



## Notice of Meeting and Meeting Agenda Capital Regional Hospital District Board

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Wednesday, May 12, 2021

1:05 PM

6th Floor Boardroom  
625 Fisgard Street  
Victoria, BC

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The Capital Regional District strives to be a place where inclusion is paramount and all people are treated with dignity. We pledge to make our meetings a place where all feel welcome and respected.

### 1. TERRITORIAL ACKNOWLEDGEMENT

### 2. APPROVAL OF THE AGENDA

### 3. ADOPTION OF MINUTES

- 3.1. [21-373](#) Minutes of the April 14, 2021 Capital Regional Hospital District Board Meeting

**Recommendation:** That the minutes of the Capital Regional Hospital District Board meeting of April 14, 2021 be adopted as circulated.

**Attachments:** [2021-04-14MinutesHB](#)

### 4. REPORT OF THE CHAIR

### 5. PRESENTATIONS/DELEGATIONS

*In keeping with directives from the Province of BC, this meeting will be held by Live Webcast without the public present.*

*To participate electronically, complete the online application for "Addressing the Board" on our website. Alternatively, you may email the CRD Board at [crdboard@crd.bc.ca](mailto:crdboard@crd.bc.ca).*

### 6. CONSENT AGENDA

6.1. [21-254](#) Capital Regional Hospital District 2020 Audit Findings Report and Audited Financial Statements

**Recommendation:** The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:  
That the Capital Regional Hospital District 2020 Audit Findings Report be received and the Capital Regional Hospital District 2020 Audited Financial Statements be approved.  
(NWA)

**Attachments:** [Staff Report: CRHD 2020 Audit Findings & Financial Statements](#)  
[Appendix A: CRHD 2020 Audited Financial Statements](#)  
[Appendix B: 2020 CRHD Audit Findings Report-KPMG](#)  
[Appendix C: 2020 CRHD Additional Financial Analysis](#)

## 7. ADMINISTRATION REPORTS

## 8. REPORTS OF COMMITTEES

8.1. [21-327](#) 2021 Minor Capital Projects and Equipment - Approval of Capital Bylaw

**Recommendation:** The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:  
1) That the recommended 2021 Minor Capital Projects totalling \$3,750,000 be approved and expensed from the 2021 requisition;  
2) That the recommended 2021 equipment grants of \$30,000 to Mount St. Mary Hospital and \$2,925,000 to Island Health be approved and expensed from the 2021 requisition;  
3) That Bylaw No. 406, "Capital Regional Hospital District Capital Bylaw No. 180, 2021" be introduced and read a first, second and third time; and  
4) That Bylaw No. 406 be adopted.  
(WA, 2/3rd on adoption)

**Attachments:** [Staff Report: 2021 Minor Capital Projs & Equip-Aprvl Capital Bylaw](#)  
[Appendix A: Island Health 2021 Minor Capital Projs & Equip](#)  
[Appendix B: Capital Bylaw No. 406](#)

## 9. BYLAWS

## 10. NOTICE(S) OF MOTION

## 11. NEW BUSINESS

## 12. ADJOURNMENT

**Voting Key:**

**NWA - Non-weighted vote of all Directors**

**NWP - Non-weighted vote of participants (as listed)**

**WA - Weighted vote of all Directors**

**WP - Weighted vote of participants (as listed)**

## Meeting Minutes

### Capital Regional Hospital District Board

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Wednesday, April 14, 2021

1:05 PM

6th Floor Boardroom  
625 Fisgard Street  
Victoria, BC

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#### PRESENT

Directors: D. Blackwell (Chair), C. Plant (Acting Chair), S. Brice (EP), B. Desjardins (EP), F. Haynes (EP), L. Helps, M. Hicks (EP), G. Holman (EP), P. Brent (for D. Howe) (EP), B. Isitt (EP), J. Loveday (EP), C. McNeil-Smith (EP), D. Kobayashi (for R. Martin) (EP), R. Mersereau, K. Murdoch (EP), J. Ranns (1:29 pm) (EP), D. Screech, L. Seaton, M. Tait (EP), N. Taylor, K. Williams, R. Windsor (1:23 pm) (EP), G. Young

Staff: R. Lapham, Chief Administrative Officer; N. Chan, Chief Financial Officer; L. Hutcheson, General Manager, Parks and Environmental Services; K. Lorette, General Manager, Planning and Protective Services; K. Morley, General Manager, Corporate Services; T. Robbins, General Manager, Integrated Water Services; M. Barnes, Senior Manager, Health and Capital Planning Strategies; S. Henderson, Manager, Real Estate; M. Lagoa, Deputy Corporate Officer; S. Orr, Senior Committee Clerk; T. Pillipow, Committee Clerk (Recorder)

EP – Electronic Participation

Regrets: Directors D. Howe, R. Martin, G. Orr

The meeting was called to order at 1:07 pm.

#### 1. TERRITORIAL ACKNOWLEDGEMENT

A Territorial Acknowledgement was provided in the preceding meeting.

#### 2. APPROVAL OF THE AGENDA

**MOVED** by Director Seaton, **SECONDED** by Director Williams,  
That the agenda for the April 14, 2021 Session of the Capital Regional Hospital District Board be approved.  
**CARRIED**

#### 3. ADOPTION OF MINUTES

- 3.1. [21-293](#) Minutes of the March 10, 2021 and March 24, 2021 Capital Regional Hospital District Board Meetings

**MOVED** by Director Seaton, **SECONDED** by Director Helps,  
That the minutes of the Capital Regional Hospital District Board meetings of March 10, 2021 and March 24, 2021 be adopted as circulated.  
**CARRIED**

#### 4. REPORT OF THE CHAIR

There were no Chair's remarks.

#### 5. PRESENTATIONS/DELEGATIONS

##### 5.1. Presentations

There were no presentations.

##### 5.2. Delegations

There were no delegations.

#### 6. CONSENT AGENDA

There were no Consent Agenda items.

#### 7. ADMINISTRATION REPORTS

- 7.1. [21-283](#) Oak Bay Lodge Property - Award of C-001 HAZMAT Abatement and Building Demolition Contract and Approval of Capital Expenditure and Borrowing Bylaw
- K. Lorette spoke to Item 7.1.
- Discussion ensued on the following:
- demolition and recycling strategy
  - having the successful proponent provide feedback to the Board regarding their ability and success in deconstruction
- MOVED** by Director Murdoch, **SECONDED** by Director Mersereau,
1. That tender C-001 HAZMAT Abatement and Building Demolition for the Oak Bay Lodge property be awarded to QM Environmental in the amount of \$3,543,090 plus GST, and a 6% contingency be approved;
2. That the overall project budget of \$4,266,501 be approved;
3. That Capital Bylaw No. 404, "Capital Regional Hospital District Capital Expenditure and Borrowing Bylaw No. 178, 2021" be introduced and read a first, second and third time.
- CARRIED**
- OPPOSED:** Isitt, Loveday, Taylor
- MOVED** by Director Mersereau, **SECONDED** by Director Seaton,
4. That Bylaw No. 404 be adopted.
- CARRIED**
- OPPOSED:** Isitt, Loveday, Taylor

**7.2.**     [21-284](#)     Acquisition of up to five acres in Royal Bay for a Future Health Care Facility

K. Lorette spoke to Item 7.2.

Discussion ensued on the following:

- the status of other Island Health projects within the south island
- whether the deciding factors include proximity to transit routes
- implications should this item not be approved

**Director Windsor joined the meeting at 1:23 pm.**

**Director Ranns joined the meeting at 1:29 pm.**

**MOVED by Alternate Director Kobayashi, SECONDED by Director Screech,**  
**1) That conditions be removed and staff progress with acquiring the five acre**  
**property at Royal Bay for \$8 million plus closing costs; and**  
**2) That Capital Bylaw No. 405, "Capital Regional Hospital District Capital**  
**Expenditure and Borrowing Bylaw No. 179, 2021" be introduced and read a first,**  
**second and third time.**

**CARRIED**

**MOVED by Alternate Director Kobayashi, SECONDED by Director Seaton,**  
**3) That Bylaw No. 405 be adopted.**

**CARRIED**

**8. REPORTS OF COMMITTEES**

There were no Reports of Committees.

**9. BYLAWS**

There were no bylaws for consideration.

**10. NOTICE(S) OF MOTION**

There were no Notice(s) of Motion.

**11. NEW BUSINESS**

There was no new business.

**12. ADJOURNMENT**

**MOVED by Director Seaton, SECONDED by Director Mersereau,**  
**That the April 14, 2021 Capital Regional Hospital District Board meeting be**  
**adjourned at 1:33 pm.**

**CARRIED**

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CHAIR

CERTIFIED CORRECT:

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CORPORATE OFFICER

**REPORT TO THE HOSPITALS AND HOUSING COMMITTEE  
MEETING OF WEDNESDAY, MAY 05, 2021**

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**SUBJECT**      **Capital Regional Hospital District 2020 Audit Findings Report and Audited Financial Statements**

**ISSUE SUMMARY**

To receive the Capital Regional Hospital District (CRHD) 2020 Audit Findings Report and approve the Audited Financial Statements.

**BACKGROUND**

The CRHD was established in 1967 by the provincial government (*Hospital District Act*) to provide the local share of capital funding for healthcare infrastructure in the capital region. CRHD shares the same boundaries, directors, and administrative staff as the Capital Regional District (CRD).

Section 17 of the *Hospital District Act* and Section 814 of the *Local Government Act* require that audited financial statements be prepared each year. The 2020 Financial Statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS), as recommended by the Public Sector Accounting Board (PSAB).

Partnering with Island Health and community stakeholder agencies, the CRHD supports a healthy region by investing in healthcare service and strategic capital priorities including upgrades and renewal of existing health facilities and medical equipment, expansion of existing facilities, and new projects. Financial activities consist of raising 30–40% of the costs of approved capital projects and purchases as proposed annually by Island Health. More recently, the CRHD has taken an active role in the development and construction of capital projects. Island Health took possession of the newly constructed long-term care Summit building on February 1, 2020. Despite challenges presented by COVID-19, residents were successfully moved in and the facility began operating as a care home in July 2020. Subsequent to completion of the Summit project, the CRHD acquired the Oak Bay Lodge property from Island Health in August 2020. During 2021, the CRHD plans to move forward with deconstruction of the building on the property, while concurrently investigating possible uses for the land in partnership with the health authority.

To ensure accountability for CRHD expenditures, the CRD provides oversight and review of facility projects and expenditures for major capital projects (greater than \$2 million), minor capital projects (between \$100,000 and \$2 million), healthcare equipment and non-traditional projects. The CRD also works through community-based networks to identify the need for non-traditional capital funding requirements in the areas of primary and complex long-term healthcare services.

Under PSAB regulations, the CRHD is required to present four statements with accompanying notes:

1. Statement of Financial Position
2. Statement of Operations
3. Statement of Change in Net Debt
4. Statement of Cash Flows



Attached as Appendix A are the CRHD 2020 Audited Financial Statements. These also include Schedule A which provides a listing of grants to district hospitals.

The Audit Findings Report from KPMG (Appendix B) summarizes the responsibilities of the audit firm, scope of investigations and audit results. The report confirms there have been no significant changes in the audit approach from the Audit Planning Report previously presented to the Board on January 13, 2021.

### **ALTERNATIVES**

#### *Alternative 1*

That the Hospitals and Housing Committee recommend to the Capital Regional Hospital District Board:

That the Capital Regional Hospital District 2020 Audit Findings Report be received and the Capital Regional Hospital District 2020 Audited Financial Statements be approved.

#### *Alternative 2*

That the Capital Regional Hospital District 2020 Audit Findings Report be received and the Capital Regional Hospital District 2020 Audited Financial Statements be referred back to staff for additional information.

### **IMPLICATIONS**

#### *Financial Implications*

#### **Audit Findings Report**

The Auditor's opinion is included in the financial statements in Appendix A. In KPMG's opinion, the financial statements present fairly, in all material respects, the financial position of the Capital Regional Hospital District as at December 31, 2020, along with the results of its operations, its change in net assets and its cash flows for the year then ended in accordance with Canadian PSAS.

The Audit Findings Report (Appendix B) provides the results of the KPMG audit, and reports specific results in areas of focus identified in the Audit Planning Report presented to the CRHD Board on January 13, 2021.

#### **Financial Statements**

The Statement of Financial Position and the Statement of Operations form the basis of the audited financial statements and are similar to the Balance Sheet and Income Statement, respectively, in private organizations. The CRHD financial statements are prepared and presented in accordance with Canadian PSAS.

## Highlights

### 1. Statement of Financial Position

The Statement of Financial Position presents the financial position of an entity at a given date. It is comprised of three main components: financial assets, financial liabilities, and non-financial assets. As the nature of business for CRHD is to secure funds and provide capital funding for projects, the CRHD typically reports a net debt and accumulated deficit position in the Statement of Financial Position.

#### Financial Assets

Financial assets of \$28.3 million is a decrease of (\$6.5) million or (19%) from 2019. The decrease in table 1 is primarily a reduction of (\$6.8) million in cash and cash equivalents due to the completion of the Summit project, an increase of \$0.7 million due from the Capital Regional District (CRD) for one-time VIHA payment transfer outstanding at year end and a decrease of (\$0.5) million in debt reserve refund other income.

