



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Independent Auditor's Report

To the Members of the Board of Kootenay East Regional Hospital District

Opinion

We have audited the financial statements of Kootenay East Regional Hospital District, which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Kootenay East Regional Hospital District as at December 31, 2022, and its results of operations, its change in net financial assets, and its 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 our report. We are independent of the Kootenay East Regional Hospital 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.

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 Kootenay East Regional Hospital 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 Kootenay East Regional Hospital District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Kootenay East Regional Hospital 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.



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 Kootenay East Regional Hospital 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 Kootenay East Regional Hospital 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 Kootenay East Regional Hospital 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.

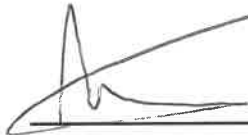
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Vernon, British Columbia
May 12, 2023

Kootenay East Regional Hospital District
Statement of Financial Position

December 31	2022	2021
Financial assets		
Cash (Note 1)	\$ 9,935,074	\$ 4,231,037
Portfolio Investments (Note 2)	14,375,145	8,413,681
Due from Regional District of East Kootenay (Note 3)	-	2,529,798
Accounts receivable	-	44,075
	<u>24,310,219</u>	<u>15,218,591</u>
Liabilities		
Accounts payable and accrued liabilities	31,156	196,086
Due to Regional District of East Kootenay (Note 3)	<u>2,219,436</u>	<u>-</u>
Net assets and accumulated surplus	\$22,059,627	\$ 15,022,505



Chief Financial Officer

Kootenay East Regional Hospital District Statement of Operations and Change in Net Assets

For the year ended December 31	2022	2022	2021
	<i>Budget</i>	<i>Actual</i>	<i>Actual</i>
Revenue			
Property Tax Requisition (Schedule)	\$ 10,537,873	\$10,537,873	\$ 8,105,818
Contributions from First Nations	60,000	85,762	66,647
Federal grants in lieu of taxes	22,000	32,591	20,500
Interest and other	30,000	233,803	34,977
Interior Health - Health Transit funding	366,133	406,672	445,336
MFA actuarial adjustment	-	-	35,374
	<u>11,016,006</u>	<u>11,296,701</u>	<u>8,708,652</u>
Expenses			
Long-term debt interest	-	-	52,846
Health transit contracts	363,509	400,594	366,899
Administration	85,008	74,331	82,190
Capital grants	10,942,926	3,784,654	1,477,762
	<u>11,391,443</u>	<u>4,259,579</u>	<u>1,979,697</u>
Annual surplus (deficit)	<i>(375,437)</i>	7,037,122	6,728,955
Accumulated surplus, beginning of year	<u>15,022,505</u>	<u>15,022,505</u>	<u>8,293,550</u>
Accumulated surplus, end of year	<u>\$ 14,647,068</u>	<u>\$22,059,627</u>	<u>\$ 15,022,505</u>

Kootenay East Regional Hospital District
Statement of Cash Flows

For the year ended December 31	2022	2021
Operating activities		
Annual surplus	\$ 7,037,122	\$ 6,728,955
Changes in non-cash operating balances		
Due from Regional District of East Kootenay	4,749,234	(2,189,217)
Accounts receivable	44,075	22,737
Accounts payable and accrued liabilities	(164,930)	88,214
	<u>11,665,501</u>	<u>4,650,689</u>
Investing activities		
Acquisition of portfolio investments	<u>(5,961,464)</u>	<u>(2,828,537)</u>
Financing activities		
Repayment of long-term debt	<u>-</u>	<u>(759,106)</u>
Net change in cash	5,704,037	1,063,046
Cash, beginning of year	<u>4,231,037</u>	<u>3,167,991</u>
Cash, end of year	\$ 9,935,074	\$ 4,231,037

Kootenay East Regional Hospital District Summary of Significant Accounting Policies

