

Financial Statements of

BELLA COOLA GENERAL HOSPITAL

Years Ended March 31, 2014, and March 31, 2013

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF GOVERNORS OF THE UNITED CHURCH HEALTH SERVICES SOCIETY

We have audited the accompanying financial statements of Bella Coola General Hospital, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and accumulated deficit, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements have been prepared by management of the Hospital based on the financial reporting requirements of BC Regulation 198/2011 of the *Budget Transparency and Accountability Act* of British Columbia (the "requirements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements 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.

Auditors' 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 auditors' 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 Bella Coola General Hospital as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with the requirements.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Hospital to comply with the financial reporting requirements referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Hospital and the Office of the Comptroller General of British Columbia and should not be distributed to or used by parties other than the Hospital and the Office of the Comptroller General of British Columbia.

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
June 12, 2014

Bella Coola General Hospital

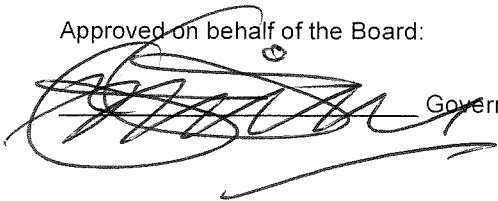
Statement of Financial Position


March 31, 2014, with comparative figures for March 31, 2013

	2014	2013
Financial assets		
Cash and cash equivalents (note 2)	\$ 768,746	\$ 602,421
Accounts receivable (note 3)	251,392	233,932
Inventories held for sale (note 4)	218,219	244,414
Investment - Isabel Kellet Trust Fund (note 5)	28,033	27,349
	<u>1,266,390</u>	<u>1,108,116</u>
Liabilities		
Accounts payable and accrued liabilities (note 6)	423,732	443,849
Deferred operating contributions (note 7)	30,044	21,000
Due to Vancouver Coastal Health Authority (note 14)	222,468	789,475
Obligation under capital lease	-	9,318
Retirement allowance (note 8(a))	240,185	209,025
Deferred capital contributions (note 9)	3,509,881	2,273,623
	<u>4,426,310</u>	<u>3,746,290</u>
Net financial debt	<u>\$ (3,159,920)</u>	<u>\$ (2,638,174)</u>
Non-financial assets		
Tangible capital assets (note 10)	2,354,571	2,175,716
Inventories held for use (note 11)	129,873	146,182
Prepaid expenses	64,340	106,953
	<u>\$ 2,548,784</u>	<u>\$ 2,428,851</u>
Accumulated operating deficit (note 16)	<u>\$ (611,136)</u>	<u>\$ (209,323)</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:


Governor


Governor

Bella Coola General Hospital

Statement of Operations and Accumulated Operating Deficit

Year Ended March 31, 2014 with comparative figures for 2013

	2014 Budget (note 1(j))	2014	2013
Revenues:			
Ministry of Health contributions	\$ 4,246,643	\$ 4,247,190	\$ 4,254,663
Medical compensation recovery	1,411,407	1,566,238	1,370,545
Pharmacy	1,255,000	1,214,198	1,237,265
Amortization of deferred capital contributions (note 9)	222,000	232,606	211,160
Patient fees	134,000	130,663	85,868
MSP and MSC Sessional programs	45,500	111,450	112,365
Recoveries and other income	168,350	83,417	89,892
	<u>7,482,900</u>	<u>7,585,762</u>	<u>7,361,758</u>
Expenses (note 12):			
Acute	4,797,227	5,162,526	4,894,691
Corporate	1,969,869	2,160,218	1,991,142
Community care	482,370	433,389	484,435
Population health and wellness	141,684	139,697	162,037
Mental health and substance use	91,750	91,745	91,745
	<u>7,482,900</u>	<u>7,987,575</u>	<u>7,624,050</u>
Annual operating deficit	\$ -	\$ (401,813)	\$ (262,292)
Accumulated operating surplus (deficit), beginning of year	(209,323)	(209,323)	52,969
Accumulated operating deficit, end of year	\$ (209,323)	\$ (611,136)	\$ (209,323)

See accompanying notes to financial statements.

