

Financial Statements of

**BELLA COOLA  
GENERAL HOSPITAL**

Year Ended March 31, 2011

## 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, 2011, and the statements of operations, changes in net assets 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 generally accepted accounting principles 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, 2011, and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Vancouver, British Columbia  
June 28, 2011

# Bella Coola General Hospital

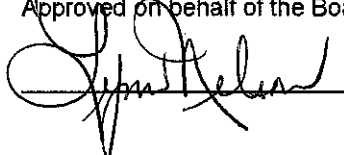
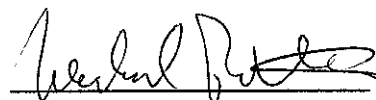
## Statement of Financial Position

March 31, 2011, with comparative figures for 2010

	2011	2010
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 421,002	\$ 745,234
Cash and cash equivalents -restricted	151,085	75,598
Accounts receivable (note 2)	203,899	175,820
Inventories of materials and supplies (note 4)	355,339	291,210
Prepaid expenses	114,878	96,536
	<u>1,246,203</u>	<u>1,384,398</u>
Investment - Isabel Kellet (note 5)	25,986	25,205
Capital assets (note 6)	1,894,073	1,954,912
	<u>\$ 3,166,262</u>	<u>\$ 3,364,515</u>
<b>Liabilities and Net Assets (Deficiency)</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 431,278	\$ 522,586
Due to Vancouver Coastal Health Authority (note 3)	494,764	721,681
Current portion of obligation under capital lease (note 8)	6,134	5,597
Current portion of retirement allowance (note 9(a))	21,498	20,673
	<u>953,674</u>	<u>1,270,537</u>
Obligation under capital lease (note 8)	16,042	22,176
Retirement allowance (note 9(a))	189,364	182,648
Deferred capital contributions (note 10)	1,987,159	1,965,775
	<u>3,146,239</u>	<u>3,441,136</u>
Net assets (deficiency):		
Invested in capital assets (note 11(a))	33,102	36,364
Isabel Kellet Trust Fund (note 5)	25,986	25,205
Unrestricted	(39,065)	(138,190)
	<u>20,023</u>	<u>(76,621)</u>
	<u>\$ 3,166,262</u>	<u>\$ 3,364,515</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

 Director  Director

# Bella Coola General Hospital

## Statement of Operations

Year Ended March 31, 2011, with comparative figures for 2010

	2011	2010
<b>Revenues:</b>		
Ministry of Health contributions	\$ 4,376,295	\$ 4,478,107
Medical compensation recovery	1,382,058	1,673,362
Pharmacy	1,265,653	1,111,656
Amortization of deferred capital contributions (note 10)	209,394	277,702
Patient fees	128,829	164,212
MSP and MSC sessional programs	117,453	131,984
Recoveries and other (note 3)	99,003	153,640
	<u>7,578,685</u>	<u>7,990,663</u>
<b>Expenses:</b>		
Compensation and benefits	3,282,427	3,397,665
Medical compensation	1,383,555	1,673,362
Drugs	898,202	870,753
Administration and support (note 3)	857,790	948,193
Facility and equipment costs	296,667	331,678
Medical and diagnostic supplies (note 3)	267,928	255,759
Depreciation of capital assets	224,324	291,651
Contracted community health services	105,281	99,231
Patient support	105,280	94,651
Purchased services	60,587	45,181
	<u>7,482,041</u>	<u>8,008,124</u>
Excess (deficiency) of revenues over expenses	\$ 96,644	\$ (17,461)

See accompanying notes to financial statements.

**Bella Coola General Hospital**  
 Statement of Changes in Net Assets (Deficiency)

Year Ended March 31, 2011, with comparative figures for 2010

	Invested in capital assets (Note 11)	Internally restricted for projects (Note 5)	Unrestricted	2011	2010
Balance, beginning of year	\$ 36,364	\$ 25,205	\$ (138,190)	\$ (76,621)	\$ (59,160)
Excess (deficiency) of revenues over expenses	(14,930)	781	110,793	96,644	(17,461)
Transfer to invested in capital assets	11,668	-	(11,668)	-	-
Balance, end of year	\$ 33,102	\$ 25,986	\$ (39,065)	\$ 20,023	\$ (76,621)

See accompanying notes to financial statements.