**Table 1 – Change in Financial Assets Year over Year**

Statement of Financial Position (\$ millions)	2020	2019	\$ Change	% Change
<b>Financial Assets</b>				
Cash and cash equivalents	23.6	30.4	(6.8)	(22%)
Due from CRD	0.7	-	0.7	100%
Other	0.06	0.3	(0.3)	(82%)
Restricted cash – MFA DRF	3.9	4.1	(0.2)	(4%)
<b>Total Financial Assets</b>	<b>\$28.3</b>	<b>\$34.8</b>	<b>(\$6.5)</b>	<b>(19%)</b>

#### Financial Liabilities

Table 2 displays financial liabilities of \$146.0 million which primarily consists of \$3.8 million in accounts payable and other liabilities and \$141.9 million in outstanding long-term debt. The accounts payable balance decreased by \$4.7 million over prior year; this decrease is primarily due to the completion of the Summit project and release of construction contract holdbacks in 2020. Long-term debt decreased by \$19.8 million over prior year, as a result of debt maturities exceeding new debt borrowings in 2020.

**Table 2 – Change in Financial Liabilities Year over Year**

Statement of Financial Position (\$ millions)	2020	2019	\$ Change	% Change
<b>Financial Liabilities</b>				
Accounts payable & other liabilities	3.8	8.5	(4.7)	(56%)
Deferred revenue	0.4	-	0.4	100%
Due to CRD	-	0.1	(0.1)	(100%)
Long-term debt	141.9	161.7	(19.8)	(12%)
<b>Total Financial Liabilities</b>	<b>\$146.0</b>	<b>\$170.3</b>	<b>(\$24.3)</b>	<b>(14%)</b>

### Non-Financial Assets

As shown in table 3, non-financial assets of \$99.7 million consist solely of tangible capital assets. The increase of \$10.7 million from prior year is primarily attributed to the acquisition of the Oak Bay Lodge property at 2251 Cadboro Bay Road. Additional detail is presented in Note 5 of the 2020 Financial Statements.

**Table 3 – Change in Non-Financial Assets Year over Year**

Statement of Financial Position (\$ millions)	2020	2019	\$ Change	% Change
<b>Non-Financial Assets</b>				
Tangible Capital Assets	99.7	89.0	10.7	12%

At December 31, 2020, the accumulated deficit in table 4 is \$18.0 million (2019: \$46.6 million) which represents the total assets less total financial liabilities. The net change in accumulated deficit decreased by \$28.5 million or 61% over prior year due primarily to the reduction in long-term debt and an increase in tangible capital assets.

**Table 4 – Change in Accumulated Deficit Year over Year**

Statement of Financial Position (\$ millions)	2020	2019	\$ Change	% Change
Accumulated deficit	(18.0)	(46.6)	28.5	(61%)

## **2. Statement of Operations**

The Statement of Operations reports the annual results of the entity's financial activities, presenting revenues less expenses and the net surplus.

### Revenue

Revenue from all sources totaled \$50.0 million in 2020, table 5 displays the change year over year of revenue by source and the total increase of \$11.4 million or 29% over prior year.

**Table 5 – Change in Revenue Year over Year**

Statement of Operations (\$ millions)	2020	2019	\$ Change	% Change
Taxation	29.4	30.7	(1.4)	(4%)
Payments in lieu of taxes	0.9	0.9	-	(2%)
Lease and other property revenue	4.1	-	4.1	100%
Interest income	0.4	1.2	(0.8)	(68%)
Debenture maturity refund	0.02	0.01	-	-
Contributed revenue	9.3	-	9.3	100%
Actuarial adjustment of long-term debt	6.0	5.7	0.2	4%
<b>Total Revenue</b>	<b>\$50.0</b>	<b>\$38.6</b>	<b>\$11.4</b>	<b>29%</b>

Of the total increase, \$4.0 million is due to the commencement of the Summit long-term lease with Island Health, while another \$9.3 million is a result of the of the Oak Bay Lodge property. The property, with a fair market value of \$9.3 million, was acquired for \$10 resulting in the difference net of closing costs reflected as contributed revenue.

### Expenses

Expenses consist of grants to district hospitals, interest on debt, and operating expenditures and amortization expense and are represented in the table below. Table 6 shows the change in expenses by type over prior year:

**Table 6 – Change in Expenses Year over Year**

Statement of Operations (\$ millions)	2020	2019	\$ Change	% Change
Grants to district hospitals	9.0	6.4	2.6	40%
Interest on long-term debt	8.0	9.5	(1.6)	(16%)
Amortization	3.1	-	3.1	100%
Operating expenses	1.4	0.9	0.5	55%
<b>Total Expenses</b>	<b>\$21.5</b>	<b>\$16.9</b>	<b>\$4.6</b>	<b>27%</b>

Grants to district hospitals in the year were \$9.0 million, an increase of \$2.6 million or 40% over prior year. Grants vary year-over-year depending on the timing of projects and grant-claim submissions of the various capital projects. Of grants paid in 2020; 83% of the CRHD contributions went towards various minor capital projects in the region and 17% went towards major capital projects such as various Urgent and Primary Care Centres and the Beacon Community Services Expansion.

The decrease in interest on long-term debt of (\$1.6) million due to lower balances payable and lower interest on new issuances and renewals of existing debt.

In 2020, the CRHD recorded an amortization expense of \$3.1 million related to the Summit facility. Recording amortization was a new requirement for CRHD in 2020 due to the capitalization of the Summit building at December 31, 2019. The Summit is the first depreciable tangible capital asset and will result in the recording of an annual amortization expense on a straight line basis throughout the useful life of the asset.

Operating expenses are administration, feasibility studies and property management costs. The \$0.5 million increase is primarily attributed to the acquisition of the Oak Bay Lodge property and related studies and fixed overhead costs.

### Accumulated Deficit

The accumulated deficit represents the sum of all of the annual surpluses and deficits to date for the CRHD. Table 7 reconciled the opening and closing balance with the annual surplus:

**Table 7 – Annual Surplus and Change in Accumulated Deficit Year over Year**

Statement of Operations (\$ millions)	2020	2019	\$ Change	% Change
<b>Annual surplus</b>	<b>28.5</b>	<b>21.8</b>	<b>6.7</b>	<b>31%</b>
Accumulated deficit, beginning	(46.6)	(68.4)	21.8	(32%)
<b>Accumulated deficit, ending</b>	<b>(18.0)</b>	<b>(46.6)</b>	<b>28.5</b>	<b>(61%)</b>

In 2020, operations resulted in an annual surplus of \$28.5 million, an increase of \$6.7 million or 31%; this reduced the accumulated deficit from \$46.6 million in prior year to \$18.0 million at December 31, 2020. The increase in surplus is attributable to an increase in lease revenue, an increase in contributed revenue and an overall decrease in interest expense on long term debt.

### 3. Statement of Change in Net Debt

The Statement of Change in Net Debt is summarized in table 8 and is primarily designed to explain the difference between the CRHD's annual surplus reported on the Statement of Operations and the change in net debt.

**Table 8 – Change in Net Debt Year over Year**

Statement of Change in Net Debt (\$ millions)	2020	2019
<b>Change in net debt</b>	<b>17.8</b>	<b>(8.7)</b>
Net debt, beginning of year	(135.5)	(126.8)
<b>Net debt, end of year</b>	<b>(\$117.7)</b>	<b>(\$135.5)</b>

In 2020, the CRHD's net debt position of \$117.7 million decreased by \$17.8 million or 13% over prior year. The change in net debt in 2020 is a result of the acquisition of tangible capital assets of \$13.8 million relating to Oak Bay Lodge and Summit.

### 4. Statement of Cash Flows

The Statement of Cash Flows reports the sources and uses of cash during the period and table 9 displays the total cash flow activity by category from the statement:

**Table 9 – Change in Cash and Cash Equivalents Year over Year**

Statement of Cash Flows (\$ millions)	2020	2019
Operating activities	11.6	16.2
Capital activities	(4.5)	(30.4)
Investing activities	-	26.0
Financing activities	(13.8)	(7.9)
<b>Net change in cash &amp; cash equivalents</b>	<b>(6.8)</b>	<b>3.9</b>
Cash & cash equivalents, beginning of year	30.4	26.5
<b>Cash and cash equivalents, end of year</b>	<b>\$23.6</b>	<b>\$30.4</b>

The net change in cash and cash equivalents in 2020 was a decrease of \$6.8 million, a result of cash received from operating activities of \$11.6 million less investment in tangible capital assets of \$4.5 million, less net repayment of debt of \$13.8 million.

## **5. Schedule**

### **A. Schedule of Grants to District Hospitals**

Schedule A summarizes the amounts raised for capital grants which are approved in the annual capital and operating plan. CRHD cost shares between 30-40% of approved project costs and the CRHD share of authorized projects at December 31, 2020, is \$33.5 million (2019: \$29.7 million). This includes: equipment grants, major capital projects (Unit Dose Medication Distribution Project, St. Anthony's Westshore Urgent and Primary Care, James Bay Urgent and Primary Care, Beacon Community Services Expansion and the Victoria Urgent and Primary Care) and various minor capital projects which are cash flowed over several years. Capital grant expenses in the year were \$9.0 million and the value of projects completed during the year is \$10.2 million.

Appendix C provides graphical presentation of the 2020 total grants expense by facility.

## **6. Financial Indicators**

Financial indicators are metrics used to quantify current conditions and to forecast financial and economic trends. They can be used as a tool to evaluate overall financial condition of the entity. The following indicators are relevant to CRHD's performance and financial sustainability.

### **6.1 Debt service costs as a percentage of revenue (Debt Service Ratio)**

The debt service ratio is an indicator of the percentage of revenue committed to the payment of interest and principal on temporary and long-term debt. A high percentage indicates greater use of revenue for the repayment of debt. As the CRHD's primary mandate is to secure borrowing and provide capital grants for health facility infrastructure, a high debt servicing ratio is expected. CRHD's debt servicing costs as percentage of revenue at December 31, 2020 is 45% (2019: 64%).

Refer to Appendix C for a comparison of CRHD to other Hospital Districts on Vancouver Island and in southern British Columbia.

### **6.2 Current assets versus current liabilities (Current Ratio)**

The current ratio is a measure of the liquidity of an organization, meaning the CRHD's ability to meet current obligations through the use of current assets (cash, accounts receivable, short-term investments). A high ratio indicates a greater ability to meet both planned and unexpected expenditures. The CRHD's current ratio as at December 31, 2020, is 5.9 to 1 (2019: 3.6 to 1), indicating CRHD's current assets are sufficient to pay current liabilities 5.9 times.

### **6.3 Interest costs as a percentage of total revenues (Interest Coverage Ratio)**

This ratio is an indicator of the percentage of revenue committed to the payment of interest on temporary and long-term debt. A high percentage indicates greater use of revenues for servicing

interest on outstanding debt. The CRHD's interest coverage ratio at December 31, 2020 is 6.3, meaning the CRHD's revenue is sufficient to repay interest expense 6.3 times over (2019: 4.1).

### **CONCLUSION**

Board approval of the CRHD 2020 Audited Financial Statements is required by the *Hospital District Act*, and the *Local Government Act*. Audited financial statements must be available for the Ministry of Health and Municipal Finance Authority. KPMG has completed the annual audit and, as noted in the Auditor's Report, it is the Auditor's opinion these Financial Statements present fairly the financial position of CRHD at December 31, 2020, and the results of the financial activities for the year then ended are in accordance with Canadian Public Sector Accounting Standards.

### **RECOMMENDATION**

That the Hospitals and Housing Committee recommend to the Capital Regional Hospital District Board:

That the Capital Regional Hospital District 2020 Audit Findings Report be received and the Capital Regional Hospital District 2020 Audited Financial Statements be approved.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

### **ATTACHMENT(S)**

Appendix A: CRHD 2020 Audited Financial Statements

Appendix B: CRHD Audit Findings Report for the year ended December 31, 2020 (KPMG)

Appendix C: 2020 CRHD Detailed Variance Analytics



# Capital Regional Hospital District

# 2020 Financial Statements

British Columbia, Canada

Fiscal year ended December 31, 2020



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## INDEPENDENT AUDITORS' REPORT

To the Chair and Directors of the Capital Regional Hospital District

### ***Opinion***

We have audited the financial statements of the Capital Regional Hospital District (the District), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2020, and its results of operations, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector 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.

In preparing the financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District's financial reporting process.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Victoria, Canada  
\_\_\_\_\_ 2021

## Capital Regional Hospital District

### MANAGEMENT REPORT

The Financial Statements contained in this report have been prepared by management in accordance with Canadian public sector accounting standards. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Capital Regional Hospital District Board of Directors are responsible for approving the financial statements and for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises this responsibility through the Hospitals and Housing Committee of the Board.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian public sector accounting standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the District's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to staff and management. The Independent Auditors' Report outlines the scope of the audit for the year ended December 31, 2020.