Bella Coola General Hospital

Statement of Change in Net Financial Debt

Year Ended March 31, 2014 with comparative figures for 2013

	2014	2013
Annual operating deficit	\$ (401,813)	\$ (262,292)
Acquisition of tangible capital assets	(422,516)	(574,173)
Amortization of tangible capital assets	243,661	223,253
	(580,668)	(613,212)
Acquisition of inventories held for use	(438,861)	(349,159)
Acquisition of prepaid expense	(315,852)	(439,066)
Consumption of inventories held for use	455,170	331,059
Use of prepaid expense	358,465	427,699
	58,922	(29,467)
Increase in net financial debt	(521,746)	(642,679)
Net financial debt, beginning of year	(2,638,174)	(1,995,495)
Net financial debt, end of year	\$ (3,159,920)	\$ (2,638,174)

See accompanying notes to financial statements.

Bella Coola General Hospital

Statement of Cash Flows

Year Ended March 31, 2014, with comparative figures for 2013

	2014	2013
Cash flows from operating activities:		
Annual operating deficit	\$ (401,813)	\$ (262,292)
Items not involving cash:		
Amortization of deferred capital contributions	(232,606)	(211,160)
Amortization of tangible capital assets	243,661	223,253
Retirement allowance expense	38,000	35,000
	(352,758)	(215,199)
Net change in non-cash operating items (note 13)	(510,423)	242,269
Net change in cash from operating activities	(863,181)	27,070
Capital activity:		
Acquisition of tangible capital assets	(422,516)	(574,173)
Net change in cash from capital activity	(422,516)	(574,173)
Investing activity:		
Net change in investments	(684)	(647)
Net change in cash from investing activity	(684)	(647)
Financing activities:		
Retirement allowance contributions	(6,840)	(36,975)
Repayment of capital lease obligations	(9,318)	(6,723)
Capital contributions	1,468,864	574,111
Net change in cash from financing activities	1,452,706	530,413
Increase (decrease) in cash and cash equivalents	166,325	(17,337)
Cash and cash equivalents, beginning of year	602,421	619,758
Cash and cash equivalents, end of year	\$ 768,746	\$ 602,421

See accompanying notes to financial statements.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2014, with comparative figures for 2013

Bella Coola General Hospital (the "Hospital") was established under the *Hospital Act* to manage the delivery of health care services within the Bella Coola and District Region of the Province of British Columbia.

With approval from the Ministry of Health Services (the "Ministry") and the Vancouver Coastal Health Authority (the "VCHA"), the Hospital operates under the Constitution and Bylaws of the United Church Health Services Society (the "UCHSS"), a non-profit society wholly-owned by the United Church of Canada.

1. Significant accounting policies:

(a) Affiliated organization:

The Hospital is affiliated with the VCHA via an affiliation agreement between the UCHSS and the VCHA. The affiliation agreement establishes accountabilities, funding guidelines, operating and other principles between the parties.

(b) Basis of accounting:

The financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board (referred to as the financial reporting framework ("the framework")).

The *Budget Transparency and Accountability Act* requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all taxpayer-supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards ("PSAS") issued by the Canadian Institute of Chartered Accountants ("CICA") Public Sector Accounting Board ("PSAB") without any CICA Handbook – PSAS ("PS") 4200 series from their first fiscal year commencing after January 1, 2012.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2014, with comparative figures for 2013

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

- (i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded and, referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal periods during which the tangible capital asset is used to provide services.
- (ii) Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contributions have been met.

For British Columbia taxpayer-supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian PSAS, which requires that

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with PS3410; and
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with PS3100.

As a result, revenue recognized in the Statement of Operations and certain related deferred capital contributions would be recorded differently under PSAS.

(c) Cash and cash equivalents:

All short-term investments, with a term to maturity of three months or less at the date of purchase or that are redeemable, are classified as cash and cash equivalents.

(d) Inventories held for sale:

Pharmacy inventories held for sale are recorded at the lower of weighted average cost or net realizable value. Net realizable value is the estimated selling price less any costs to sell.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2014, with comparative figures for 2013

1. Significant accounting policies (continued):

(e) Employee benefits:

(i) Defined benefit obligations:

Liabilities, net of plan assets, are recorded for employee retirement allowance benefits as employees render services to earn the benefits.

The actuarial determination of the accrued benefit obligations uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors). Plan assets are measured at fair value.

The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime of active employees covered under the plan. The expected average remaining service period of the active covered employees entitled to retirement allowance benefits is 10 years (2013 - 10 years).