# Bella Coola General Hospital

## Statement of Cash Flows

Year Ended March 31, 2011, with comparative figures for 2010

	2011	2010
Cash flows from operating activities:		
Excess (deficiency) of revenues over expenses	\$ 96,644	\$ (17,461)
Items not involving cash:		
Amortization of deferred capital contributions	(209,394)	(277,702)
Depreciation of capital assets	224,324	291,651
Retirement allowance expense	28,214	15,104
	139,788	11,592
Net change in non-cash operating items (note 13 (b))	(428,775)	(47,134)
	(288,987)	(35,542)
Cash flows used by investing activities:		
Net change in investment	(781)	(752)
Purchase of capital assets	(163,485)	(67,757)
	(164,266)	(68,509)
Cash flows from financing activities:		
Capital contributions	230,778	130,646
Repayment of capital lease obligations	(5,597)	(5,107)
Retirement allowance contributions	(20,673)	(14,307)
	204,508	111,232
Increase (decrease) in cash and cash equivalents	(248,745)	7,181
Cash and cash equivalents, beginning of year	820,832	813,651
Cash and cash equivalents, end of year	\$ 572,087	\$ 820,832
Cash and cash equivalents consists of:		
Cash	\$ 121,466	\$ 451,153
Cash equivalents	299,536	294,081
Cash equivalents - restricted	151,085	75,598
	\$ 572,087	\$ 820,832

Supplemental Information (Note 13(a))

See accompanying notes to financial statements.

# BELLA COOLA GENERAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2011, with comparative figures for 2010

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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:

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

#### (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 presentation:

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

#### (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. The interest rate for these term deposits range from 1.08% to 2.96%. Externally restricted cash and cash equivalents are shown as restricted on these financial statements.

#### (d) Investment:

The Hospital classifies its investment as held-for-trading which is, therefore, measured at fair value.

#### (e) Inventories of materials and supplies:

Inventories of materials and supplies are measured at the lower of average cost and replacement cost. Pharmacy inventories for resale are measured at the lower of cost and net realizable cost.

# BELLA COOLA GENERAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2011, with comparative figures for 2010

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### 1. Significant accounting policies (continued):

#### (f) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. The Hospital records depreciation on its assets on a straight-line basis over the useful life of the assets as follows:

Buildings	20 years
Major equipment	5-20 years
Pharmacy equipment	5-20 years
Equipment under capital lease	Term of lease

#### (g) Internally restricted net assets:

The Hospital has internally restricted certain funds for a variety of uses. These uses include repairs and maintenance, capital asset acquisitions, staff training and other sundry uses. Use of these funds is limited to the related terms of reference as approved by the Board.

#### (h) Revenue recognition:

The Hospital follows the deferral method of accounting for contributions, which include donations and government contributions.

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

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably established and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized to revenue on the same basis as the related capital assets are depreciated. Contributions restricted for the purchase of non-depreciable capital assets are recognized as a direct increase in net assets.

Pharmacy revenue is recognized when sales are made.



# BELLA COOLA GENERAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2011, with comparative figures for 2010

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### 1. Significant accounting policies (continued):

(i) Employee benefits:

(i) Liabilities, net of plan assets, are recorded for employee retirement allowance benefits, as employees render services to earn 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). For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Actuarial gains and losses that exceed 10% of the benefit obligation are amortized over the average remaining service period of active covered employees. The average remaining service period of the active covered employees entitled to retirement allowance benefits is 10 years (2010 - 10 years). Past service costs arising from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

(ii) Defined contribution plan accounting is applied to multiple-employer defined benefit plans and, accordingly, contributions are expensed.

(j) Income taxes:

The Hospital is exempt from federal and provincial income and capital taxes.

(k) Asset and service contributions:

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

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.

