



**COWICHAN VALLEY  
REGIONAL HOSPITAL DISTRICT**

**DRAFT  
FINANCIAL STATEMENTS  
December 31, 2024**

# COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT

## ELECTED AND APPOINTED OFFICIALS 2024

### BOARD OF DIRECTORS

City of Duncan	M. Staples
Town of Ladysmith	T. McKay
Town of Lake Cowichan	T. McGonigle (Vice Chair)
District of North Cowichan	M. Caljouw
District of North Cowichan	R. Douglas
District of North Cowichan	C. Istace
District of North Cowichan	C. Justice
Electoral Area "A" – Mill Bay/Malahat	A. Segall (Chair)
Electoral Area "B" – Shawnigan Lake	S. Acton
Electoral Area "C" – Cobble Hill	M. Wilson
Electoral Area "D" – Cowichan Bay	H. Abbott
Electoral Area "E" – Cowichan Station/Sahtlam/Glenora	A. Nicholson
Electoral Area "F" – Cowichan Lake South/Skutz Falls	I. Morrison
Electoral Area "G" – Saltair/Gulf Island	J. McClinton
Electoral Area "H" – North Oyster/Diamond	B. Maartman
Electoral Area "I" – Youbou/Meade Creek	K. Deck

### OFFICERS

Chief Administrative Officer -	D. Myles-Wilson
Corporate Legislative Officer -	P. Robins
Chief Financial Officer -	T. Bowen

**COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT**

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**FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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## **Management's Responsibility for Financial Reporting**

To the Members of the Board of the Cowichan Valley Regional Hospital District:

This statement is provided to clarify and outline the roles and responsibilities of the management team, elected Board of Directors and Independent Auditors in relation to the preparation and review of the Cowichan Valley Regional Hospital District's (the "Hospital District") annual financial results.

Management is responsible for the preparation and fair presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The Hospital District's Board of Directors is composed of Directors who are neither management nor employees of the Hospital District. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information in the financial statements. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management.

KPMG LLP, an independent firm of Chartered Professional Accountants, is appointed by the Regional Hospital District's Board of Directors to audit the financial statements and report to them; their report follows. The external auditors have full and free access to management and the Board to discuss their audit findings.

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Tracy Bowen, CPA, CGA, BComm  
Chief Financial Officer

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Danielle Myles-Wilson  
Chief Administrative Officer

Independent Auditor's  
Report

Insert following Board  
Financial Statement Approval

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## COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT

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**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2024**


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	2024	2023
<b>Assets</b>		
Cash & Cash Equivalents (Note 3)	\$ 27,311,585	\$ 15,163,841
Investments - Restricted (Note 4)	<u>22,840,519</u>	<u>22,072,028</u>
<b>Total Assets</b>	<u>50,152,104</u>	<u>37,235,869</u>
<b>Liabilities</b>		
Accrued Liabilities	290,780	1,690,786
Debt (Note 6)	<u>75,010,949</u>	<u>21,625</u>
<b>Total Liabilities</b>	<u>75,301,729</u>	<u>1,712,411</u>
<b>Net Financial Assets/(Liabilities) and Accumulated Surplus/(Deficit)</b>	<u>\$ (25,149,625)</u>	<u>\$ 35,523,458</u>

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Tracy Bowen, CPA, CGA, BComm  
Chief Financial Officer

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Anna Segall  
Chair

The accompanying notes are an integral part of these financial statements.

## COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT

**STATEMENT OF OPERATIONS AND CHANGES IN ACCUMULATED DEFICIT AND NET FINANCIAL LIABILITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Budget (Note 10)	2024	2023
<b>Revenue</b>			
Tax Requisition	\$ 13,957,427	\$ 13,957,427	\$ 13,292,786
Grants	-	7,957	6,716
Interest and Other Revenue	<u>280,000</u>	<u>1,778,651</u>	<u>2,991,203</u>
<b>Total Revenue</b>	<u>14,237,427</u>	<u>15,744,035</u>	<u>16,290,705</u>
<b>Expenses</b>			
Interest on Debt	4,081,389	536,675	1,243
Administrative Expenses	60,000	60,018	60,521
Grants to Health Care Facilities	1,800,000	820,425	3,277,820
Major Projects Contribution (Note 8)	<u>3,080,586</u>	<u>75,000,000</u>	<u>65,003,374</u>
<b>Total Expenses</b>	<u>9,021,975</u>	<u>76,417,118</u>	<u>68,342,958</u>
<b>Annual Surplus/(Deficit)</b>	5,215,452	(60,673,083)	(52,052,253)
Accumulated Surplus - Beginning of Year	<u>35,523,458</u>	<u>35,523,458</u>	<u>87,575,711</u>
Accumulated Surplus/(Deficit) - End of Year	\$ <u>40,738,910</u>	\$ <u>(25,149,625)</u>	\$ <u>35,523,458</u>