The discount rate used to measure the obligation is based on the cost of borrowing. The cost of a plan amendment or the crediting of past service is accounted for entirely in the year that the plan change is implemented.

(ii) Defined contribution plans and multi-employer benefit plans:

Defined contribution plan accounting is applied to multi-employer defined benefit plans and, accordingly, contributions are expensed when due and payable.

(iii) Accumulating, non-vesting benefit plans:

Benefits that accrue to employees, which do not vest, such as sick leave banks for certain employee groups, are accrued as the employees render services to earn the benefits, based on estimates of the expected future settlements.

(iv) Non-accumulating, non-vesting benefit plans:

For benefits that do not vest or accumulate, a liability is recognized when an event that obligates the Hospital to pay benefits occurs.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2014, with comparative figures for 2013

1. Significant accounting policies (continued):

(f) Non-financial assets:

(i) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Costs include overhead directly attributable to construction and development. Interest is capitalized over the development period whenever external debt is issued to finance the construction and development of tangible capital assets.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight line basis over their estimated useful lives as follows:

Buildings	20 years
Equipment	5 - 20 years

Assets under construction or development are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Hospital's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The write-downs of tangible capital assets are recorded in the statement of operations. Write-downs are not subsequently reversed.

Contributed tangible capital assets are recorded at their fair value on the date of contribution. When fair value of a contributed asset cannot be reliably determined, the asset is recorded at nominal value.

(ii) Inventories held for use:

Inventories held for use are recorded at the lower of weighted average cost and replacement cost.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2014, with comparative figures for 2013

1. Significant accounting policies (continued):

(g) Revenue recognition:

Under the *Hospital Act and Regulation* thereto, the Hospital is funded primarily by the Ministry through the VCHA in accordance with budget arrangements established and approved by the VCHA.

Revenues are recognized on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues, the amounts are considered to be collectible and can be reasonably estimated.

Revenues related to fees or services received in advance of the fees being earned or the service being performed are deferred and recognized when the fees are earned or service performed.

Externally restricted contributions are recognized as revenue depending on the nature of the restrictions on the use of the funds by the contributors as described in note 1(b).

Volunteers contribute a significant amount of their time each year to assist the Hospital in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

Contributions of assets, supplies and services that would otherwise have been purchased are recorded at fair value at the date of contribution, provided a fair value can be reasonably determined.

(h) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues, and expenses during the reporting period.

Significant areas requiring the use of estimates include the valuation of accounts receivable and inventories, the determination of obsolescence and useful lives of tangible capital assets and the related deferred capital contributions, accrued liabilities and contingent liabilities, and the assumptions with respect to long-term disability benefits and retirement allowance.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from the estimates.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2014, with comparative figures for 2013

1. Significant accounting policies (continued):

(i) Financial instruments:

The Hospital has implemented PS section 3450 *Financial Instruments* as of April 1, 2012 and the section has been applied on prospective basis. For the year ended March 31, 2012, the Hospital applied financial instrument disclosure and presentation standards in accordance with CICA Handbook Section 3861. Financial instrument classification is determined upon inception and financial instruments are not reclassified into another measurement category for the duration of the period they are held.

Financial assets and financial liabilities are measured at cost or amortized cost upon their inception and subsequent to initial recognition. Cash and cash equivalents are measured at cost. Accounts receivable are recorded at amortized cost less any amount for valuation allowance. All debt and other financial liabilities are recorded using cost or amortized cost.

All financial assets recorded at amortized cost are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

Transaction costs for financial instruments measured using cost or amortized cost are added to the carrying value of the financial instrument.

A financial liability or its part is derecognized when it is extinguished.

(j) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the Hospital's Fiscal 2013/2014 Budget approved by management. The budget is reflected in the Statement of Operations and Accumulated Operating Deficit.

(k) Prepaid expenses:

Prepaid expenses include cash disbursements for future events, and operational costs, which will be charged to expense over the periods expected to benefit from it.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2014, with comparative figures for 2013

1. Significant accounting policies (continued):

(l) Future accounting standards:

In June 2010, PSAB issued PS 3260 *Liability for Contaminated Sites*. PS 3260 establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites of governments. The main features of the standard are as follows:

- A liability should be recognized when contamination exceeds an accepted environmental standard and the entity is directly responsible, or accepts responsibility for the damage;
- A liability should be measured at the entity's best estimate of the costs directly attributable to remediation of the contamination; and
- Outstanding site assessments do not negate the requirement to assess whether a liability exists.