# BELLA COOLA GENERAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2011, with comparative figures for 2010

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### 1. Significant accounting policies (continued):

#### (l) Measurement uncertainty:

The preparation of these 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 revenue and expenses during the reporting period. Management reviews all significant estimates affecting its financial statements on a recurring basis and records the effect of any necessary adjustments. Significant areas requiring the use of estimates include: valuation of accounts receivable and inventories of materials and supplies; the determination of obsolescence and useful lives for depreciation of capital assets and amortization of deferred capital contributions; accrued liabilities and contingent liabilities; and the assumptions with respect to long-term disability benefits and retirement allowance. Actual results could differ from the estimates.

#### (m) Financial instruments:

The Hospital has designated all non-derivative financial assets and liabilities as held-for-trading with the exception of certain obligations designated as other liabilities and receivables.

- The Hospital initially records all non-derivative financial assets and liabilities at fair value.
- Assets and liabilities classified as held-for-trading are measured at fair value and changes in fair value are recognized in the statement of operations.
- Other liabilities which include the Hospital's accrued retirement allowance liabilities are recorded at amortized cost.
- All transaction costs incurred on receivables and other liabilities are incorporated in the fair value of the instrument and are amortized to operations using the effective interest rate method.

Assets and liabilities classified as available-for-sale are measured at fair value and changes in fair value are recorded in the statement of changes in net assets until the financial instruments are re-recognized or other than temporarily impaired at which time the amounts are recorded in the statement of operations. The Hospital has not classified any assets or liabilities as available-for-sale.

The standards require derivative instruments to be recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. All changes in the fair value of derivatives are recognized as earnings unless specific hedge criteria are met, which require that an entity must formally document, designate and assess the effectiveness of transactions that received hedge accounting.

# BELLA COOLA GENERAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2011, with comparative figures for 2010

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### 1. Significant accounting policies (continued):

#### (m) Financial instruments (continued):

The Hospital's financial instruments include cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, due to the VCHA and accrued retirement allowance liability. It is management's opinion that the Hospital is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these instruments approximate their carrying values, except for the fair value of accrued retirement allowance liability which is disclosed in Note 9.

The Hospital has elected to defer applying Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3862, Financial Instruments – Disclosure, and 3863, Financial Instruments – Presentation. Sections 3862 and 3863 place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how an entity manages those risks. The Hospital has elected to continue to apply the financial instrument disclosure and presentation standards in accordance with Section 3861.

#### (n) Future accounting pronouncement:

Effective April 1, 2012, the Hospital will be transitioning to Public Sector Accounting Standards (PSAB) on a retrospective basis. The Hospital is reviewing the impact of this change on the financial statements.

### 2. Accounts receivable:

	2011	2010
Patients, agencies and others	\$ 162,190	\$ 152,704
HST rebates	30,903	15,108
Medical Services Plan	10,806	8,008
	\$ 203,899	\$ 175,820

# BELLA COOLA GENERAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2011, with comparative figures for 2010

### 3. Related party transactions:

#### (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. 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.

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

	2011	2010
<b>Revenue</b>		
Ministry of Health contributions	\$ 4,376,295	\$ 4,478,107
Medical Services Plan	117,453	131,984
	<u>\$ 4,493,748</u>	<u>\$ 4,610,091</u>
<b>Expenses</b>		
Compensation and benefits	\$ (78,988)	\$ 0
Administration and support	60,558	59,613
Facility and equipment costs	61,210	56,992
Medical and diagnostic supplies	21,028	21,092
Contracted community health services	13,695	7,216
	<u>\$ 77,503</u>	<u>\$ 144,913</u>
<b>Accounts receivable</b>		
RW Large Memorial Hospital	\$ 41,627	\$ 77,536
Medical Services Plan	10,806	8,008
	<u>\$ 52,433</u>	<u>\$ 85,544</u>
Due to Vancouver Coastal Health Authority	\$ 494,764	\$ 721,681
Deferred capital contributions	\$ 1,838,795	\$ 1,890,775

The amount due to VCHA of \$494,764 (2010 - \$721,681) is unsecured, non-interest – bearing, and due on demand. The amount arises from payments made by the VCHA on behalf of the Hospital.