On behalf of Capital Regional Hospital District,

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Nelson Chan, MBA, FCPA, FCMA  
Chief Financial Officer  
May 12, 2021

## Statement of Financial Position

As at December 31, 2020

	2020	2019
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	\$ 23,627,273	\$ 30,379,935
Accounts receivable		
Due from Capital Regional District	701,170	-
Other	58,046	314,592
Restricted cash - MFA Debt Reserve Fund (Note 3)	3,905,704	4,068,049
	<u>28,292,193</u>	<u>34,762,576</u>
<b>Financial liabilities</b>		
Accounts payable and other liabilities	3,783,702	8,506,833
Deferred revenue	361,515	-
Due to Capital Regional District	-	123,208
Long-term debt (Note 4)	141,896,510	161,663,460
	<u>146,041,727</u>	<u>170,293,501</u>
<b>Net debt</b>	(117,749,534)	(135,530,925)
<b>Non-financial assets</b>		
Tangible capital assets (Note 5)	<u>99,710,197</u>	<u>88,960,507</u>
Commitments (Note 6)		
Contractual obligations (Note 7)		
Contractual rights (Note 8)		
<b>Accumulated Deficit (Note 10)</b>	<u>\$ (18,039,337)</u>	<u>\$ (46,570,418)</u>

The accompanying notes are an integral part of these financial statements

Nelson Chan, MBA, FCPA, FCMA  
Chief Financial Officer

## Statement of Operations

For the year ended December 31, 2020

	Budget (Note 11)	2020	2019
<b>Revenue</b>			
Taxation - Municipalities	\$ 27,226,407	\$ 27,226,407	\$ 28,547,725
Taxation - Electoral Areas	2,068,174	2,068,174	2,107,057
Taxation - First Nations	88,466	88,466	95,196
Payments in lieu of taxes	890,109	890,109	925,163
Lease and other property revenue	4,032,420	4,054,227	-
Interest income	175,000	390,713	1,208,798
Debenture maturity refund	244,000	19,291	12,680
Contributed revenue	-	9,299,990	-
Actuarial adjustment on long-term debt	-	5,960,910	5,741,710
	34,724,576	49,998,287	38,638,329
<b>Expenses</b>			
Grants to district hospitals (Schedule A)	13,547,009	9,033,239	6,439,785
Interest on long-term debt	8,519,580	7,969,899	9,520,398
Interest on temporary borrowings	65,000	1,367	906
Amortization	-	3,077,136	-
Operating expenses	1,282,137	1,385,565	891,139
	23,413,726	21,467,206	16,852,228
Annual surplus	11,310,850	28,531,081	21,786,101
Accumulated deficit, beginning of year	(46,570,418)	(46,570,418)	(68,356,519)
<b>Accumulated deficit, end of year</b>	<b>\$ (35,259,568)</b>	<b>\$ (18,039,337)</b>	<b>\$ (46,570,418)</b>

The accompanying notes are an integral part of these financial statements



## Statement of Change in Net Debt

For the year ended December 31, 2020

	<b>Budget</b>	<b>2020</b>	<b>2019</b>
	<b>(Note 11)</b>		
<b>Annual surplus</b>	\$ 11,310,850	\$ 28,531,081	\$ 21,786,101
Acquisition of tangible capital assets	(20,261,359)	(4,526,836)	(30,434,494)
Contributed tangible capital assets	-	(9,299,990)	-
Amortization of tangible capital assets	-	3,077,136	-
Reclassification of land held for resale	-	-	(38,137)
<b>Change in net debt</b>	<b>(8,950,509)</b>	<b>17,781,391</b>	<b>(8,686,530)</b>
<b>Net debt, beginning of year</b>	<b>(135,530,925)</b>	<b>(135,530,925)</b>	<b>(126,844,395)</b>
<b>Net debt, end of year</b>	<b>\$ (144,481,434)</b>	<b>\$ (117,749,534)</b>	<b>\$ (135,530,925)</b>

The accompanying notes are an integral part of these financial statements

## Statement of Cash Flows

For the year ended December 31, 2020

	2020	2019
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Annual surplus	\$ 28,531,081	\$ 21,786,101
Items not involving cash:		
Actuarial adjustment on long-term debt	(5,960,910)	(5,741,710)
Amortization	3,077,136	-
Contributed tangible capital assets	(9,299,990)	-
Increase (decrease) in non-cash assets and liabilities:		
Accounts receivable	256,546	522,148
Accounts payable and accrued liabilities	(4,723,131)	(401,792)
Deferred revenue	361,515	-
Due to/(from) Capital Regional District	(824,378)	(16,448)
Prepaid expenses	-	50,000
Restricted cash	162,345	22,935
<b>Net change in cash from operating activities</b>	<b>11,580,214</b>	<b>16,221,234</b>
<b>Capital activities:</b>		
Cash used to acquire tangible capital assets	(4,526,836)	(30,434,494)
<b>Net change in cash from capital activities</b>	<b>(4,526,836)</b>	<b>(30,434,494)</b>
<b>Investing activities:</b>		
Net change in investments	-	26,000,000
<b>Net change in cash from investing activities</b>	<b>-</b>	<b>26,000,000</b>
<b>Financing activities:</b>		
Additions to long-term debt	596,005	7,036,817
Repayment of long-term debt	(14,402,045)	(14,903,984)
<b>Net change in cash from financing activities</b>	<b>(13,806,040)</b>	<b>(7,867,167)</b>
<b>Net change in cash and cash equivalents</b>	<b>(6,752,662)</b>	<b>3,919,573</b>
Cash and cash equivalents, beginning of year	30,379,935	26,460,362
<b>Cash and cash equivalents, end of year</b>	<b>\$ 23,627,273</b>	<b>\$ 30,379,935</b>
Cash paid for interest	\$ 8,212,747	\$ 9,726,175
Cash received for interest	390,713	1,208,798

The accompanying notes are an integral part of these financial statements

# Capital Regional Hospital District

## Notes to Financial Statements

For the year ended December 31, 2020

### GENERAL

The Capital Regional Hospital District (the "Hospital District") is incorporated under letters patent issued October 17, 1967. The Hospital District provides Capital Region hospitals with funding for capital project construction and the purchase of moveable equipment.

### 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Hospital District are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Hospital District are as follows:

#### a) Basis of Accounting

The Hospital District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

#### b) Taxation

Each Municipality, Electoral Area and First Nation within the Regional District is requisitioned for their portion of the Hospital District service. These funds are then levied by the Municipalities, First Nations and the Province (for Electoral Areas) to individual taxpayers and remitted to the Hospital District by August 1 of each year.

#### c) Cash Equivalents

Cash equivalents include short-term highly liquid investments with a term to maturity of less than 90 days at acquisition.

#### d) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life
Building and building fixtures	10 to 50 Years

Amortization is charged annually, in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

#### i. Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

#### ii. Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

## iii. Interest capitalization

The Hospital District does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

## iv. Impairment

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Hospital District's ability to produce goods and services or when the value of the future economic benefits associated with the asset is less than the book value of the asset.

**e) Long-Term Debt**

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

**f) Debenture Issue Cost**

Debenture issue costs are recorded as an expense in operations as incurred.

**g) Section 20(3) Reserve**

As permitted by section 20(3) of the Hospital District Act, funds are raised for the future purchase of land, equipment, minor renovations to hospitals, and related studies. The unspent balance of the reserve is a component of the Hospital District Accumulated Deficit.

**h) Grants to District Hospitals**

Government transfers including grants to district hospitals are recognized as an expense in the period the transfer is authorized and all eligibility criteria have been met by the recipient.

**i) Investments**

Investments are recorded at cost plus reinvested earnings. Investment income is reported in the period earned.

**j) Financial Instruments**

Financial instruments consist of cash, cash equivalents, accounts receivable, accounts payable and other liabilities, due from – Capital Regional District, and long term debt. All financial assets and financial liabilities are measured at cost or amortized cost and the effective interest method is used for financial instruments measured using amortized cost.

**k) 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 assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

**2. CASH AND CASH EQUIVALENTS**

	<b>2020</b>		<b>2019</b>	
Cash in bank	\$	23,537,598	\$	30,291,013
MFA Money Market		89,675		88,922
	\$	23,627,273	\$	30,379,935

**3. RESTRICTED CASH – MFA DEBT RESERVE FUND**

The Municipal Finance Authority of British Columbia (MFA) is required to establish a Debt Reserve Fund into which each borrower who shares in the proceeds of a debt issue 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 MFA to the borrower. If at any time insufficient funds are provided by the borrowers, the MFA will then use these funds to meet payments on its obligations. Should this occur, the borrowers may be called upon to restore the fund. The balance of the Debt Reserve Fund cash deposits at December 31, 2020 is \$3,905,704 (2019: \$4,068,049)

**4. LONG-TERM DEBT****a) Debt**

Long-term debt represents gross debt borrowings of \$287,424,507 (2019: \$300,400,952) net of repayments and actuarial adjustments of \$145,527,997 (2019: \$138,737,492).

The loan agreements with the MFA provide that, if at any time the scheduled payments provided for in the agreements for the Hospital District and other authorities are not sufficient to meet the MFA's obligation in respect to such borrowings, the resulting deficiency becomes a liability of the Hospital District and other members of the MFA.

The following principal payments are payable over the next five years:

<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
\$ 13,857,161	\$ 12,722,667	\$ 11,689,156	\$ 9,730,031	\$ 6,677,484

**b) Interest Rates of Long Term Debt Borrowings Issued in the Year**

<b>2020</b>	<b>2019</b>
0.91% to 1.99%	1.97% to 2.66%

The long-term debt bears interest at rates ranging from 0.91% to 4.20%. The weighted average interest rate in 2020 is 2.56% (2019: 2.83%).

**c) Demand Notes – Contingent Liability**

The MFA holds demand notes related to the Hospital District's debenture debt in the amount of \$9,141,471 (2019: \$9,714,527). The demand notes are not recorded as they only become payable should debt be in default or if the MFA requires the funds to meet debt obligations.

## 5. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value at December 31, 2020
	Balance at December 31, 2019	Additions	Transfers	Balance at December 31, 2020	Amortization Expense	Balance at December 31, 2020	
Work in Progress	-	-	-	-	-	-	-
Land	14,285,827	9,305,763	-	23,591,590	-	-	23,591,590
Buildings	74,674,680	4,521,063	-	79,195,743	3,077,136	3,077,136	76,118,607
	\$ 88,960,507	13,826,826	-	\$ 102,787,333	3,077,136	3,077,136	\$ 99,710,197

	Cost			Accumulated Amortization			Net Book Value at December 31, 2019
	Balance at December 31, 2018	Additions	Transfers	Balance at December 31, 2018	Amortization Expense	Balance at December 31, 2019	
Work in Progress	\$ 44,240,186	30,434,494	(74,674,680)	-	-	-	-
Land	13,959,120	38,137	288,570	14,285,827	-	-	14,285,827
Buildings	288,570	-	74,386,110	74,674,680	-	-	74,674,680
	\$ 58,487,876	30,472,631	-	\$ 88,960,507	-	-	\$ 88,960,507

## a) The Heights Long-Term Care Facility Site

In 2012, the Hospital District approved a 27 year land lease with the Baptist Housing Mount View Heights Care Society for the site owned by the Hospital District at 3814 Carey Road. The land has a historical cost of \$1,913,640

## b) Oak Bay Lodge

In 2020, the Hospital District purchased the Oak Bay Lodge, at 2251 Cadboro Bay Road, from the Vancouver Island Health Authority for \$10. The asset addition was recorded at its fair market value of \$9,300,000 plus acquisition costs of \$5,763.

**6. COMMITMENTS****a) The Hospital District has the following approved and active capital projects:**

<b>Bylaw</b>	<b>Description</b>	<b>Approved Project Cost (Island Health)</b>	<b>Hospital District Share</b>	<b>Funded to December 31, 2019</b>	<b>Funded in Current Year (Schedule A)</b>	<b>Funded to December 31, 2020</b>	<b>Remaining Commitment</b>
Sec 20(3)	Equipment and Non-Traditional Projects	\$ 2,955,000	\$ 2,955,000	\$ -	\$ 2,955,000	\$ 2,955,000	\$ -
CBL 151	Mt. View Heights 2010	2,000,000	2,000,000	1,466,664	-	1,466,664	533,336
CBL 168	Unit Dose Medication Distribution 2016 (RJH)	10,310,000	4,124,000	3,594,121	19,220	3,613,341	-
CBL 169	Minor Capital Projects 2016	13,831,153	3,750,000	3,331,776	3,220	3,334,996	-
CBL 170	Minor Capital Projects 2017	19,772,954	3,750,000	3,604,278	23,478	3,627,756	122,242
CBL 171	Minor Capital Projects 2018	20,683,223	3,750,000	3,110,046	357,869	3,467,915	282,085
CBL 172	Westshore UPCC	4,240,000	1,272,000	304,222	6,899	311,121	-
CBL 173	Minor Capital Projects 2019	19,030,689	3,750,000	728,279	2,828,843	3,557,122	192,878
CBL 174	James Bay UPCC	5,000,000	1,500,000	-	564,617	564,617	935,383
CBL 175	Beacon Services Expansion	4,500,000	1,350,000	-	753,734	753,734	596,266
CBL 176	Minor Capital Projects 2020	17,554,299	3,750,000	-	1,323,455	1,323,455	2,426,545
CBL 177	Victoria UPCC	5,000,000	1,500,000	-	196,904	196,904	1,303,096
		<b>\$ 124,877,318</b>	<b>\$ 33,451,000</b>	<b>\$ 16,139,386</b>	<b>\$ 9,033,239</b>	<b>\$ 25,172,625</b>	<b>\$ 6,391,831</b>

Minor Capital Projects are defined as projects valued between \$100,000 and \$2.0 million to sustain exiting infrastructure, replace building components and improve functionality. Major Capital Projects are defined as projects valued at greater than \$2.0 million and modify, expand/enhance or replace health service/program spaces. Island Health's Project Cost is based on their capital plan and various funders. CRHD cost shares an average of 30% for Major Capital project expenditures up to the approved bylaw amount. When a major or minor capital project is completed and no further claims are expected, the remaining commitment is reported as nil. Bylaws are not always 100% expended.