Management is assessing the impact of PS 3260, which will be adopted for the fiscal year ending March 31, 2015.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2014, with comparative figures for 2013

2. Cash and cash equivalents:

	2014	2013
Cash and cash equivalents	\$ 768,746	\$ 602,421
Externally restricted amounts	(157,970)	(155,787)
Unrestricted cash and cash equivalents	\$ 610,776	\$ 446,634

The interest rate for these term deposits ranges from 0.97% to 2.50%.

3. Accounts receivable:

	2014	2013
Patients, agencies and others	\$ 215,415	\$ 135,529
GST/HST rebates	26,401	94,808
Medical Services Plan	9,576	3,595
	\$ 251,392	\$ 233,932

4. Inventories held for sale:

Inventories held for sale are comprised of pharmaceuticals.

5. Investment - Isabel Kellet Trust Fund:

The Hospital is required to hold the principal balance of the Isabel Kellet Trust Fund in perpetuity. Interest earned on the balance is to be used for the continuing education of staff and is recognized in the year it is earned. Where no expenditure on continuing education of staff is incurred, the interest earned is transferred to the trust. The investment consists of a term deposit with a maturity date of April 26, 2014 and interest rate of 2.50%. The investment is recorded at fair value.

6. Accounts payable and accrued liabilities:

	2014	2013
Accrued vacation payable	\$ 162,314	\$ 150,187
Salaries and benefits payable	153,670	63,667
Trade accounts payable and accrued liabilities	107,748	229,995
	\$ 423,732	\$ 443,849

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2014, with comparative figures for 2013

7. Deferred operating contributions:

Deferred operating contributions represent externally restricted operating funding received for the purchase of medical and nursing equipment.

	2014	2013
Deferred operating contributions, beginning of year	\$ 21,000	\$ -
Contributions received during the year	26,852	25,000
Amounts recognized as revenue in the year	(17,808)	(4,000)
Deferred operating contributions, end of year	\$ 30,044	\$ 21,000

8. Employee benefits:

(a) Retirement allowance:

Certain employees with ten or twenty years of service and having reached a certain age are entitled to receive special payments upon retirement or as specified by collective agreements. These payments are based upon accumulated sick leave credits and entitlements for each year of service.

The Hospital's liabilities are based on an actuarial valuation as at the early measurement date of December 31, 2013 and extrapolated to March 31, 2014 from which the service cost and interest cost components of expense for the fiscal year ended March 31, 2014 are derived. The next required valuation will be as of December 31, 2015.

Information about retirement allowance benefits is as follows:

	2014	2013
Accrued benefit obligation:		
Sick leave benefits	\$ 122,000	\$ 112,000
Severance benefits	131,000	124,000
	253,000	236,000
Balance of unamortized amounts	(12,815)	(26,975)
Accrued retirement allowance benefits	\$ 240,185	\$ 209,025

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2014, with comparative figures for 2013

8. Employee benefits (continued):

(a) Retirement allowance (continued):

The accrued benefit obligation for retirement allowance reported on the statement of financial position is as follows:

	2014	2013
Accrued benefit obligation:		
Balance, beginning of year	\$ 209,025	\$ 211,000
Current service cost	24,000	23,000
Amortization of actuarial loss	3,000	1,000
Plan amendment	-	1,000
Interest expense	11,000	10,000
Net benefit expense	38,000	35,000
Benefits paid	(6,840)	(36,975)

The significant actuarial assumptions adopted in measuring the Hospital's accrued retirement allowance liabilities are as follows:

	2014	2013
Accrued benefit obligation as at March 31:		
Discount rate	4.26%	4.41%
Rate of compensation increase	2.50%	3.00%
Benefit costs for years ended March 31:		
Discount rate	4.41%	4.44%
Rate of compensation increase	2.50%	2.50%
Expected future inflationary increases	2.00%	2.00%

(b) Long-term disability:

The Hospital belongs to the Health Employers' Association of B.C. Healthcare Benefit Trust (the "Trust"), under a multi-employer defined benefit plan that covers group long-term disability, life, accidental death and dismemberment, extended health and dental claims for union and certain non-unionized employees. The Trust is subject to actuarial valuation every year. The most recent actuarial valuation at December 31, 2013 indicated a surplus of \$62.5 million.