Included in administration and support expense is \$50,000 (2010 - \$50,000) for financial support services and included in medical and diagnostic supplies is \$20,000 (2010 - \$0) for lab services, paid to the VCHA.

Included in accounts receivable is \$41,627 (2010 - \$77,536) due from RW Large Memorial Hospital.

# BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2011, with comparative figures for 2010

### 3. Related party transactions (continued):

(b) UCHSS:

Included in administration and support expenses are \$200,000 (2010 - \$200,000) paid to the UCHSS. Included in recoveries and other revenue is rental income of \$39,046 (2010 - \$39,046).

Included in accounts payable and accrued liabilities is \$100,000 (2010 - \$100,000) due to UCHSS. This amount is unsecured, non-interest-bearing, and due on demand.

### 4. Inventories of materials and supplies:

Inventories of materials and supplies are comprised of:

	2011	2010
Pharmaceuticals	\$ 313,632	\$ 242,594
Medical supplies	41,707	48,616
	\$ 355,339	\$ 291,210

### 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 maturity in 2011 and interest rate of 3.25%. The investment is recorded at cost plus accrued interest. Fair value of this investment does not differ materially from the recorded value.

### 6. Capital assets:

2011	Cost	Accumulated Depreciation	Net book value
Buildings	\$ 7,106,715	\$ 5,689,550	\$ 1,417,165
Pharmacy equipment	28,547	28,547	0
Major equipment	1,973,147	1,515,493	457,654
Equipment under capital lease	34,346	15,092	19,254
	\$ 9,142,755	\$ 7,248,682	\$ 1,894,073

# BELLA COOLA GENERAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2011, with comparative figures for 2010

### 6. Capital assets (continued):

2010	Cost	Accumulated Depreciation	Net book value
Buildings	\$ 7,106,715	\$ 5,553,656	\$ 1,553,059
Pharmacy equipment	28,547	27,517	1,030
Major equipment	1,809,661	1,434,858	374,803
Equipment under capital lease	34,346	8,326	26,020
	\$ 8,979,269	\$ 7,024,357	\$ 1,954,912

### 7. Accounts payable and accrued liabilities:

	2011	2010
Trade accounts payable and accrued liabilities	\$ 185,474	\$ 219,666
Accrued vacation payable	141,325	143,952
Salaries and benefits payable	104,479	158,968
	\$ 431,278	\$ 522,586

### 8. Obligation under capital lease:

Minimum payments under capital lease for the year ended March 31 are as follows:

2012	\$ 7,920
2013	7,920
2014	7,920
2015	1,980
	25,740
Imputed interest at 9.2%	(3,564)
	22,176
Current portion	(6,134)
Long-term portion	\$ 16,042

# BELLA COOLA GENERAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2011, with comparative figures for 2010

### 9. 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 liability related to this benefit is based on an actuarial valuation as at March 31, 2011, using an early measurement date, as at December 31, 2010. The next expected valuation will be as of December 31, 2011

Information about employee retirement allowance benefits is as follows:

	2011	2010
Opening accrued benefit obligation	\$ 203,321	\$ 202,524
Service costs	16,457	9,388
Interest costs	11,870	10,414
Amortization	(113)	(4,698)
Benefits paid	(20,673)	(14,307)
Accrued benefit obligation	\$ 210,862	\$ 203,321
Unamortized balances	-	-
Retirement allowance liabilities	210,862	203,321
Less: current portion of retirement allowance	21,498	20,673
Long-term portion of retirement allowance	\$ 189,364	\$ 182,648

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

	2011	2010
Accrued benefit obligation as at March 31:		
Discount rate	5.25%	6.25%
Rate of compensation increase	2.50%	2.50%
Benefit costs for years ended March 31:		
Discount rate	6.25%	7.25%
Rate of compensation increase	2.50%	2.50%

# BELLA COOLA GENERAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2011, with comparative figures for 2010

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### 9. Employee benefits (continued)

#### (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 employees belonging to the Hospital Employees' Union, the British Columbia Nurses' Union, the International Union of Operating Engineers, the British Columbia Government and Service Employees' Union, the Canadian Union of Public Employees, the Health Sciences Association, the Professional Association of Residents and Interns, and certain non-unionized employees. The Trust is subject to actuarial valuation every year. The most recent actuarial valuation at December 31, 2010 indicated a surplus of \$17.3 million.