The accompanying notes are an integral part of these financial statements.

## COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**


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	2024	2023
<b>Operating Transactions</b>		
Annual Deficit	\$ (60,673,083)	\$ (52,052,253)
Change in accrued liabilities	<u>(1,400,006)</u>	<u>1,690,401</u>
Decrease in cash from operations	<u>(62,073,089)</u>	<u>(50,361,852)</u>
<b>Investing Transactions</b>		
Investments	<u>(768,491)</u>	<u>(719,714)</u>
Decrease in cash from investing	<u>(768,491)</u>	<u>(719,714)</u>
<b>Financing Transactions</b>		
Principal debt repayments	(10,676)	(10,411)
Proceeds from debt issued	<u>75,000,000</u>	<u>-</u>
Increase/(decrease) in cash from financing	<u>74,989,324</u>	<u>(10,411)</u>
<b>Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	12,147,744	(51,091,977)
<b>Cash &amp; Cash Equivalents - Beginning of Year</b>	<u>15,163,841</u>	<u>66,255,818</u>
<b>Cash &amp; Cash Equivalents - End of Year</b>	<u>\$ 27,311,585</u>	<u>\$ 15,163,841</u>

The accompanying notes are an integral part of these financial statements.



## COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT

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### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

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#### 1. Purpose

The Cowichan Valley Regional Hospital District (CVRHD) is incorporated under the British Columbia Hospital District Act. Its purpose is to secure and administer capital funding for hospitals within the Cowichan Valley Regional Hospital District. These activities are funded through property taxes and debenture debt.

#### 2. Significant Accounting Policies

##### a) Basis of Presentation

The Financial Statements of the Cowichan Valley Regional Hospital District (CVRHD or Hospital District), are prepared in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The Financial Statements reflect the combined results and activities of the reporting entity. The financial statements include the financial position, operations, changes in financial assets and cash flows of the CVRHD. Inter-fund transactions have been eliminated on consolidation.

##### b) Long-Term Debt

Long-term debt is recorded net of repayment and actuarial adjustments.

##### c) Cash and Cash Equivalent

Cash and cash equivalents include cash on hand and reserves. The funds are held for the purpose of meeting short-term cash commitments rather than for investing.

##### d) Investments

Investments are comprised entirely of Municipal Finance Authority (MFA) pooled investment funds. The Hospital District funds invested with MFA are pooled with other local governments and managed independently by Phillips, Hager & North Ltd. These investments are recorded at cost. Interest income on investments has been allocated to restricted reserves.

##### e) Financial Instruments

The Hospital District's financial instruments consist of cash, investments, accrued liabilities and debt.

Financial instruments are recorded at fair value on initial recognition. Equity instruments quoted in an active market and derivatives are subsequently measured at fair value as at the reporting date. All other financial instruments are subsequently recorded at cost or amortized cost unless the Hospital District elects to carry the financial instrument at fair value. The Hospital District does not hold any equity instruments or derivatives and has not elected to carry any other financial instruments at fair value.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses. They are recorded in the Statement of Operations when they are realized. There are no unrealized changes in fair value in the years presented; as a result, the Hospital District does not have a Statement of Remeasurement Gains and Losses.

## COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

#### 2. Significant Accounting Policies (continued)

e) **Financial Instruments (continued)**

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs incurred on the acquisition of financial instruments recorded at cost are included in the cost and amortized on an effective interest basis.

f) **Revenue Recognition**

The Hospital District recognizes tax requisition revenue based on assessments issued to the property owners in its service area. These assessments are issued on an annual basis to meet the expenditures of the Hospital District. Interest revenue is recorded when earned. Grants in lieu of taxes are recorded on an accrual basis when it is possible to reasonably estimate the amounts receivable.

g) **Expense Recognition**

Grants and transfers are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient. The grants to the Vancouver Island Health Care Facilities are considered government transfers. Major project contributions are recorded once CVRHD is legally obligated to make the expenditure and has no recourse.

h) **Use of Estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements, as well as the reported amounts of revenues and expenditures during the reporting period. Actual results may vary from the estimates and adjustments will be reported and reflected in operations as they become known.

i) **Change in Accounting Policy**

On January 1, 2024, Public Accounting Standard PS 3400 – Revenue was adopted. The standard was adopted prospectively from the date of adoption. Under the new accounting standard, there are two categories of revenue – exchange and non-exchange. If the transaction gives rise to one or more performance obligations, it is an exchange transaction. If no performance obligations are present, it is a non-exchange transaction. Management has assessed the impact of adopting PS 3400 on the financial statements of the Hospital District and has found that there is no resulting impact to the financial statements.

#### 3. Cash & Cash Equivalents

	2024	2023
Restricted Cash - invested in interest bearing savings accounts	\$ 1,280,987	\$ 1,216,037
Unrestricted Cash	<u>26,030,598</u>	<u>13,947,804</u>
Total Cash	<u>\$27,311,585</u>	<u>\$15,163,841</u>

# COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

### 4. Investments

Investments consist of MFA Money Market funds and MFA BC Fossil Fuel Free Bond funds. The MFA Money Market fund balance at December 31, 2024 is \$6,154,763 (2023 - \$5,872,290). The yield on the funds for 2024 was 4.83% (2023 - 5.07%). The BC Fossil Fuel Free bond fund balance at December 31, 2024 is \$16,685,756 (2023 - \$16,199,738). The yield on the funds for 2024 was 5.39% (2023 - 5.05%).

### 5. Land - Future Hospital Site

In 2020, the Hospital District purchased land for the site of the new hospital. The proposal has been agreed to by Vancouver Island Health Authority. The cost of the land, plus all costs incurred to hold onto the land until transferred, will comprise part of the CVRHD's 40% future funding commitment for the new hospital. This transfer was completed in 2021 from the Hospital District to Vancouver Island Health Authority.

### 6. Debt

All debt is issued through the MFA of British Columbia. The Authority is the borrowing agent for municipalities and regional districts in the Province of British Columbia.

#### Short-Term Debt

The Hospital District's short-term debt of \$75,000,000 bears interest at a variable rate based on the MFA floating daily rate. Short-term debt is repayable on demand and must be repaid or transferred to long-term debt within 5 years of initial draw.

Bylaw No.	Maturity Date	Originally Authorized	2024 Principal Payment	Net Balance December 31, 2023	Net Balance December 31, 2024
151	2029	\$282,581,000	-	-	\$ 75,000,000

#### Long-Term Debt

Long-term debt may only be repaid earlier than maturity where the MFA refinances an issue which includes a particular debenture debt issue by the Hospital District.

Issued and outstanding long-term debt including issue numbers, maturity dates and sinking fund balances are listed below.

Issue No.	Interest Rate	Maturity Date	Authorized and Issued	Regional Dist. Share	Debt Payments	
					Interest	Principal
93	5.100%	2025	\$ 435,523	\$ 174,209	\$ 831	\$ 10,676
				174,209		
				(163,260)	(128)	
<b>Total</b>			<b>\$ 435,523</b>	<b>\$ 10,949</b>	<b>\$ 703</b>	<b>\$ 10,676</b>
<b>Total long-term debt payment</b>						<b>\$ 11,379</b>

## COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

#### 6. Debt (continued)

Payments of principal on issued long-term debt of the Hospital District for the next five years are approximately as follows:

2025	2026	2027	2028	2029	Total
\$ 10,949	\$ -	\$ -	\$ -	\$ -	\$ <u>10,949</u>

#### 7. Related Party Transactions

The Cowichan Valley Regional District (CVRD) is related to the CVRHD since the same individuals are members of the Board of Directors of both organizations.

During the year, management and administrative support services totaling \$60,000 (2023 - \$60,000) were charged to the CVRHD from the CVRD.