Contributions to the Trust of \$ 112,833 (2013 - \$97,874) were expensed during the year.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2014, with comparative figures for 2013

8. Employee benefits (continued):

(c) Employee pension benefits:

The Hospital and its employees contribute to the Municipal Pension Plan, a multi-employer defined benefit pension plan governed by the *B.C. Public Sector Pension Plans Act*.

Employer contributions to the Municipal Pension Plan of \$417,242 (2013 - \$376,177) were expensed during the year. Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent actuarial valuation for the plan at December 31, 2012 indicated an unfunded liability of approximately \$1,370 million. The actuary does not attribute portions of the unfunded liability to individual employers. The plan covers approximately 179,000 active members, of which approximately 63 are employees of the Hospital. The next expected actuarial valuation will be as of December 31, 2015.

9. Deferred capital contributions:

Deferred capital contributions represent externally restricted contributions and other funding received for the purchase of tangible capital assets.

	2014	2013
Deferred capital contributions, beginning of year	\$ 2,273,623	\$ 1,910,672
Capital contributions received or receivable	1,468,864	574,111
	3,742,487	2,484,783
Amortization for the year	(232,606)	(211,160)
Deferred capital contributions, end of year	\$ 3,509,881	\$ 2,273,623

Deferred capital contributions are comprised of the following:

	2014	2013
Contributions used to purchase tangible capital assets	\$ 2,351,911	\$ 2,117,836
Unspent contributions	1,157,970	155,787
	\$ 3,509,881	\$ 2,273,623

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2014, with comparative figures for 2013

10. Tangible capital assets:

Cost	March 31, 2013	Additions	Disposals	Transfers	March 31, 2014
Buildings	\$ 7,106,715	\$ -	\$ -	\$ 884,935	\$ 7,991,650
Equipment	2,196,127	111,693	-	-	2,307,820
Construction in progress	574,111	310,824	-	(884,935)	-
	\$ 9,876,953	\$ 422,517	\$ -	\$ -	\$ 10,299,470

Accumulated amortization	March 31, 2013	Amortization	Disposals	March 31, 2014
Buildings	\$ 5,960,481	\$ 154,862	\$ -	\$ 6,115,343
Equipment	1,740,756	88,799	-	1,829,555
	\$ 7,701,237	\$ 243,661	\$ -	\$ 7,944,898

Cost	March 31, 2012	Additions	Disposals	Transfers	March 31, 2013
Buildings	\$ 7,106,715	\$ -	\$ -	\$ -	\$ 7,106,715
Equipment	2,196,065	62	-	-	2,196,127
Construction in progress	-	574,111	-	-	574,111
	\$ 9,302,780	\$ 574,173	\$ -	\$ -	\$ 9,876,953

Accumulated amortization	March 31, 2012	Amortization	Disposals	March 31, 2013
Buildings	\$ 5,825,443	\$ 135,038	\$ -	\$ 5,960,481
Equipment	1,652,541	88,215	-	1,740,756
	\$ 7,477,984	\$ 223,253	\$ -	\$ 7,701,237

Net book value	March 31, 2014	March 31, 2013
Buildings	\$ 1,876,479	\$ 1,146,234
Equipment	478,092	455,371
Construction in progress	-	574,111
	\$ 2,354,571	\$ 2,175,716

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2014, with comparative figures for 2013

11. Inventories held for use:

Inventories held for use are comprised of medical supplies.

12. Expenses by object:

	2014	2013
Compensation and benefits	\$ 3,535,100	\$ 3,268,843
Medical compensation recovery	1,566,238	1,370,545
Drugs	823,671	655,604
Administration and support	762,708	981,771
Facility and equipment costs	349,905	359,346
Medical and diagnostic supplies	296,505	281,456
Amortization of tangible capital assets	243,661	223,253
Purchased services	176,067	263,220
Patient support	126,736	116,223
Contracted community health services	106,984	103,789
	<u>\$ 7,987,575</u>	<u>\$ 7,624,050</u>

13. Supplementary cash flow information:

Net change in non-cash operating items:

	2014	2013
Accounts receivable	\$ (17,460)	\$ (53,821)
Inventories held for sale	26,195	1,179
Accounts payable and accrued liabilities	(20,117)	(5,620)
Deferred operating contributions	9,044	21,000
Due to Vancouver Coastal Health Authority	(567,007)	308,998
Inventories held for use	16,309	(18,100)
Prepaid expenses	42,613	(11,367)
	<u>\$ (510,423)</u>	<u>\$ 242,269</u>

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2014, with comparative figures for 2013

14. Related party and other agency operations:

(a) Related parties:

The Hospital is related to all Province of B.C. ministries, Crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity through its association with VCHA. Transactions with these entities, unless disclosed otherwise, are considered to be in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Balances are unsecured, non-interest-bearing and due on demand.