Due to prior actuarial valuation deficits, the Trust has implemented a Deficit Reduction Plan with the objective of returning the Trust to a 95% funded position by September 2012. As a multi-employer plan, the actuary does not attribute the unfunded liability to individual employers. Consequently, the Hospital's share of this unfunded liability cannot be determined.

Contributions to the Trust of \$112,440 (2010 - \$83,470) were expensed during the year.

#### (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 \$308,833 (2010 - \$333,323) 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, 2009 indicated an unfunded liability of \$1,024 million. The actuary does not attribute portions of the deficit to individual employers. The Plan covers approximately 163,000 active employees, of which 50 are employees of the Hospital. The next required valuation will be as of December 31, 2012.



# BELLA COOLA GENERAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2011, with comparative figures for 2010

### 10. Deferred capital contributions:

Deferred capital contributions represent externally restricted contributions and other funding received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2011	2010
Deferred capital contributions, beginning of year	\$ 1,965,775	\$ 2,112,831
Capital contributions received or receivable	230,778	130,646
	2,196,553	2,243,477
Amortization for the year	(209,394)	(277,702)
Deferred capital contributions, end of year	\$ 1,987,159	\$ 1,965,775

Deferred capital contributions are comprised of the following:

	2011	2010
Contributions used to purchase capital assets	\$ 1,838,795	\$ 1,890,775
Unspent contributions	148,364	75,000
	\$ 1,987,159	\$ 1,965,775

### 11. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2011	2010
Capital assets	\$ 1,894,073	\$ 1,954,912
Obligation under capital lease	(22,176)	(27,773)
Amount financed by deferred capital contributions	(1,838,795)	(1,890,775)
	\$ 33,102	\$ 36,364

(b) Deficiency of revenue over expenses:

	2011	2010
Amortization of deferred capital contributions	\$ 209,394	\$ 277,702
Depreciation of capital assets	(224,324)	(291,651)
	\$ (14,930)	\$ (13,949)

# BELLA COOLA GENERAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2011, with comparative figures for 2010

### 11. Invested in capital assets (continued):

(c) Transfer to invested in capital assets:

	2011	2010
Purchase of capital assets	\$ 163,485	\$ 67,757
Amounts funded by deferred capital contribution	(157,414)	(55,646)
Capital lease repayments, net	5,597	5,107
	\$ 11,668	\$ 17,218

### 12. Capital management:

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

The Hospital's objectives when managing financial assets are to ensure sufficient resources are available to service its patients and community.

The Hospital plans to achieve these objectives by focusing on cost control, investing excess funds, adjusting the asset mix of investments as necessary and by relying on contributions made by members to fund operations.

Except for the Isabel Kellet Trust Fund, as described in Note 5, restricted cash equivalents and contributions, there are no external restrictions on capital; however, internal restrictions have been imposed.

# BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2011, with comparative figures for 2010

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## 13. Statement of cash flows:

(a) During the year, the Hospital paid interest of \$2,323 (2010 - \$2,935) and earned interest of \$7,531 (2010 - \$5,850).

(b) Net Change in non-cash operating items:

	2011	2010
Accounts receivable	\$ (28,079)	\$ (103,936)
Due to related party	0	9,761
Inventories of materials and supplies	(64,129)	20,202
Prepaid expenses	(18,342)	3,758
Accounts payable and accrued liabilities	(91,308)	(18,613)
Due to Vancouver Coastal Health Authority	(226,917)	77,921
Deferred operating contributions	0	(36,227)
	<u>\$ (428,775)</u>	<u>\$ (47,134)</u>

## 14. Comparative figures:

Certain of the prior year's figures have been reclassified to conform with current year's presentation.