## b) Hospital District approved and active capital projects detailed by Hospital Facility:

Bylaw	Year Approved	Description	Approved Project Cost (Island Health)	Hospital District Share	Funded to December 31, 2019	Funded in Current Year (Schedule A)	Funded to December 31, 2020	Remaining Commitment	Planned Approved Funding 2021 - 2025
<b>APPROVED AND ACTIVE CAPITAL PROJECTS</b>									
<b>Designated Health Care Facilities</b>									
151	2010	Mt View Heights	\$ 2,000,000	\$ 2,000,000	\$ 1,466,664	-	\$ 1,466,664	\$ 533,336	\$ -
<b>Vancouver Island Health Authority</b>									
Multiple	2016-2020	Minor Capital	8,406,362	2,315,712	764,722	784,418	1,549,140	766,409	766,409
Sec 20(3)	2020	Equipment Grant	2,925,000	2,925,000	-	2,925,000	2,925,000	-	-
172	2019	Westshore UPCC	4,240,000	1,272,000	304,222	6,899	311,121	-	-
174	2020	James Bay UPCC	5,000,000	1,500,000	-	564,617	564,617	935,383	108,000
175	2020	Beacon Services Expansion	4,500,000	1,350,000	-	753,734	753,734	596,266	596,266
177	2020	Victoria UPCC	5,000,000	1,500,000	-	196,904	196,904	1,303,096	1,303,096
<b>Mount St. Mary Hospital</b>									
Sec 20(3)	2020	Movable Equipment Grant	30,000	30,000	-	30,000	30,000	-	-
<b>Gorge Road Hospital</b>									
Multiple	2016-2020	Minor Capital	4,556,932	1,040,828	431,268	56,995	488,263	552,565	552,565
<b>Juan de Fuca Hospital</b>									
Multiple	2016-2020	Minor Capital	12,129,886	2,073,660	805,622	1,060,501	1,866,123	207,537	207,537
<b>Lady Minto Hospital</b>									
Multiple	2016-2020	Minor Capital	2,744,785	884,814	798,956	14,634	813,590	67,717	67,717
<b>Queen Alexandra Hospital</b>									
Multiple	2016-2020	Minor Capital	3,675,592	776,938	712,731	2,373	715,104	61,834	61,834
<b>Royal Jubilee Hospital</b>									
Multiple	2016-2020	Minor Capital	30,981,458	5,972,248	3,775,947	1,290,643	5,066,590	819,991	819,991
168	2016	UDMD	10,310,000	4,124,000	3,594,121	19,220	3,613,341	-	-
<b>Saanich Peninsula Hospital</b>									
Multiple	2016-2020	Minor Capital	5,515,649	1,191,018	955,392	167,246	1,122,638	45,662	45,662
<b>Victoria General Hospital</b>									
Multiple	2016-2020	Minor Capital	22,861,654	4,494,782	2,529,741	1,160,055	3,689,796	502,035	502,035
			<b>124,877,318</b>	<b>33,451,000</b>	<b>16,139,386</b>	<b>9,033,239</b>	<b>25,172,625</b>	<b>6,391,831</b>	<b>5,031,112</b>
<b>PLANNED CAPITAL PROJECTS</b>									
TBD	2021	Victoria UPCC	4,998,639	1,499,592	-	-	-	1,499,592	1,499,592
TBD	2021	Esquimalt UPCC	2,954,713	886,414	-	-	-	886,414	886,414
TBD	2021	Emergency Dept. (LMH)	10,340,000	3,000,000	-	-	-	3,000,000	3,000,000
			<b>143,170,670</b>	<b>38,837,006</b>	<b>16,139,386</b>	<b>9,033,239</b>	<b>25,172,625</b>	<b>11,778,837</b>	<b>10,417,118</b>



**7. CONTRACTUAL OBLIGATIONS**

At December 31, 2020, the Hospital District has outstanding commitments to capital projects and operating contracts totalling \$322,519.

**8. CONTRACTUAL RIGHTS**

The Hospital District financed the capital cost of the Summit at Quadra Village, a complex care facility. The facility was substantially completed by December 31, 2019 and residents moved in July 2020. Under the agreement, Island Health contributes through annual lease payments over a 25 year period. Lease payments commenced February 1, 2020 and are \$4,338,178 annually.

**9. RELATED PARTY TRANSACTIONS**

The Hospital District is a related party to the Capital Regional District (CRD). The Board of Directors for each entity is comprised of the same individuals. As legislated by the Hospital District Act, the officers and employees of the CRD are the corresponding officers and employees of the Hospital District. The CRD and the Hospital District are separate legal entities as defined by separate Letters Patent and authorized by separate legislation. During the year the Hospital District purchased, at cost, \$727,404 (2019: \$795,300) of administrative support and project management services from the CRD, of which \$16,622 (2019: \$141,985) of project management services was capitalized.

The Regional Housing First Program (RHFP) is a partnership between the CRD, the Provincial and Federal governments to provide capital funding to affordable housing projects in the region. The CRD, Capital Region Housing Corporation and the Hospital District will invest a combined \$40 million towards projects. In 2018, a RHFP project management office was created to support the delivery of the program. During the year the Hospital District contributed, \$141,154 (2019: \$138,387) to the CRD, to cost share in administrative support and project management services.

**10. ACCUMULATED DEFICIT**

Accumulated deficit consists of individual fund surpluses, deficits and reserves as follows:

	<b>2020</b>	<b>2019</b>
<u>Deficit:</u>		
Other	\$ (38,260,070)	\$ (62,644,107)
Reserve funds set aside for specific purposes:		
Land Development Reserve	6,180,199	6,104,498
Regional Housing First Program Reserve	5,783,318	1,250,000
Summit Management Reserve	265,487	-
Land Holdings Management Reserve	1,193,653	288,923
Capital Loan Fund	3,438,752	4,967,515
Hospital District Act Section 20(3) Reserve	3,359,324	3,462,753
Accumulated Deficit	<u>\$ (18,039,337)</u>	<u>\$ (46,570,418)</u>

**11. BUDGET DATA**

The budget data presented in these financial statements is based upon the 2020 operating and capital budgets approved by the Board on March 18, 2020. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	<b>Budget Amount</b>
Revenue budget	\$ 37,441,471
Less:	
Transfers from reserve	(2,211,897)
Prior-year surplus	(504,998)
Revenue per Financial Statements	<u>34,724,576</u>
Expense budget	37,441,471
Add:	
Grants to district hospitals	5,482,009
Less:	
Transfers to reserve	(4,955,849)
Debt principal payments	(14,553,905)
Expense per Financial Statements	<u>23,413,726</u>
<b>Annual Surplus</b>	<b><u>\$ 11,310,850</u></b>

**12. CONTINGENT LIABILITIES**

From time to time, the Capital Regional Hospital District is subject to claims and other lawsuits that arise in the course of business, some of which may seek damages in substantial amounts. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable.

**13. FINANCIAL RISKS AND CONCENTRATION OF RISK**

The Capital Regional Hospital District has exposure to the following risks from its use of financial instruments:

**a) Credit risk:**

Credit risk refers to the risk that a counter party may default on its contractual obligations resulting in a financial loss. The Hospital District is subject to credit risk with respect to the accounts receivable and cash and cash equivalents. Credit risk arises from the possibility that taxpayers and entities to which the Hospital District provides services may experience financial difficulty and be unable to fulfill their obligations. This risk is mitigated as most accounts receivable are due from government agencies and are collectible.

There have been no significant changes to credit risk exposure from 2019.

### 13. FINANCIAL RISKS AND CONCENTRATION OF RISK (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; preparing budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

There have been no significant changes to liquidity risk exposure from 2019.

#### 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 income or the value of its holdings of financial instruments. The objective of market risk management is to control risk exposures within acceptable parameters while optimizing return on investment.

##### i. Foreign exchange risk:

The Hospital District does not enter into foreign exchange transactions and therefore is not exposed to foreign exchange risk.

There have been no significant changes to foreign exchange risk exposure from 2019.

##### ii. Interest rate risk:

The Hospital District is exposed to interest rate risk through its investments and debt instruments. It is management's opinion that the Hospital District is not exposed to significant interest rate risk in their investments as they manage this risk through its investment policy which includes restrictions on types and concentration of instruments held.

Exposure to interest rate risk in relation to debt instruments is limited to long term debt renewals with the Municipal Finance Authority. This risk applies only to long term debt with amortization periods exceeding 10 years which may be refinanced at that time and is managed through budget and cash forecasts.

There has been no change to the risk exposure from 2019.

### 14. COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including the Canadian federal and provincial governments enacting emergency measures to combat the spread of the virus. The economic conditions and the Hospital District's response to the pandemic did not have a material impact on the Hospital District's operating results and financial position in 2020. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Hospital District is not known at this time.

**15. SUBSEQUENT EVENTS**

Subsequent to December 31, 2020, the CRHD approved the acquisition of vacant land for a future health care facility. On April 14, 2021, the Board voted to remove conditions and proceed with acquiring the land for a purchase price of \$8 million. A non-refundable deposit of \$1.2 million was paid on April 16, 2021 and the balance of the acquisition cost will be payable when the contract completes on November 23, 2021.

On April 14, 2021, the CRHD Board authorized staff to award a contract in the amount of \$3.5 million for the abatement and building demolition of 2251 Cadboro Bay Road

DRAFT

## Grants to District Hospitals

For the year ended December 31, 2020

	Total grants December 31, 2019	Expense 2020	Transfers to completed projects	Total grants December 31, 2020
<b>PROJECTS IN PROGRESS</b>				
Designated Health Care facilities	\$ 1,770,686	\$ 1,522,154	\$ -	\$ 3,292,840
Vancouver Island Health Authority	6,692,033	3,709,418	(3,236,121)	7,165,330
Gorge Road Hospital	504,409	56,995	(74,415)	486,989
Juan de Fuca Hospital	1,342,851	1,060,501	(63,509)	2,339,843
Lady Minto Hospital	1,148,945	14,634	(565,788)	597,791
Mount St. Mary Hospital	30,000	30,000	(30,000)	30,000
Queen Alexandra Hospital	712,730	2,373	(143,544)	571,559
Royal Jubilee Hospital	14,385,921	1,309,863	(4,888,750)	10,807,034
Saanich Peninsula Hospital	1,882,289	167,246	(211,282)	1,838,253
Victoria General Hospital	3,877,241	1,160,055	(1,001,049)	4,036,247
	<u>32,347,106</u>	<u>9,033,239</u>	<u>(10,214,458)</u>	<u>31,165,886</u>
<b>COMPLETED PROJECTS</b>				
Designated Health Care facilities	21,034,214	-	-	21,034,214
Vancouver Island Health Authority	73,879,224	-	3,236,121	77,115,345
Gorge Road Hospital	7,750,781	-	74,415	7,825,196
Juan de Fuca Hospital	37,132,361	-	63,509	37,195,870
Lady Minto Hospital	5,051,487	-	565,788	5,617,275
Mount St. Mary Hospital - Fairfield	15,419,545	-	30,000	15,449,545
Queen Alexandra Hospital	8,725,182	-	143,544	8,868,726
Royal Jubilee Hospital	253,782,362	-	4,888,750	258,671,112
Saanich Peninsula Hospital	19,648,611	-	211,282	19,859,893
Victoria General Hospital - Helmcken	97,730,838	-	1,001,049	98,731,887
	<u>540,154,605</u>	<u>-</u>	<u>10,214,458</u>	<u>550,369,063</u>
	572,501,711	9,033,239	-	581,534,949
LESS:				
Province of British Columbia share of grants to hospitals recorded before change in capital payment process in 2000	<u>(126,010,301)</u>	<u>-</u>	<u>-</u>	<u>(126,010,301)</u>
	<u>\$ 446,491,410</u>	<u>\$ 9,033,239</u>	<u>\$ -</u>	<u>\$ 455,524,648</u>

Total grants to date is cumulative since incorporation of the Hospital District in 1967



# Capital Regional Hospital District

# Audit Findings Report

British Columbia, Canada

Fiscal year ended December 31, 2020





# Capital Regional Hospital District

Audit Findings Report for the year ended December 31, 2020

*KPMG LLP*

For the meeting on May 5, 2021

[kpmg.ca/audit](https://kpmg.ca/audit)



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# Executive summary

## Purpose of this report

The purpose of this Audit Findings Report is to assist you, as a member of the Board of Directors, in your review of the results of our audit of the financial statements of Capital Regional Hospital District (the District) as at and for the year ended December 31, 2020. This Audit Findings Report builds on the Audit Plan we presented to the Hospitals and Housing Committee on January 6, 2021.

