

Financial Statements of

CENTRAL KOOTENAY REGIONAL HOSPITAL DISTRICT

December 31, 2009

CENTRAL KOOTENAY REGIONAL HOSPITAL DISTRICT
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December 31, 2009

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September 24, 2010

Nelson, B.C.

AUDITORS' REPORT

To the Chairman and Members
Central Kootenay Regional Hospital District
Nelson, B.C.

We have audited the statement of financial position of the Central Kootenay Regional Hospital District as at December 31, 2009 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Hospital District's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Central Kootenay Regional Hospital District at December 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for local governments in British Columbia.



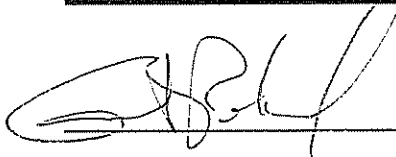
Chartered Accountants

September 24, 2010

Nelson, B.C.

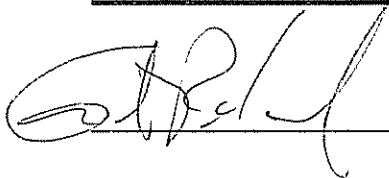
CENTRAL KOOTENAY REGIONAL HOSPITAL DISTRICT
STATEMENT OF FINANCIAL POSITION
As AT December 31, 2009

	2009	2008
FINANCIAL ASSETS		
Cash	\$ 90,235	\$ 87,330
Accounts receivable	947	690
	91,182	88,020
LIABILITIES		
Accounts payable and accrued liabilities	87,934	87,934
Debenture debt - MFA	375,066	611,385
	463,000	699,319
NET DEBT	(371,818)	(611,299)
NON-FINANCIAL ASSETS		
Investment in District Hospitals (note 2)	-	10,827,696
ACCUMULATED SURPLUS (DEFICIT)	\$(371,818)	\$10,216,397


Chief Financial Officer

CENTRAL KOOTENAY REGIONAL HOSPITAL DISTRICT
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2009

	Budget 2009	Actual 2009	Actual 2008
REVENUE			
Tax levy	\$ 430,411	\$ 430,410	\$ 431,857
Grants - in lieu of taxes	800	774	733
Interest earnings - MFA	1,000	1,326	1,875
Contributions from sinking funds	-	1,459	295
	<u>432,211</u>	<u>433,969</u>	<u>434,760</u>
EXPENDITURES			
Debt charges			
Sinking Fund		Debentures	
Interest - paid	303,364	303,365	303,498
Interest accrued - end of year	-	86,078	86,078
Interest accrued - beginning of year	-	(86,078)	(86,094)
	<u>303,364</u>	<u>303,365</u>	<u>303,482</u>
Other expenditures			
Administration fees	12,000	12,000	14,500
Fiscal services - MFA deposit	1,500	1,326	1,875
Audit and legal	2,000	2,000	2,230
Bank loan interest - temporary borrowing	2,300	1,069	2,186
	<u>17,800</u>	<u>16,395</u>	<u>20,791</u>
	<u>321,164</u>	<u>319,760</u>	<u>324,273</u>
ANNUAL SURPLUS	<u>111,047</u>	<u>114,209</u>	<u>110,487</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	10,216,397	9,991,684
Actuarial increase	-	125,272	114,226
Removal of non-recoverable advances to Hospitals	-	(10,827,696)	-
ACCUMULATED DEFICIT, END OF YEAR	<u>\$ 111,047</u>	<u>\$(371,818)</u>	<u>\$10,216,397</u>
RECONCILIATION TO BUDGET			
Annual surplus	\$ 111,047		
Debt principal repayments	(111,047)		
BUDGETED ANNUAL SURPLUS AFTER CAPITAL AND OTHER ITEMS	<u>\$ -</u>		



Chief Financial Officer

CENTRAL KOOTENAY REGIONAL HOSPITAL DISTRICT

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2009

	2009	2008
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 114,209	\$ 110,487
Changes in non-cash financial assets	(257)	1
Changes in non-cash current liabilities	-	(16)
<hr/>		
Cash Provided By Operating Activities	113,952	110,472
<hr/>		
FINANCING ACTIVITIES		
Actuarial increase	125,272	114,226
Debenture debt retirement	(236,319)	(225,586)
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Cash Used For Financing Activities	(111,047)	(111,360)
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INCREASE (DECREASE) IN CASH	2,905	(888)
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CASH, BEGINNING OF YEAR	87,330	88,218
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CASH, END OF YEAR	\$ 90,235	\$ 87,330
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CENTRAL KOOTENAY REGIONAL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
As At December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

It is the Central Kootenay Regional Hospital District's policy to follow accounting principles generally accepted for local governments in British Columbia. These financial statements have been prepared using guidelines issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Financial Instruments

The District's financial instruments consist of cash, accounts receivable, accounts payable, and long-term debt. It is management's opinion that the District is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

Use of Estimates

The preparation of financial statements in conformity 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 revenues and expenses during the reporting periods. Actual results could differ from those estimates.

