

**STUART - NECHAKO REGIONAL
HOSPITAL DISTRICT**

**ANNUAL REPORT
AND FINANCIAL STATEMENTS**

December 31, 2010

Stuart-Nechako

Regional Hospital District

P.O. Box 820
Burns Lake, B.C. V0J 1E0
Phone (250) 692-3195
Fax (250) 692-3305

2010 Annual Report

April 11, 2011

To the Board of Directors:

I am pleased to submit the financial statements of the Stuart-Nechako Regional Hospital District for the year ended December 31, 2010. The purpose of the Annual Report is to provide Directors and the public with additional explanation of the Financial Statements.

The Stuart-Nechako Regional Hospital District (the Regional Hospital District) was incorporated in November, 1998. Its role, under the *Hospital District Act*, is to provide a portion (usually 40%) of the funds required by hospitals within its boundaries for equipment, renovations and new construction. This funding is raised through property taxes. The Regional Hospital District provides funding to the following facilities, all operated by the Northern Health Authority: the Fraser Lake Diagnostic and Treatment Centre, the Granisle Health Centre, the Lakes District Hospital and the Pines Multi-level Care Facility (both in Burns Lake), the St. John Hospital and Stuart-Nechako Manor (both in Vanderhoof) and the Stuart Lake Hospital (Fort St. James).

In 1999, the Regional Hospital District began making contributions to a capital reserve for major projects. This initial reserve fund was in support of the construction of the new Complex Care addition to the St. John Hospital which was completed in 2005 and renamed Stuart-Nechako Manor. Since the completion of Stuart-Nechako Manor, the Regional Hospital District began contributing towards a reserve for hospital replacement. At the beginning of 2010 there was a balance of \$3,896,662 in the reserve fund. During 2010 the Regional Hospital District contributed \$50,359 from donations to the reserve fund and earned \$23,908 in interest, resulting in a reserve fund balance of \$3,970,929 at December 31, 2010.

The Regional Hospital District contributed towards hospital capital expenditures in the amount of \$417,528 during 2010. This included contributions of \$289,197 for clinical equipment items costing less than \$100,000 throughout the region as well as \$15,000 towards the remediation of building deficiencies for healthcare facilities within its boundaries and \$113,331 towards the cost of a clinical information system, called Health Link North. During 2011, the focus will be on completion of the outstanding project from last year and to fund the planning costs for the replacement of the Lakes District Hospital in Burns Lake.

The Operating Fund has surplus of \$1,268,233 for 2010. This amount, combined with the surplus from the prior years, will roll forward to 2011 and will be spent on 2011 budget items, primarily for the outpatient renovations at the St. John Hospital in Vanderhoof and the planning costs for the replacement of the Burns Lake Hospital.

The Regional Hospital District does not have its own staff or facilities. It shares staff and facilities with the Regional District of Bulkley-Nechako and its board meetings are held in conjunction with Regional District board meetings. Accordingly, administrative costs, which are primarily reimbursements to the Regional District, are generally kept under \$2,000 per month.


Hans Berndorff, C.A.

Incorporated November 19, 1998

Municipalities: Districts of Fort St. James and Vanderhoof, Villages of Burns Lake, Fraser Lake and Granisle
Electoral Areas: B (Burns Lake Rural), C (Fort St. James Rural), D (Fraser Lake Rural), E (Ootsa/Francois Lake Rural)
and F (Vanderhoof Rural)

RHN SCHMITZ de GRACE

Chartered Accountants

Partners

- Lynn Ross CA
- Norm Hildebrandt BBA, CA
- Kerry Nichiporik CA
- Allison Twiss BComm, CA

• Denotes professional corporation

1116 Sixth Avenue
Prince George, BC, V2L 3M6
Tel. (250) 564-2515
Fax (250) 562-8722
E-mail: office@rhngroup.ca

INDEPENDENT AUDITORS' REPORT

To the Directors of
Stuart – Nechako Regional Hospital District

We have audited the accompanying financial statements of the Stuart – Nechako Regional Hospital District, which comprise the statement of financial position as at December 31, 2010, and the statements of financial activities, and of cash flow 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 standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 opinion.

RHN SCHMITZ de GRACE

Chartered Accountants

Partners

- Lynn Ross CA
- Norm Hildebrandt BBA, CA
- Kerry Nichiporik CA
- Allison Twiss BComm, CA

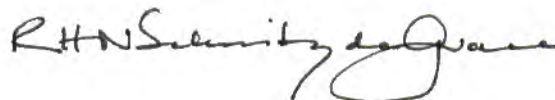
- Denotes professional corporation

1116 Sixth Avenue
Prince George, BC, V2L 3M6
Tel. (250) 564-2515
Fax (250) 562-8722
E-mail: office@rhngroup.ca

INDEPENDENT AUDITORS' REPORT, continued

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Stuart – Nechako Regional Hospital District as at December 31, 2010, and its financial performance and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Hospital District Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.