### What's new in fiscal 2020

There have been changes in fiscal 2020 which impacted financial reporting and our audit:

- COVID-19 pandemic – See pages 5
- New auditing standard for estimates – See page 6

### Changes from the audit plan

There have been no significant changes regarding our audit from the Audit Planning Report previously presented to you.

### Finalizing the audit

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include:

- Completing our discussions with the Board of Directors;
- Obtaining the signed management representation letter;
- Obtaining evidence of the Board of Directors' approval of the financial statements; and,
- Completing subsequent event review procedures up to the date of the Board of Directors' approval of the financial statements.

We will update the Board of Directors on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditors' report, a draft of which is attached to the enclosed draft financial statements, will be dated upon the completion of any remaining procedures.

### Areas of audit focus

Our audit is risk-focused. We have not identified any additional significant risks. However, as part of our audit, we identified areas of audit focus which include:

- Summit at Quadra Village
- Oak Bay Lodge

See pages 7 to 9 for the audit findings related to this area of audit focus.

### Adjustments and differences

Differences and adjustments include disclosure and presentation differences and adjustments. Professional standards require that we request of management and the Board of Directors that all identified differences be corrected.

We identified one difference from the 2017 fiscal year that remains uncorrected relating to debt issuance costs recognized in 2017 as an expense rather than over the 25 year term of the debt. The difference will decline in value over the term of the debt.

We did not identify any adjustments that were communicated to management and subsequently corrected in the financial statements.

# Executive summary (continued)

## Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

See page 10 for further details.

## Control and other observations

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

## Independence

We confirm that we are independent with respect to the District within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation from January 1, 2020 up to the date of this report.

## Current developments

Please refer to Appendix 3 for the current developments updates, including COVID-19 resources.

# What's new in 2020

## COVID-19 pandemic

Areas of impact	Key observations
<b>District's financial reporting impacts</b>	<ul style="list-style-type: none"><li>- We considered impacts to financial reporting due to the COVID-19 pandemic and the increased disclosures needed in the financial statements as a result of the significant judgements applied. Suggestions were provided to management to enhance disclosures which have been reflected in the financial statements.</li></ul>
<b>District's internal control over financial reporting</b>	<ul style="list-style-type: none"><li>- There were minimal changes to internal controls over financial reporting due to the COVID-19 pandemic as the District did not move to a fully remote working environment and was able to maintain its internal controls and processes.</li></ul>
<b>Risk assessment</b>	<ul style="list-style-type: none"><li>- We performed a more thorough risk assessment specifically targeted at the impacts of the COVID-19 pandemic, including an assessment of fraud risk factors (i.e., conditions or events that may be indicative of an incentive/pressure to commit fraud, opportunities to commit fraud, rationalizations of committing fraud).</li></ul>
<b>Working remotely</b>	<ul style="list-style-type: none"><li>- We worked both remotely and onsite. We used virtual work rooms, video conferencing, and internally shared team sites to collaborate in real-time, both amongst the audit team as well as with management.</li><li>- We used secure technologies to conduct walkthroughs, perform tests of controls and substantive tests.</li><li>- We increased our professional skepticism when evaluating electronic evidence received and performed additional procedures to validate the authenticity and reliability of electronic information used as audit evidence.</li></ul>
<b>Direction and supervision of the audit</b>	<ul style="list-style-type: none"><li>- The Senior Manager and Engagement Partner were actively involved in determining the impact that the COVID-19 pandemic had on the audit (as discussed above), including the impact on the District's financial reporting and the District's internal control over financial reporting.</li><li>- The Senior Manager and Engagement Partner implemented new supervision processes to deal with working in a remote environment, and our audit approach allowed us to manage the audit using meaningful milestones and frequent touch points.</li></ul>
<b>Substantive testing – Response</b>	<ul style="list-style-type: none"><li>- As there were minimal changes to the District's business during the year, we did not change our approach for the audit.</li></ul>

# What's new in 2020 continued

## New auditing standard

Standard	Key observations
<b>CAS 540, Auditing Accounting Estimates and Related Disclosures</b>	<ul style="list-style-type: none"><li>- The new standard was applied on all estimates within the financial statements that had a risk of material misstatement due to estimation uncertainty.</li><li>- We assessed the risk of material misstatement due to estimation uncertainty for all estimates within the financial statements and not just “key estimates”, “critical accounting estimates”, or “estimates with significant risk”. In assessing this risk, we considered the degree of complexity, uncertainty and subjectivity involved in making each accounting estimate to determine the level of audit response.</li><li>- We considered the potential for management bias.</li><li>- We determined that no estimates had a risk of material misstatement due to estimation uncertainty that was greater than remote.</li></ul>

# Audit risks

## Professional requirements

Fraud risk from management override of controls

## Why is this significant?

This is a presumed fraud risk. We have not identified any specific additional risks of management override relating to this audit.

## Our response

Our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- Testing of journal entries and other adjustments throughout the period and during the post-closing period for financial statement preparation.
- Evaluating the business rationale of significant unusual transactions.

## Significant findings

There were no issues noted in our testing.

# Areas of audit focus

Other area of focus	Why are we focusing here?
Summit at Quadra Village	The CRHD transferred possession to VIHA in February 2020 and began collecting rental income for the property. This is a significant project for the CRHD as it involves significant management judgment and understanding over the leasing structure.
Our response	
<ul style="list-style-type: none"><li>- Summit at Quadra Village (955 Hillside Ave) is a 320-unit residential care facility intended to replace Oak Bay Lodge and Mount Tolmie Hospital. The land and building is owned by the District, while the funding for the residential care services will be provided for by Island Health.</li><li>- Through a financing agreement, Island Health will lease the building for a 25 year term. The lease agreement was finalized in 2020. Annual rental payments from Island Health to CRHD are \$4.3M. Island Health is responsible for the majority of operating costs and ongoing maintenance; CRHD is responsible for the maintenance and repair of structural elements of the building which will be financed from the Summit Management Reserve.</li><li>- Summit was substantially completed in December 2019 with a move in date, that was delayed due to the COVID-19 pandemic, to July 2020. The first occupancy inspection was performed in December 2019 with minor deficiencies noted. The final inspection was performed in January 2020 and all outstanding issues were cleared. An occupancy permit was issued in 2020.</li><li>- Total project costs to December 31, 2020 are \$79.2M, excluding land. Asset additions related to the project in the 2020 fiscal year were \$4.5M. These primarily related to furniture and fixtures for the building.</li><li>- KPMG selected a sample of capital asset additions totalling \$3.4M and agreed them to source documentation with no discrepancies noted.</li><li>- KPMG agreed lease revenue recognized by CRHD to the lease agreement and noted the revenue for fiscal 2020 related to the rental from February 1, 2020.</li><li>- KPMG reviewed the operating lease agreement and concurred with management's analysis of the cost sharing requirements and presentation of such transactions in the financial statements.</li></ul>	
Significant findings	
There were no issues noted in our testing.	

# Areas of audit focus (continued)

Other area of focus	Why are we focusing here?
Oak Bay Lodge	In August 2020, Oak Bay Lodge was transferred from VIHA to CRHD. An external valuation was obtained for the land. The future use of the land and building is yet to be determined.
Our response	
<ul style="list-style-type: none"><li>- The Summit business case (see page 8) included the property transfer of Oak Bay Lodge (land and building) from Island Health to CRHD, with the transfer occurring on August 14, 2020. The purchase price for the land and building was \$10, including a deposit of \$1 paid in 2016.</li><li>- There are restrictive covenants in the transfer agreement, requiring that CRHD use the land for “public good”, which includes not-for-profit care facilities in health or other publicly funded health care services; subsidized, supported or other public housing, shelter accommodation for homeless persons and associated health and social supports including harm reduction.</li><li>- CRHD’s intention is to demolish the existing structure and construct a health care facility on the land. These plans are undergoing community consultation. A construction manager has been appointed to oversee the demolition project.</li><li>- Public sector accounting standards require contributions/donations of tangible capital assets be recognised in the financial statements at fair value at the date of contribution.</li><li>- Management obtained a valuation of the land, which indicated a fair value of \$9.3M. As management’s intention is to demolish the building, it was determined that the building had no value. This was supported by the valuation expert’s report.</li><li>- KPMG obtained the valuation report and reviewed management’s assessment of the accounting treatment of this transaction.</li><li>- KPMG concurs with management’s treatment of the transfer of the land and buildings in fiscal 2020. The fair value of the land has been recognized as contributed revenue of \$9.3M in the statement of operations.</li></ul>	
Significant findings	
There were no issues noted in our testing.	

# Significant accounting policies and practices

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## Significant accounting policies

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- There were no initial selections of or changes to the new significant accounting policies and practices.
  - There were no significant accounting policies in controversial or emerging areas.
  - There were no issues noted with the timing of the District's transactions in relation to the period in which they were recorded.
  - There were no issues noted with the extent to which the financial statements are affected by a significant unusual transaction and extent of disclosure of such transactions.
  - There were no issues noted with the extent to which the financial statements are affected by non-recurring amounts recognized during the period and extent of disclosure of such transactions.
- 



## Significant accounting estimates

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- There were no issues noted with management's identification of accounting estimates.
  - There were no issues noted with management's process for making accounting estimates.
  - There were no indicators of possible management bias.
  - There were no significant factors affecting the District's asset and liability carrying values.
- 



## Financial statement presentation and disclosure

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- There were no issues noted with the judgments made, in formulating particularly sensitive financial statement disclosures.
  - There were no issues noted with the overall neutrality, consistency, and clarity of the disclosures in the financial statements.
  - There were no significant potential effects on the financial statements of significant risks, exposures and uncertainties.
-



# Uncorrected differences and corrected adjustments

Differences and adjustments include disclosure differences and adjustments.

Professional standards require that we request of management and the Board of Directors that all identified differences be corrected. We have already made this request of management.

## Uncorrected differences

We identified one difference from the 2017 fiscal year that remains uncorrected relating to debt issuance costs recognized in 2017 as an expense rather than over the 25 year term of the debt.

The impact of the uncorrected difference at December 31, 2020 is an understatement of expense of \$4,900 and overstatement of debt of \$102,900. The difference will decline in value over the term of the debt.

## Corrected adjustments

There were no corrected adjustments noted.

# Appendices

**Appendix 1: Required communications**

**Appendix 2: Current developments and audit trends**

**Appendix 3: Management representation letter**



# Appendix 1: Required communications

## Draft auditors' report

The conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.

## Management representation letter

In accordance with professional standards, a copy of the management representation letter is included in Appendix 3.

## Independence

In accordance with professional standards, we have confirmed our independence.

# Appendix 2: Current developments and audit trends

Current Developments, created by the KPMG Public Sector and Not-for-Profit Practice, summarizes regulatory and governance matters impacting public sector entities today, or expected to impact them over the next few years. We provide this information to help public sector entities understand upcoming changes and challenges they may face in their industry. Some of these developments may not impact the District directly, but we believe it is important for the Board of Directors to understand what is happening in the sector.