2. INVESTMENT IN DISTRICT HOSPITALS

The Central Kootenay Regional Hospital District has made the following advances to District Hospitals for construction, as follows:

Arrow Lakes Hospital	\$ 923,104
Castlegar and District Hospital	4,502,467
Creston Valley Hospital	1,914,988
Creston Valley Hospital - lands	10,460
Kootenay Lake Regional Hospital	1,762,371
Mount St. Francis Hospital	498,607
Slocan Community Hospital	967,691
Victorian Hospital of Kaslo	<u>248,008</u>
	<u>\$10,827,696</u>

These advances are non-recoverable and were removed from the District's statement of financial position in the current year.

CENTRAL KOOTENAY REGIONAL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
As At December 31, 2009

3. MUNICIPAL FINANCE AUTHORITY DEBT RESERVE FUND

The Municipal Finance Authority has established a Debt Reserve Fund for every security issue in which the Regional Hospital District has participated. If, at any time, the Authority does not have sufficient funds to meet the payments or Sinking Fund contributions due on its obligations, the payments or Sinking Fund contributions shall be made from the Debt Reserve Fund.

The cash deposits portion of the MFA Debt Reserve Fund earns interest annually and the balance is refundable to the Hospital District upon retirement of the related debt.

	Cash	Demand Note Requirement	2009 Total	2008 Total
Balance, beginning of year	\$ 46,530	\$ 166,718	\$ 213,248	\$ 211,677
Add: Interest earnings	1,325	-	1,325	1,876
Deduct: Payouts on debt retirement	-	-	-	(306)
Balance, end of year	<u>\$ 47,855</u>	<u>\$ 166,718</u>	<u>\$ 214,573</u>	<u>\$ 213,247</u>

4. CONTINGENT LIABILITY

The loan agreements with the Municipal Finance Authority provide that if the Authority does not have sufficient funds to meet payments on its obligations it shall make payments from the Debt Reserve Fund which is established by Debt Reserve Fund contributions of the Hospital District and all other borrowing participants. If the Debt Reserve Fund is deficient, the Authority's obligations become a liability of the Hospital District and may become a liability of the Hospital District and the participating municipalities.

5. LONG-TERM DEBT

The estimated principal payments required in the next five years, on the long-term debt, are as follows:

2010	\$ 111,047
2011	\$ 100,197
2012	\$ 90,480
2013	\$ 45,026
2014	\$ 10,649

6. COMPARATIVE FIGURES

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

CENTRAL KOOTENAY REGIONAL HOSPITAL DISTRICT
SCHEDULE OF INDEBTEDNESS
For the Year Ended December 31, 2009

LONG-TERM DEBT MFA Debt	MFA Issue	Principal Debt Outstanding December 31, 2008	New Issues 2009	Principal Payments		Actuarial Additions 2009	Canadian Funds 2009 Interest Payments	Principal Debt Outstanding December 31, 2009
				Sinking Funds Deposits 2009	Funds 2009			
CKRHD Provincial Issue								
BYLAW 69 HPCP38	527	\$ 15,115	\$ -	\$ 3,249	\$ -	\$ 4,124	\$ 10,111	\$ 7,742
HPCP 39	528	43,687	-	9,395	-	11,916	30,484	22,376
HPCP 40	529	24,665	-	5,325	-	6,707	17,992	12,633
HPCP 41	530	28,298	-	6,239	-	7,565	18,804	14,494
HPCD-D	519	269,235	-	36,177	-	49,226	134,780	183,832
HPCP-45	533	50,207	-	7,558	-	8,368	21,778	34,281
HPCP-47	535	49,630	-	7,344	-	8,398	21,455	33,888
RHDCDK-01	616	63,342	-	7,108	-	7,588	20,434	48,646
BCRHD-CDN1	620	38,760	-	3,541	-	3,474	9,200	31,745
BCRHD B/L 171 MFA74	74	52,172	-	11,762	-	4,788	8,773	35,622
BCRHD B/L 171 MFA75	75	59,213	-	13,349	-	5,434	9,554	40,430
		694,324	-	111,047	-	117,588	303,365	465,689
Actuarial accrual and accrued interest 2008		(82,939)	-	-	-	(82,939)	(86,078)	-
Actuarial accrual and accrued interest 2009		-	-	-	-	90,623	86,078	(90,623)
		\$ 611,385	\$ -	\$ 111,047	\$ -	\$ 125,272	\$ 303,365	\$ 375,066