December 31, 2022

Nature of Business	The Kootenay East Regional Hospital District (the "Hospital District") is responsible for granting aid for the establishment, acquisition, reconstruction, enlargement, operation and maintenance of hospitals and hospital facilities in accordance with the Hospital District Act.
Basis of Presentation	The financial statements of the Hospital District are the representations of management and are prepared in accordance with Canadian generally accepted accounting policies for local government entities using guidelines issued by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.
Temporary Investments	Temporary investments consist of deposits held at financial institutions.
Revenue Recognition	Revenue from member municipalities is recognized when the requisition amounts are determined and the member municipalities are notified of their obligation. Grant revenue is recognized when received, and interest revenue is recognized on an accrual basis as it is earned.
Financial Instruments	The Hospital District's financial instruments consist of cash, investment funds, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Hospital District is not exposed to the significant interest, currency liquidity, or credit risks arising from these financial instruments.
Use of Estimates	The financial statements of the Hospital District have been prepared in accordance with generally accepted accounting principles in Canada. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.
Segment Disclosures	The Regional Hospital District operates with one segment, therefore no additional segmented disclosures are required.

Kootenay East Regional Hospital District Notes to Financial Statements

December 31, 2022

1. Cash

Cash is held at a financial institution earning interest at a rate of Prime less 1.80% (2021 - P - 1.80%) per annum.

2. Portfolio Investments

Portfolio investments consist of MFA Money Market funds bearing interest at market rates.

3. Due from Regional District of East Kootenay

The Regional Hospital District is related to the Regional District of East Kootenay by way of common members on the Board of Directors.

The amount due to the Regional District of East Kootenay at the year end is \$2,219,436 (2021 - \$-).

The amount due from the Regional District of East Kootenay at the year end is \$- (2021 - \$2,529,798).

Kootenay East Regional Hospital District Notes to Financial Statements

December 31, 2022

4. Budget

The budget data presented in these financial statements is based upon the Budget Bylaw adopted by the Board on February 18, 2022. The Budget Bylaw was prepared on a modified accrual basis and requires that the cash inflows for the period must at a minimum equal the cash outflows.

Budgeted cash inflows include transfers from prior year surplus carried forward. These transactions are not recognized as revenues in the Hospital District's statement of operations as they do not meet the inclusion requirements under PSAB.

PSAB requires that budget amounts be presented in the financial statements on the same basis of accounting for actual amounts. The reconciliation below shows the difference between the operating budgets per the approved Bylaw and the budget figures reported in these statements.

	<u>2022</u>
Budget Surplus - statement of operations	\$ (375,437)
Adjust for budgeted items not included in the statement of operations:	
Budgeted transfers to reserves	(7,443,585)
Budgeted transfers from reserves	1,781,832
Budgeted transfers from accumulated surplus	<u>6,037,190</u>
Budget Bylaw for the year	<u>\$ -</u>

Kootenay East Regional Hospital District
Schedule - Property Tax Requisition

For the year ended December 31	<i>2022</i>	<i>2022</i>	<i>2021</i>
	<i>Budget</i>	<i>Actual</i>	<i>Actual</i>
Village of Radium	\$ 203,102	\$ 203,102	\$ 153,308
Village of Canal Flats	77,073	77,073	57,491
City of Cranbrook	1,713,077	1,713,077	1,306,926
City of Fernie	900,392	900,392	683,323
City of Kimberley	656,780	656,780	498,974
District of Sparwood	509,648	509,648	417,745
District of Invermere	501,649	501,649	372,142
District of Elkford	344,057	344,057	294,313
Electoral Area A	507,864	507,864	399,085
Electoral Area B	553,222	553,222	443,116
Electoral Area C	731,134	731,134	564,457
Electoral Area E	277,412	277,412	212,215
Electoral Area F	1,226,366	1,226,366	938,444
Electoral Area G	169,312	169,312	134,044
Town of Golden	473,786	473,786	346,752
Golden Rural	503,001	503,001	389,388
Town of Creston	414,083	414,083	307,043
Creston Rural - Area A	186,677	186,677	133,977
Creston Rural - Area B	414,482	414,482	313,664
Creston Rural - Area C	174,756	174,756	139,411
	\$ 10,537,873	\$10,537,873	\$ 8,105,818