## Public Sector Accounting Standards

Standard	Summary and implications
Impact of COVID-19	<ul style="list-style-type: none"><li>– In response to the impact of COVID-19 on public sector entities, PSAB has approved deferral of all upcoming accounting standards by one year and will issue non-authoritative guidance on the effects of COVID-19.</li></ul>
Asset Retirement Obligations	<ul style="list-style-type: none"><li>– The new standard is effective for fiscal years beginning on or after April 1, 2022. The effective date was deferred by one year due to COVID-19.</li><li>– The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area.</li><li>– The ARO standard will require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets ("TCA"). The amount of the initial liability will be added to the historical cost of the asset and amortized over its useful life.</li><li>– As a result of the new standard, the public sector entity will have to:<ul style="list-style-type: none"><li>• Consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset;</li><li>• Carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements;</li><li>• Begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.</li></ul></li></ul>

## Appendix 2: Current developments and audit trends (continued)

Standard	Summary and implications
Revenue	<ul style="list-style-type: none"> <li>– The new standard is effective for fiscal years beginning on or after April 1, 2023. The effective date was deferred by one year due to COVID-19.</li> <li>– The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.</li> <li>– The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.</li> <li>– The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.</li> </ul>
Purchased Intangibles	<ul style="list-style-type: none"> <li>– In October 2019, PSAB approved a proposal to allow public sector entities to recognize intangibles purchased through an exchange transaction. Practitioners are expected to use the definition of an asset, the general recognition criteria and the GAAP hierarchy to account for purchased intangibles.</li> <li>– PSAB has approved Public Sector Guideline 8 which allows recognition of intangibles purchased through an exchange transaction. Narrow-scope amendments were made to Section PS 1000 Financial statement concepts to remove prohibition on recognition of intangibles purchased through exchange transactions and PS 1201 Financial statement presentation to remove the requirement to disclose that purchased intangibles are not recognized.</li> <li>– The effective date is April 1, 2023 with early adoption permitted. Application may be retroactive or prospective.</li> </ul>

Standard	Summary and implications
Public Private Partnerships ("P3")	<ul style="list-style-type: none"> <li>– PSAB has proposed new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. PSAB is in the process of reviewing feedback provided by stakeholders on the exposure draft.</li> <li>– The exposure draft proposes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends.</li> <li>– The exposure draft proposes that the public sector entity recognize a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure.</li> <li>– The infrastructure would be valued at cost, which represents fair value at the date of recognition with a liability of the same amount if one exists. Cost would be measured in reference to the public private partnership process and agreement, or by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project.</li> <li>– The final standard was approved in December 2020 with an issuance date of April 1, 2021 and an effective date of April 1, 2023.</li> </ul>
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> <li>– PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards.</li> <li>– PSAB has released four exposure drafts for the proposed conceptual framework and proposed revised reporting model, and their related consequential amendments. Comments on the exposure drafts are due in May 2021.</li> <li>– PSAB is proposing a revised, ten chapter conceptual framework intended to replace PS 1000 <i>Financial Statement Concepts</i> and PS 1100 <i>Financial Statement Objectives</i>. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced.</li> <li>– In addition, PSAB is proposing: <ul style="list-style-type: none"> <li>• Relocation of the net debt indicator to its own statement and the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.</li> <li>• Separating liabilities into financial liabilities and non-financial liabilities.</li> <li>• Restructuring the statement of financial position to present non-financial assets before liabilities.</li> <li>• Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).</li> <li>• Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called "accumulated other".</li> <li>• A new provision whereby an entity can use an amended budget in certain circumstances.</li> <li>• Inclusion of disclosures related to risks and uncertainties that could affect the entity's financial position.</li> </ul> </li> </ul>

# Appendix 2: Current developments and audit trends (continued)

Our discussions with you, our audit opinion and what KPMG is seeing in the marketplace - both from an audit and industry perspective - indicate the following is specific information that will be of particular interest to you. We would, of course, be happy to further discuss this information with you at your convenience.

## Thought leadership

Thought leadership	Overview	Link
<b>2020 Audit Quality and Transparency Report</b>	Learn about KPMG's ongoing commitment to continuous audit quality improvement. KPMG maintains a system of audit quality control that is designed to meet or exceed the requirements of the applicable professional standards. In fact, we are continuously reviewing our policies and practices to ensure we're aligned with all regulatory and professional requirements, which if our firm commitment to each other as well as to our clients and to the capital markets we serve.	<a href="#">Link to report</a>
<b>Put your data to work to gain competitive advantage</b>	There is no "digital economy". The economy is digital and "digits" refer to data. Data is the lifeblood of every organization on this planet and organizations that embrace this notion are well positioned to grow as industries continue to evolve and disrupt at an ever increasing pace.	<a href="#">Link to report</a>
<b>Predictive analytics, it works</b>	CEOs recognize the value that predictive analytics delivers to their decision-making process.	<a href="#">Link to report</a>
<b>Creating the workforce of the future</b>	You can't transform the organization without also transforming the workforce. It may be time to rethink the people strategy.	<a href="#">Link to report</a>
<b>Accelerate</b>	Introducing KPMG's 2021 edition of Accelerate, a series of articles and videos offering insight into the key issues driving Board agendas, including: <ul style="list-style-type: none"><li>– Cyber risk</li><li>– Internal control over financial reporting, disclosures and regulation</li><li>– Digital disruption</li><li>– Enterprise risk management</li><li>– The evolution of environmental, social and governance (ESG) and disclosures</li></ul>	<a href="#">Link to report</a>
<b>Board Leadership Centre</b>	KPMG provides leading insights to help Board members maximize boardroom opportunities.	<a href="#">Link to site</a>

# Appendix 2: Current developments and audit trends (continued)

## COVID-19 pandemic resources

Resources	Summary	Links
<b>Resources for management and the Board of Directors</b>	<p>Please visit our COVID-19 website for resources regarding the topics below. This site is being <u>updated daily</u> based on information being released by federal, provincial and municipal news releases.</p> <ul style="list-style-type: none"><li>– Business continuity guide</li><li>– Immediate actions to take</li><li>– Medium to long-term actions</li><li>– Tax considerations and a summary of federal and provincial programs</li><li>– Legal considerations</li><li>– Financial reporting and audit considerations</li><li>– Global perspectives</li></ul>	<a href="#">COVID-19 Alerts (Live Link)</a>



# Appendix 3: Management Representation Letter

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as “financial statements”) of Capital Regional Hospital District (“the Entity”) as at and for the period ended December 31, 2020.

## **General:**

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

## **Responsibilities:**

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated April 8, 2021, including for:
  - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
  - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements (“relevant information”), such as financial records, documentation and other matters, including:
    - the names of all related parties and information regarding all relationships and transactions with related parties;
    - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
  - c) providing you with unrestricted access to such relevant information.
  - d) providing you with complete responses to all enquiries made by you during the engagement.
  - e) providing you with additional information that you may request from us for the purpose of the engagement.
  - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
  - g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
  - h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

**Internal control over financial reporting:**

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

**Fraud & non-compliance with laws and regulations:**

- 3) We have disclosed to you:
  - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
  - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
    - management;
    - employees who have significant roles in internal control over financial reporting; or
    - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
  - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
  - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
  - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

**Subsequent events:**

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

**Related parties:**

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

**Estimates:**

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

**Going concern:**

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

**Misstatements:**

- 11) The effects of the uncorrected misstatements described in Attachment II are immaterial, both individually and in the aggregate, to the financial statements as a whole.

**Non-SEC registrants or non-reporting issuers:**

- 12) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).

Yours very truly,

---

Mr. Robert Lapham, Chief Administrative Officer

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Mr. Nelson Chan, Chief Financial Officer

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Mr. Kevin Lorette, General Manager, Planning and Protective Services

## Attachment I – Definitions

### Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Information is obscured if it is communicated in a way that would have a similar effect for users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

- a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
- c) dissimilar items, transactions or other events are inappropriately aggregated;
- d) similar items, transactions or other events are inappropriately disaggregated; and
- e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

### Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

## Attachment II – Summary of Audit Misstatement Schedule

### Uncorrected adjustments

	Statement of operations effect	Statement of financial position effect		
Description	(Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Accumulated Deficit (Decrease) Increase
To recognize debt issuance expense over the term of the debt instead of in the year of issuance	(4,900)	-	(102,900)	98,000



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# Capital Regional Hospital District

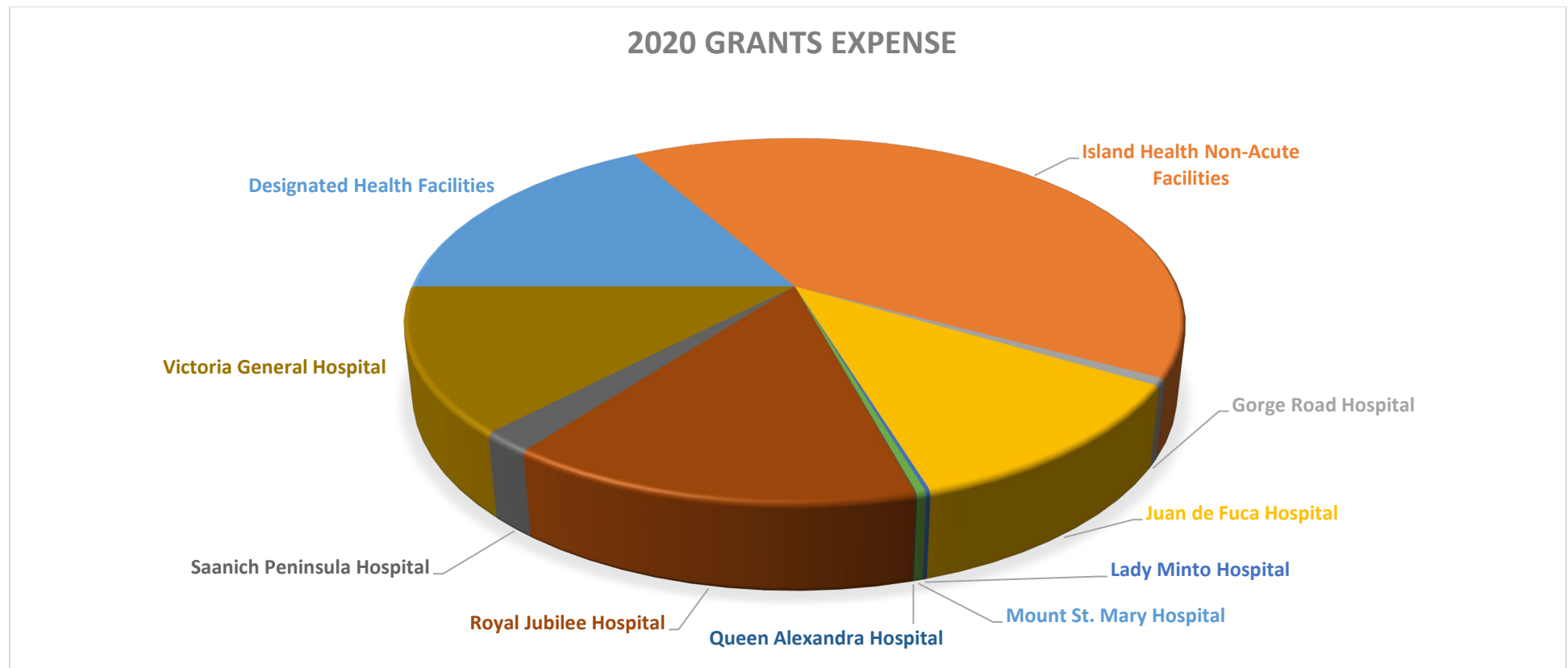
# Additional Financial Analysis

British Columbia, Canada

Fiscal year ended December 31, 2020

## 1) 2020 Grants to District Hospitals

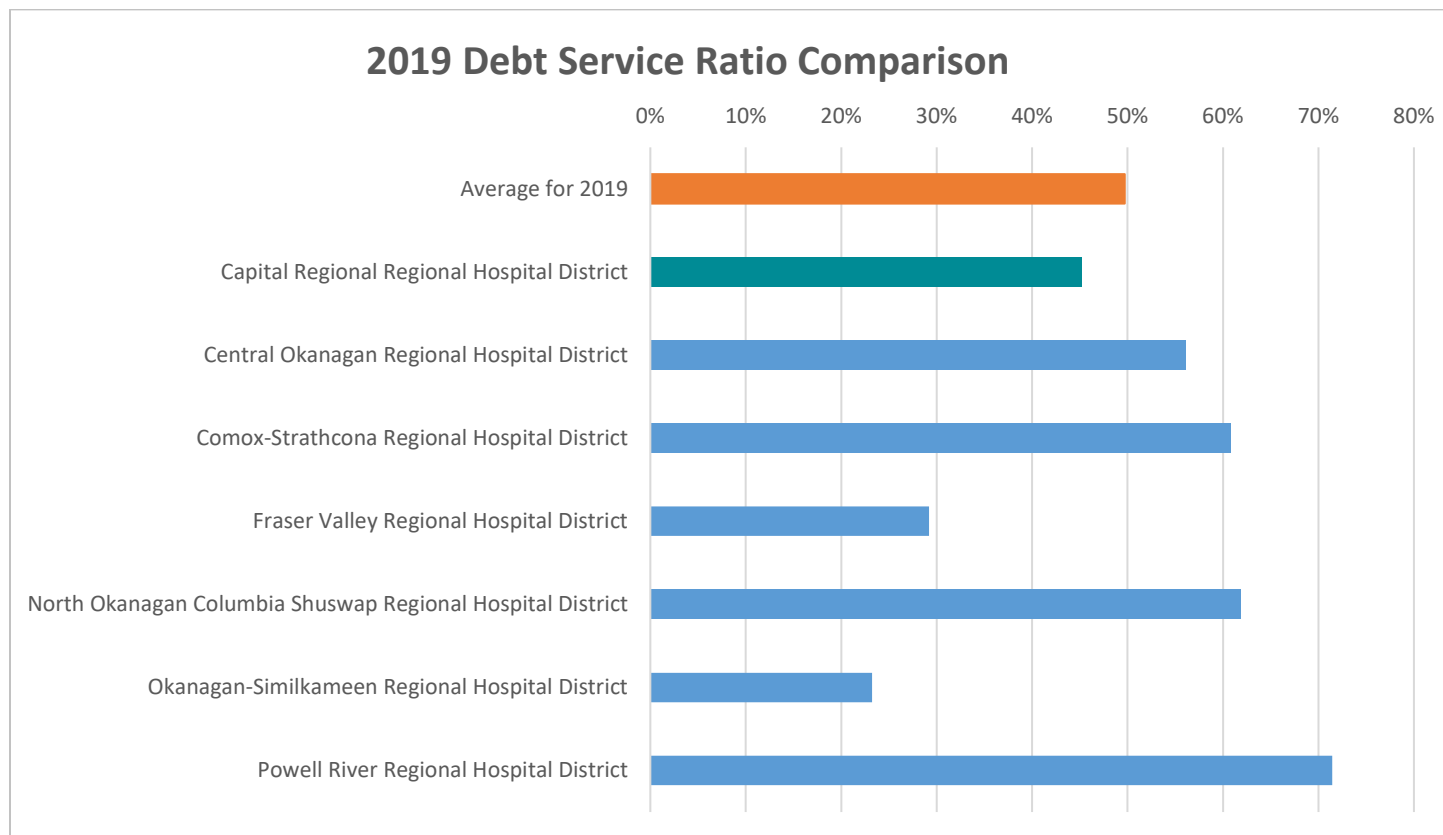
In 2020, the CRHD provided capital grants to hospital facilities in the district totaling \$9.0 million. Further to the information provided in the Audited Financial Statements' Note 6 and Schedule A, the distribution of 2020 total grants expense is illustrated below, showing the relative share of total grants received by each facility during the year. Non-Acute Facilities received grants totaling \$3.7 million; \$2.9 million of this is attributed to the annual minor equipment grant, which is prioritized by Island Health and distributed to facilities in the district.