April 14, 2011
Prince George, BC

CHARTERED ACCOUNTANTS

STUART - NECHAKO REGIONAL HOSPITAL DISTRICT

STATEMENT OF FINANCIAL POSITION

December 31, 2010

	<u>2010</u>	<u>2009</u>
FINANCIAL ASSETS		
Cash and temporary investments	\$ 5,985,296	\$ 4,712,487
Accounts receivable	<u>8,237</u>	<u>3,254</u>
	5,993,533	4,715,741
LIABILITIES		
Accounts payable and accrued liabilities	<u>21,115</u>	<u>11,556</u>
NET FINANCIAL POSITION	<u>\$ 5,972,418</u>	<u>\$ 4,704,185</u>
REPRESENTED BY:		
Current funds	\$ 2,001,489	\$ 807,523
Reserve funds (Note 4)	<u>3,970,929</u>	<u>3,896,662</u>
	<u>\$ 5,972,418</u>	<u>\$ 4,704,185</u>

Approved By The Board:

Chairperson _____

Treasurer _____

See notes to the financial statements.

RHN SCHMITZ de GRACE
Chartered Accountants

STUART - NECHAKO REGIONAL HOSPITAL DISTRICT

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2010

	2010		2009
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
REVENUE			
Property tax requisition	\$ 1,603,646	\$ 1,603,646	\$ 1,395,017
Donations	75,000	57,185	1,961
Interest	5,000	32,873	42,677
Grants in lieu of taxes	5,000	11,687	6,009
	<u>1,688,646</u>	<u>1,705,391</u>	<u>1,445,664</u>
EXPENDITURES			
Grants for capital expenditures	2,397,668	417,528	467,968
Administration and audit	23,500	19,630	12,030
	<u>2,421,168</u>	<u>437,158</u>	<u>479,998</u>
ANNUAL SURPLUS	(732,522)	1,268,233	965,666
FINANCIAL POSITION AT BEGINNING OF THE YEAR	<u>4,704,185</u>	<u>4,704,185</u>	<u>3,738,519</u>
FINANCIAL POSITION AT END OF THE YEAR	<u><u>\$ 3,971,663</u></u>	<u><u>\$ 5,972,418</u></u>	<u><u>\$ 4,704,185</u></u>

See notes to the financial statements.

RHN SCHMITZ de GRACE
Chartered Accountants

STUART - NECHAKO REGIONAL HOSPITAL DISTRICT

STATEMENT OF CASH FLOW

For the year ended December 31, 2010

	<u>2010</u>	<u>2009</u>
ANNUAL SURPLUS		
Excess revenue for the year	<u>\$ 1,268,233</u>	<u>\$ 965,666</u>
Changes in non-cash working capital:		
Accounts receivable	<u>(4,983)</u>	2,448
Accounts payable and accruals	<u>9,559</u>	<u>4,951</u>
	<u>4,576</u>	<u>7,399</u>
INCREASE DURING THE YEAR	1,272,809	973,065
CASH AND TEMPORARY INVESTMENTS AT BEGINNING OF THE YEAR	<u>4,712,487</u>	<u>3,739,422</u>
CASH AND TEMPORARY INVESTMENTS AT END OF YEAR	<u><u>\$ 5,985,296</u></u>	<u><u>\$ 4,712,487</u></u>

See notes to the financial statements.

RHN SCHMITZ de GRACE
Chartered Accountants

STUART – NECHAKO REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2010

1. BASIS OF PREPARATION

The Regional Hospital District prepares its financial statements in accordance with Canadian generally accepted accounting principles for government using guidelines developed by the Public Sector Accounting Board (“PSAB”) of the Canadian Institute of Chartered Accountants.

No Schedule of Expenditures by function has been presented because the Regional Hospital District has only one function – providing financing for equipment, renovation and construction of Hospitals and Health Centres.

No Consolidated Statement of Change in Net Debt has been included because the Regional Hospital District does not own non-financial assets. The function of this statement is to reconcile financial and non-financial assets.

2. OPERATIONS

The Regional Hospital District was incorporated in November 1, 1998, and commenced operations on January 1, 1999.

3. INVESTMENTS

Investments are held in Municipal Finance Authority money market funds at varying interest rates throughout the year. The average interest rate for the year was 1.0% (2009 – 1.0%).

4. RESERVE FUNDS

	<u>2010</u>	<u>2009</u>
Opening balance	\$ 3,896,662	\$ 2,880,449
Contributions	50,359	983,923
Interest	<u>23,908</u>	<u>32,290</u>
Closing balance of funds	<u>\$ 3,970,929</u>	<u>\$ 3,896,662</u>

The reserve funds are intended to provide for the replacement of acute care facilities in the Regional Hospital District.

5. USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of sales and expenses during the year. Actual results could differ from management's best estimates as additional information becomes available in the future.

STUART – NECHAKO REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2010

6. FINANCIAL INSTRUMENTS

The Regional Hospital District's financial instruments are comprised of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities.

a) Credit Risk

The Regional Hospital District does not issue credit in the normal course of doing business. Credit risk is minimal.

b) Interest Rate Risk

The Regional Hospital District is exposed to interest rate risk from fluctuating interest rates on investments.

c) Fair Value

The fair value of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities is approximately equal to their carrying value due to their short-term maturities.

7. BUDGET

The budget figures presented for comparative purposes were not subject to audit procedures. These figures were extracted from the 2010 final budget, adopted in March of 2010.