#### 8. Major Projects Contribution

The Hospital District has entered into a Memorandum of Understanding with neighbouring hospital districts and Vancouver Island Health Authority to work collaboratively on coordinating their capital planning for the region. In connection with the Memorandum of Understanding, expenditures are incurred by the Hospital District towards major capital plans. These expenditures are being recorded as an expense for the Hospital District as no approved project is in place, therefore the future benefit is not certain at this time. If a major capital project is approved in the future, it is expected that any past costs incurred will be considered as part of the overall funding requirement.

During 2024 the Hospital District incurred no costs related to capital planning (2023 - \$0). Cumulative costs to date at December 31, 2024 are \$6,977,295 (2023 - \$6,977,295).

The major projects contribution costs of \$75,000,000 relates to construction of the new Cowichan District Hospital (2023 - \$65,000,000) and the Hospital District is committed to future payments for this project of \$65,000,000 in 2025 and \$77,446,656 in 2026. In 2024, no portion relates to the Hospice Bed Facility Project (2023 - \$3,374).

#### 9. Debt Reserve Fund

The MFA of British Columbia provides capital financing for Regional Hospital Districts. The Authority is required to establish a Debt Reserve Fund into which each Regional Hospital District is required to pay certain amounts set out in the debt agreements.

Interest earned on these funds (less administrative expenses) becomes an obligation of the Authority to the Regional Hospital District. If at any time insufficient funds are provided by the Regional Hospital District, the Authority will then use the funds to meet payments on the obligations. When this occurs, the Regional Hospital District may be called upon to restore the fund. The MFA holds demand notes related to the Hospital District's debt. The demand notes are not recorded as they only become payable should debt be in default or the MFA requires the funds to meet debt obligations.

**COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**9. Debt Reserve Fund (continued)**

	2024	2023
Cash Deposits - Cowichan Valley Regional Hospital District	\$ 3,183	\$ 3,076
Demand Notes - Cowichan Valley Regional Hospital District	<u>5,131</u>	<u>5,131</u>
	<u>\$ 8,314</u>	<u>\$ 8,207</u>

**10. Budget Figures**

Budget figures represent the Financial Plan Bylaw adopted by the Board on March 13, 2024. The financial plan budgeted for transfers to and from the reserve fund. The following reconciliation of the "annual surplus" is provided to show which items must be added and removed to reflect the financial plan.

Annual Surplus	\$ 5,215,452
Add:	
Transfer from Reserves	3,080,586
Long Term Debt	70,832,000
Less:	
Debt Principal Repayments	(10,411)
Transfer to Reserves	(1,285,627)
Major Projects	<u>(77,832,000)</u>
Surplus, per Cowichan Valley Regional Hospital District Financial Plan Bylaw No. 150	<u>\$ -</u>

**11. Financial Risks**

**(a) Credit risk:**

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Hospital District is exposed to credit risk with respect to its cash and investments.

The Hospital District manages its credit risk by holding cash and investments with a reputable Schedule A Financial Institution.

There have been no significant changes to the credit risk exposure from 2023.

## COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT

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### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

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#### 11. Financial Risks (continued)

##### (b) Liquidity risk:

Liquidity risk is the risk that the Hospital District will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Hospital District manages its liquidity risk by monitoring its operating requirements. The Hospital District prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

The contractual maturities of short-term and long-term debt are disclosed in note 6.

There have been no significant changes to the liquidity risk exposure from 2023.

##### (c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Hospital District's surplus or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

##### (i) Foreign exchange risk:

The Hospital District does not have any material transactions during the year or financial instruments denominated in foreign currencies at year end.

##### (ii) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

The Hospital District's long-term debt bears interest at a fixed rate and is subject to interest rate risk at the refinancing date. The Hospital District's short-term debt bears interest at a variable rate which exposes the Hospital District to cash flow interest rate risk. Investments are exposed to interest rate risk on investment earnings based on market conditions.

There has been no change to the market risk exposure from 2023.

##### (d) Tariff Risk:

The imposition of U.S. tariffs on cross-border trade may result in increased costs for goods and services procured from U.S. suppliers, impacting operations and infrastructure projects. While the long-term impact remains uncertain, the Hospital District is actively working to monitor and mitigate the risks and impacts of the tariffs.