## 2) Debt Service Ratio Comparison

Based on the 2019 financial results of other Hospital Districts on Vancouver Island and southern British Columbia, the average debt service costs as a percentage of revenue is 50%. At 45% for 2020 and 64% for 2019, the CRHD's debt service ratio decreased from the prior year as a result of increased revenue in 2020 due to the Summit building's lease proceeds of \$4.0M and contributed revenue of \$9.3M which is the difference between the Oak Bay Lodge property's fair value and price paid for the acquisition. Current year comparison data is not yet available.





**REPORT TO HOSPITALS AND HOUSING COMMITTEE  
MEETING OF WEDNESDAY, MAY 05, 2021**

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**SUBJECT**     **2021 Minor Capital Projects and Equipment – Approval of Capital Bylaw**

**ISSUE SUMMARY**

Approval of a capital bylaw is required by the Capital Regional Hospital District (CRHD) Board to authorize funding of healthcare minor capital and equipment projects in the region.

**BACKGROUND**

Minor Capital Projects (MCPs) sustain the region's health infrastructure through additions and improvements to existing healthcare facilities (such as replacement of aging or failing building systems or components), renovations or upgrades to accommodate changes in service delivery and responding to technological advances. MCPs are valued between \$100,000 and \$2 million (M) and the CRHD contributes 40% towards the total cost of Island Health minor capital projects to a maximum of \$3.75M annually.

The 2021-2030 amended and approved CRHD Capital Plan established funding of \$3.75M for Island Health 2021 MCPs and \$2.955M toward healthcare equipment purchases identified by Island Health (\$2.925M) and Mount St. Mary Hospital (\$30K). Staff has worked diligently with Island Health to finalize the list of 2021 MCPs and equipment purchases (Appendix A).

Approval of a capital expenditure bylaw is required by the CRHD Board to expend these funds (Appendix B). Schedule A of the bylaw (Appendix B) summarizes CRHD's contribution to MCP and Equipment, in line with the approved 2021 CRHD Budget.

**ALTERNATIVES**

*Alternative 1*

The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

- 1) That the recommended 2021 Minor Capital Projects totalling \$3,750,000 be approved and expensed from the 2021 requisition;
- 2) That the recommended 2021 equipment grants of \$30,000 to Mount St. Mary Hospital and \$2,925,000 to Island Health be approved and expensed from the 2021 requisition;
- 3) That Bylaw No. 406, "Capital Regional Hospital District Capital Bylaw No. 180, 2021", be introduced and read a first, second and third time; and
- 4) That Bylaw No. 406 be adopted.

*Alternative 2*

That the 2021 Minor Capital Projects and Equipment – Approval of Capital Bylaw report be referred back to staff for additional information.

**IMPLICATIONS**

Providing annual funding for MCPs and equipment establishes a mechanism for the CRHD to invest in sustaining and upgrading the region's healthcare capital assets thereby enhancing patient care and safety for residents. Through its funding commitment to Island Health's 2021

MCPs and equipment priorities, the CRHD supports the completion of previously approved projects and new priority projects. The 2021 CRHD budget was approved on March 24, 2021 and included \$2.955M for Capital Equipment Grants and a \$3.750M transfer to reserve to fund the 2021 MCP initiatives that will be cash-flowed over three years by Island Health.

### **CONCLUSION**

The Board has identified a community need for appropriate health facilities and equipment. CRHD staff are working with Island Health to identify capital improvements and respond to funding requests for acute care, long term care and hospital equipment. Island Health's MCPs list represents the highest priority needs for the region's healthcare facilities. Staff of the Health and Capital Planning Strategies Division, working together with Island Health, has conducted due diligence for the 2021 MCPs and equipment projects.

The amended 2021-2030 CRHD Capital Plan and 2021 CRHD Operating Budget established funding for both previously approved and newly identified MCPs and, for the equipment priorities provided by Island Health and Mount St. Mary Hospital. Approval of a capital bylaw in the amount of \$6,705,000 is recommended.

### **RECOMMENDATIONS**

The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

- 1) That the recommended 2021 Minor Capital Projects totalling \$3,750,000 be approved and expensed from the 2021 requisition;
- 2) That the recommended 2021 equipment grants of \$30,000 to Mount St. Mary Hospital and \$2,925,000 to Island Health be approved and expensed from the 2021 requisition;
- 3) That Bylaw No. 406, "Capital Regional Hospital District Capital Bylaw No. 180, 2021", be introduced and read a first, second and third time; and
- 4) That Bylaw No. 406 be adopted.

Submitted by:	Michael Barnes, MPP, Senior Manager Health & Capital Planning Strategies
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

### **ATTACHMENT(S)**

Appendix A: Island Health 2021 Minor Capital Projects and Equipment

Appendix B: Bylaw No. 406, "Capital Regional Hospital District Capital Bylaw No. 180, 2021"

			Cash Flow						
				2021/22			2022/23	2023/24	
	Site	Portfolio	Project Name	Total Project Cost	Annual	Island Health	CRHD		
	Previously Funded Projects								
	Victoria General Hospital	Operations and Support Services	Roof Replacement (\$500,000 Top Up)	\$1,495,000	\$50,000	\$30,000	\$20,000		
	Royal Jubilee Hospital	Operations and Support Services	D&T Dedicated Heat Recovery Chiller Phase 2	\$1,370,533	\$700,000	\$420,000	\$280,000		
	Gorge Road Hospital	Operations and Support Services	Roof Replacement	\$1,522,456	\$300,896	\$180,538	\$120,358		
	Victoria General Hospital	Clinical Service Delivery / Priority Populations & Initiatives	Pharmacy (Top Up \$1.7 million)	\$1,900,000	\$1,289,781	\$773,869	\$515,912	\$210,219	
	UPCC #3	Clinical Service Delivery / Priority Populations & Initiatives	Greater Victoria Urgent Primary Care Centre	\$1,546,232	\$46,232	\$27,739	\$18,493		
			Sub-Total Previously Funded Projects	\$7,834,221	\$2,386,909	\$1,432,145	\$954,764	\$210,219	
	New Projects							\$0	
	Royal Jubilee Hospital	Clinical Service Delivery	Dedicated Pharmacy Negative Air room for Hazardous medication storage and re-	\$550,000	\$550,000	\$330,000	\$220,000		
	Royal Jubilee Hospital	Operations & Support Services	MDRD Cart Washer installation top-up	\$116,600	\$116,600	\$69,960	\$46,640		
	All Sites	People	Applicant Tracking System, replacing VI Hire which will be unsupported in 2020	\$400,000	\$400,000	\$240,000	\$0		
	Royal Jubilee Hospital	Operations & Support Services	D&T Nurse Call	\$397,500	\$397,500	\$238,500	\$159,000		
	Royal Jubilee Hospital	Operations & Support Services	Biomed Space Renovation - Top-Up	\$300,000	\$300,000	\$180,000	\$120,000		
	Queen Alexandra Centre	Priority Populations & Initiatives	Ledger Building Secure Room	\$385,000	\$385,000	\$231,000	\$154,000		
	Queen Alexandra Centre	Operations & Support Services	Main Water Line Replacement	\$225,000	\$225,000	\$135,000	\$90,000		
	Eric Martin Pavillion	Priority Populations & Initiatives	Mental Health Subacute Unit Renovation	\$900,000	\$900,000	\$540,000	\$360,000		
	Saanich Peninsula Hospital	Clinical Service Delivery	Restricted Access / Lock down of the site	\$495,000	\$495,000	\$297,000	\$198,000		
	Victoria General Hospital	Clinical Service Delivery	Card entry locked system for Perinatal and Neonatal inpatient units	\$150,000	\$150,000	\$90,000	\$60,000		
	Royal Jubilee Hospital	Operations & Support Services	D&T Pneumatic Tube System Replacement	\$424,000	\$424,000	\$254,400	\$169,600		
	Victoria General Hospital	Operations & Support Services	Nurse Call Upgrade	\$1,500,000	\$650,000	\$390,000	\$260,000	\$550,000	
	Victoria General Hospital	Operations & Support Services	Staff Lot Upgrade and Capacity Increase	\$550,000	\$550,000	\$330,000	\$220,000	\$300,000	
	Royal Jubilee Hospital	Operations & Support Services	Elevator Refurbishment	\$1,000,000	\$500,000	\$300,000	\$200,000	\$500,000	
	Victoria Regional Laundry	Operations & Support Services	E- Tech overhead bag rail system upgrade	\$371,000	\$371,000	\$222,600	\$148,400		
	Royal Jubilee Hospital	Priority Populations & Initiatives	Victoria Mental Health Carpet and paint	\$150,000	\$150,000	\$90,000	\$60,000		
	Victoria General Hospital	Operations & Support Services	Deaerator Replacement	\$200,000	\$200,000	\$120,000	\$80,000		
	Royal Jubilee Hospital	Clinical Service Delivery	Auxillary Morgue	\$99,000	\$99,000	\$99,000	\$0		
	Lady Minto Hospital	Clinical Service Delivery	Pass Through Windows - Endocsopy	\$50,000	\$50,000	\$50,000	\$0		
	Saanich Peninsula Hospital	Operations & Support Services	Emergency Department Exhaust Ventilation	\$104,500	\$104,500	\$62,700	\$41,800		
	Multiple Sites	Priority Populations & Initiatives	New site re-location for Her Way Home	\$82,500	\$82,500	\$82,500	\$0		
	Victoria General Hospital	Clinical Service Delivery	Surgical Expansion - (Project) Laser Ready Room	\$22,000	\$22,000	\$22,000	\$0		
	Queen Alexandra Centre	Operations & Support Services	Main Replace Windows	\$104,500	\$104,500	\$62,700	\$41,800		
	Royal Jubilee Hospital	Clinical Service Delivery	Secure ED Doors: Medical Imaging Hallway	\$82,500	\$82,500	\$82,500	\$0		
	Victoria General Hospital	Operations & Support Services	Main OR Floors - Top Up	\$86,400	\$86,400	\$86,400	\$0		
	Saanich Peninsula Hospital	Clinical Service Delivery	Locked Doors for South ALC unit	\$99,000	\$99,000	\$99,000	\$0		
	Priory Hospital	Priority Populations & Initiatives	Meiko Sanitizers and Renos	\$99,000	\$99,000	\$99,000	\$0		
	Victoria General Hospital	Operations & Support Services	Staff Parking lot: Removal of Islands to Increase Parking Capacity	\$93,500	\$93,500	\$93,500	\$0		
	Lady Minto Hospital	Operations & Support Services	Hazardous Material Remediation	\$99,750	\$99,750	\$99,750	\$0		