The financial statements include transactions and balances with these parties in the following amounts:

	2014	2013
Revenue		
Ministry of Health contributions	\$ 4,247,190	\$ 4,254,663
Amortization of deferred capital contributions	232,606	211,160
Medical Services Plan	111,450	112,365
	<u>\$ 4,591,246</u>	<u>\$ 4,578,188</u>
Expenses		
Compensation and benefits	\$ (78,891)	\$ (113,782)
Administration and support	62,901	61,051
Facility and equipment costs	66,046	74,944
Medical and diagnostic supplies	32,308	20,133
Contracted community health services	18,626	13,516
	<u>\$ 100,990</u>	<u>\$ 55,862</u>
Accounts receivable		
RW Large Memorial Hospital	\$ 50,697	\$ 43,277
Medical Services Plan	9,576	3,595
	<u>\$ 60,273</u>	<u>\$ 46,872</u>
Due to Vancouver Coastal Health Authority	\$ 222,468	\$ 789,475

Included in administration and support expense is \$50,000 (2013 - \$50,000) for financial support services and included in medical and diagnostic supplies is \$32,308 (2013 - \$20,000) for lab services, paid to the VCHA. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2014, with comparative figures for 2013

14. Related party and other agency operations (continued):

(b) UCHSS:

Included in recoveries and other income is rental income of \$40,000 (2013 - \$40,000). This transaction is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Hospital operates on land owned by the UCHSS. There is no rental agreement between the Hospital and the UCHSS, and as a result the use of the land is rent-free to the Hospital.

15. Risk management:

The Hospital is exposed to credit risk and liquidity risk from the entity's financial instruments. Qualitative and quantitative analysis of the significant risks from the Hospital's financial instruments is provided by type of risk below.

(a) Credit risk:

Credit risk primarily arises from the Hospital's accounts receivable. The risk exposure is limited to their varying amounts at the date of the Statement of Financial Position.

(b) Liquidity risk:

Liquidity risk is the risk that the Hospital will not be able to meet its financial obligations as they become due.

The Hospital receives its principal source of capital through funding received from the Ministry through VCHA. The Hospital defines capital to be net assets, debt and deferred capital contributions.

The Hospital is not subject to debt covenants or any other capital requirements with respect to operating funding. Funding received for designated purposes must be used for the purpose outlined in the funding letter. The Hospital has complied with the external restrictions on the funding provided.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2014, with comparative figures for 2013

16. Impact of accounting for restricted contributions in accordance with Section 23.1 of the Budget Transparency and Accountability Act:

As disclosed in the significant accounting policies note 1(b), Restricted Contributions Regulation 198/2011 requires the Hospital to recognize revenue from restricted contributions for the purpose of acquiring or developing a depreciable tangible capital asset on the same basis as the related amortization expense of the tangible capital asset. As these transfers do not contain stipulations or restrictions creating a liability over the term of the expected useful life of a related capital tangible asset, PSAS would require these contributions to be recognized in revenue as a tangible capital asset is acquired or development and construction of a tangible capital asset is complete.

The use of PSAS would have the following impact:

For the year ended March 31, 2013		
Increase in operating surplus		362,951
As at March 31, 2013		
Decrease in accumulated operating deficit	\$	2,273,623
Decrease in deferred capital contributions		2,273,623
For the year ended March 31, 2014		
Increase in operating deficit		1,236,258
As at March 31, 2014		
Decrease in accumulated operating deficit	\$	3,509,881
Decrease in deferred capital contributions		3,509,881

17. Subsequent Event:

As of April 1, 2014, the affiliation agreement between the UCHSS and the VCHA was terminated. All financial assets, non-financial assets and liabilities will be transferred to VCHA at their fair market value.