	Site	Portfolio	Project Name	Total Project Cost	Annual	Island Health	CRHD	2022/23	2023/24
	Queen Alexandra Centre	Clinical Service Delivery	OBGH Clinic Room Expansion	\$99,000	\$99,000	\$99,000	\$0		
	Royal Jubilee Hospital	Clinical Service Delivery	Replacement flooring	\$82,500	\$82,500	\$82,500	\$0		
	Eric Martin Pavillion	Operations & Support Services	Sixth Floor Patio Replacement	\$300,000	\$300,000	\$180,000	\$120,000		
	Gorge Road Hospital	Priority Populations & Initiatives	Install Meiko Sanitizer on AVU	\$99,000	\$99,000	\$99,000	\$0		
	Gordon Head/Oak Bay Health Unit	Clinical Service Delivery	OBGH-Community Health Services	\$99,000	\$99,000	\$99,000	\$0		
	Lady Minto Hospital	Operations & Support Services	Building Exterior Fabric and Finishes	\$99,750	\$99,750	\$99,750	\$0		
	Victoria General Hospital	Operations & Support Services	Biomedical Air Handler	\$82,500	\$82,500	\$82,500	\$0		
	Gorge Road Hospital	Priority Populations & Initiatives	Install Meiko Sanitizer on WVU	\$99,000	\$99,000	\$99,000	\$0		
	Glengarry Hospital	Operations & Support Services	Exterior Wood Fencing	\$44,000	\$44,000	\$44,000	\$0		
	Royal Jubilee Hospital	Clinical Service Delivery	Dividing nursing office in PAC	\$55,000	\$55,000	\$55,000	\$0		
	Saanich Peninsula Hospital	Operations & Support Services	Domestic Water Filtration	\$99,000	\$99,000	\$99,000	\$0		
	Royal Jubilee Hospital	Operations & Support Services	PCC Demand Controlled Ventilation	\$44,000	\$44,000	\$44,000	\$0		
	Priory Hospital	Operations & Support Services	Fencing Between Cottages	\$114,991	\$114,991	\$68,994	\$45,996		
	Pembroke	Priority Populations & Initiatives	Renovation for Pembroke Kitchen Space- Into	\$99,000	\$99,000	\$99,000	\$0		
	Queen Alexandra Centre	Operations & Support Services	Fisher HVAC Compliance project	\$99,750	\$99,750	\$99,750	\$0		
	Aberdeen Hospital	Priority Populations & Initiatives	Hopper Room Reno	\$99,000	\$99,000	\$99,000	\$0		
	Royal Jubilee Hospital	Clinical Service Delivery	OP panic alarms	\$27,500	\$27,500	\$27,500	\$0		
	Victoria General Hospital	Clinical Service Delivery	Dirty Utility Room	\$99,000	\$99,000	\$99,000	\$0		
	Victoria General Hospital	Operations & Support Services	Pipe Insulation	\$55,000	\$55,000	\$55,000	\$0		
	Lady Minto Hospital	Operations & Support Services	Replace Oxygen Liquid Manifold with High Pressure System	\$28,188	\$28,188	\$28,188	\$0		
	Royal Jubilee Hospital	Operations & Support Services	EV Charging Station (Level 2) - Loading Dock	\$30,000	\$30,000	\$30,000	\$0		
	Queen Alexandra Centre	Operations & Support Services	Roadway Engineering	\$250,000	\$250,000	\$250,000	\$0		
	Saanich Peninsula Hospital	People	Ceiling Lift - San Pen ACU - 4 bed room	\$55,000	\$55,000	\$55,000	\$0		
	Victoria General Hospital	People	Ceiling Lift - 1 patient room	\$50,000	\$50,000	\$50,000	\$0		
	Gorge Road Hospital	People	Ceiling Lift - 4 bed room	\$55,000	\$55,000	\$55,000	\$0		
			<b>Sub-Total New Projects</b>	<b>\$11,401,928</b>	<b>\$10,051,928</b>	<b>\$7,096,692</b>	<b>\$2,795,236</b>	<b>\$1,050,000</b>	<b>\$300,000</b>
			<b>Total</b>	<b>\$19,236,149</b>	<b>\$12,438,837</b>	<b>\$8,528,837</b>	<b>\$3,750,000</b>	<b>\$1,260,219</b>	<b>\$300,000</b>

# VANCOUVER ISLAND HEALTH AUTHORITY

## 2021/22 RECOMMENDED APPROVED CAPITAL EQUIPMENT - CAPITAL REGIONAL HOSPITAL DISTRICT

Capital #	Control #	Program	Site	Equipment Name	Qty	Budget	New / Replace
<b>Equipment &gt;\$100,000</b>							
	2020-2417	Surgical Svs - Perioperative	RJH/VGH	Steam Sterilizer Large	2	948,964	Replacement
	2020-2820	Innovation and Analytics	RJH	PCC Nimble Storage Array	1	132,009	Replacement
	2021-3830	Laboratory Services	SPH	Chem Platform - SPH General Chemistry Analyzer	1	100,000	Replacement
	2021-3808	Laboratory Services	RJH	Chem Platform - RJH Automated Line	1	1,275,000	Replacement
	2019-2096	Surgical Svs-Ambulatory Care	RJH	PASCAL - Pattern Scanning Laser - Clinic 5	1	158,868	Replacement
	2021-2614	Pharmacy	RJH/VGH	AcuDose Automated Dispensing Cabinet Phase 2	22	1,779,316	Replacement
	2020-3294	Heart Health	VGH	Echocardiography Ultrasound Machine- Full consult	1	150,000	Replacement
	2019-1701	Heart Health	RJH	Echocardiography Ultrasound Machine- Full consult	1	150,000	Replacement
	2018-834	Surgical Svs - Perioperative	VGH	(Orth) Large C-Arm	1	318,124	Replacement
	2020-3288	Heart Health	RJH	Echocardiography Ultrasound Machine- Full consult	1	150,000	Replacement
	3388d	Medical Imaging	SPH	X-Ray - Siemens Axiom Aristos	1	701,025	Replacement
	3388c	Medical Imaging	RJH	X-Ray - Siemens Axiom Aristos	1	701,025	Replacement
	2021-3834	Laboratory Services	VGH	Chem Platform - VGH Sample Handler	1	250,000	New
	2019-1396	Environmental Support	VRL	Water Extraction Press	2	1,500,000	Replacement
	2021-3490	Protection Services	RJH	PCC CCTV System - General Areas	75	123,750	Replacement
<b>Total Equipment &gt; \$100,000</b>						<b>8,438,081</b>	
21LM127	2020-2867	MHSU Operations SI	VPAHC	Videoconference Centre for Pandora Health Centre	1	37,748	Replacement
	2021-3773	Esquimalt West Shore Sooke	SHU	SCHS videoconference equipment	1	34,512	New
	2021-3779	Esquimalt West Shore Sooke	Multi	Vacuum Assisted Closure Machines	4	75,495	Replacement
	2021-3533	Saanich Gulf Islands	LMH	Electrolux High Extraction Washer	1	24,210	Replacement
	2020-2776	Saanich Gulf Islands	SPH	Cardiac monitors	5	122,684	Replacement
	2021-3556	Saanich Gulf Islands	LMH	Patient Monitors	2	47,691	New
	2021-3666	Saanich Gulf Islands	SPH	Stryker OR table	2	112,205	Replacement
	2021-3748	Saanich Gulf Islands	PHU	Code White Safety Doors	3	48,533	New
	2021-3795	Saanich Gulf Islands	PHU	Vacuum-Assisted Closure in CHS	1	18,874	New
	2021-3647	Saanich Gulf Islands	SPH	Tornado 8P disinfecting washer	2	41,166	Replacement
21RJ119 21RJ011	2019-1849	Saanich Gulf Islands	SPH	Acute Bladder scanner	1	19,413	Replacement
	2021-3927	Laboratory Services	RJH	Autoclave	1	50,000	Replacement
	2020-2948	Laboratory Services	RJH	Biological Safety Cabinet	2	18,525	Replacement
	2020-2331	Laboratory Services	SPH	Automated Digital Slide Reader	1	47,454	Replacement
	2021-3945	Laboratory Services	LMH	Digital Cell Morphology System	1	41,522	New
	2021-3352	Laboratory Services	VGH	Body Fluid Application for Digital Microscopy	1	11,864	New
	2021-3946	Laboratory Services	RJH	Body Fluid Application for Digital Microscopy	1	11,864	New

# VANCOUVER ISLAND HEALTH AUTHORITY

## 2021/22 RECOMMENDED APPROVED CAPITAL EQUIPMENT - CAPITAL REGIONAL HOSPITAL DISTRICT

Capital #	Control #	Program	Site	Equipment Name	Qty	Budget	New / Replace
21RJ117	3659	Laboratory Services	VGH	instrument	1	98,000	Replacement
	2020-3159	Laboratory Services	RJH	Slide Maker Stainer (SMS)	1	64,710	Replacement
	2020-2329	Laboratory Services	RJH	Hematology Analyzers	2	198,444	Replacement
	2020-3369	Medical Imaging	RJH	RJH Dose Calibrator	1	11,638	Replacement
	2021-3658	Medical Imaging	VGH	Barco Screening Mammo Monitors	1	30,552	Replacement
	2021-3988	Medical Imaging	RJH/VGH	Injector Contract Media	2	69,024	Replacement
	2020-3364	Medical Imaging	VGH	MRI contrast Injector	1	48,533	Replacement
	2020-3366	Medical Imaging	VGH	Breast CAD Software	1	99,000	Replacement
	2021-3984	Medical Imaging	RJH	Logiq e10 room 5	1	87,237	Replacement
	2021-3985	Medical Imaging	VGH	GE Logiq e10	1	87,237	Replacement
	2021-4051	Medical Imaging	VGH	GE Logiq e10	1	87,237	Replacement
	2020-3263	Medical Imaging	RJH	Digital Detector Fuji X-ray	1	91,673	Replacement
	2020-3264	Medical Imaging	VGH	Digital Detector Fuji X-ray	1	91,673	Replacement
	2020-3362	Medical Imaging	VGH	1.5T Patient Monitor	1	94,000	Replacement
	2021-3962	Medical Imaging	VGH	Hovermat blower	1	16,178	New
	2019-2224	Medical Imaging	VGH	Well counter	1	43,140	Replacement
	2021-3917	Clinical Operations - RJH	RJH	IStat	1	11,864	New
	2019-1463	Clinical Operations - RJH	RJH	Ultrasound - Point of Care - 8 North	1	80,888	Replacement
	2019-1516	Clinical Operations - RJH	RJH	ExSpiron 1Xi Monitor System	1	79,020	Replacement
	3694	Clinical Operations - RJH	RJH	System	1	28,593	Replacement
	2021-3920	Clinical Operations - RJH	RJH	FalconQUAD Point of Care Imaging	1	42,703	New
	2021-3915	Clinical Operations - RJH	RJH	Bariatric Bed	2	33,842	New
	2021-3933	Clinical Operations - RJH	RJH	Bariatric Power Sit to Stand	1	6,629	New
	2021-3958	Clinical Operations - RJH	RJH	Bartric Mattress	2	12,396	New
	2020-2965	Clinical Operations - RJH	RJH	Bladder Scanner	1	18,576	Replacement
	2021-3912	Clinical Operations - RJH	RJH	Bladder Scanner	1	18,576	Replacement
	2021-3913	Clinical Operations - RJH	RJH	Bladder Scanner	1	18,576	Replacement
	2021-3910	Clinical Operations - RJH	RJH	Cast Saw	1	6,687	Replacement
	2021-3959	Clinical Operations - RJH	RJH	Cleanslate System	4	37,165	New
	2020-2963	Clinical Operations - RJH	RJH	Electrosurgical Unit	1	80,000	Replacement
	2020-2960	Clinical Operations - RJH	RJH	Fetal Heart Monitor Ultrasound	2	85,000	Replacement
	2020-2961	Clinical Operations - RJH	RJH	Infant Radiating Warming Unit	1	80,000	Replacement
	2021-3963	Clinical Operations - RJH	RJH	Telemetry Emergency Department	2	57,618	New
	2021-3957	Clinical Operations - RJH	RJH	Telemetry	4	21,570	New
	2021-3861	Clinical Operations - VGH	GRH	Flexible Endoscope Examination of Swallowing	1	44,423	New
	4018	Clinical Operations - VGH	VGH	Cardiac Ultrasound System - Vivid S70	1	70,103	Replacement
	4179	Clinical Operations - VGH	VGH	Motorized Height & Width Parallel Bars	2	21,847	Replacement
	2019-1829	Clinical Operations - VGH	RJH	EMG Machines	2	134,580	Replacement

# VANCOUVER ISLAND HEALTH AUTHORITY

## 2021/22 RECOMMENDED APPROVED CAPITAL EQUIPMENT - CAPITAL REGIONAL HOSPITAL DISTRICT

Capital #	Control #	Program	Site	Equipment Name	Qty	Budget	New / Replace
2021-3815		Clinical Operations - VGH	VGH	Stryker 3333 TruRize	1	10,037	New
3767		Clinical Operations - VGH	VGH	Avalon FM40 Fetal Monitor	1	15,854	Replacement
2021-3382		Clinical Operations - VGH	SPH	Flexible Endoscopic Examination System	1	45,297	New
2019-2246		Clinical Operations - VGH	GRH	Bioness Integrated Therapy System	1	38,392	Replacement
4178		Clinical Operations - VGH	VGH	EMG (Electromyography) Machine	1	41,235	New
2019-1250		Clinical Operations - VGH	VGH	Bariatric Suite for VGH	1	40,541	Replacement
2019-2172		Clinical Operations - VGH	VGH	RT - 300 LA Supine Cycle with FES option	1	86,280	New
2021-3381		Clinical Operations - VGH	RJH	NuStep T5	1	13,805	Replacement
3157		Clinical Operations - VGH	VGH	Neonatal Critical Care Invasive Ventilator	2	35,594	Replacement
3712		Clinical Operations - VGH	RJH	Treadmill	1	10,354	Replacement
3154		Clinical Operations - VGH	VGH	Bariatric Bed	1	22,638	Replacement
2019-1358		Clinical Operations - VGH	VGH	Bariatric/Geriatric Chair	1	15,703	Replacement
2020-2557		Clinical Operations - VGH	RJH	Power Tilt/Recline Power Wheelchair	1	16,178	New
2020-2559		Clinical Operations - VGH	VGH	Power Tilt/Recline Power Wheelchair	1	16,178	New
4174		Clinical Operations - VGH	VGH	Barton 1-400 Chair	1	10,785	New
4180		Clinical Operations - VGH	VGH	NuStep	1	13,805	New
2019-2166		Clinical Operations - VGH	VGH	L300GO Foot Drop System	1	52,316	New
2019-1883		Clinical Operations - VGH	VGH	Warming Cabinet - Bowers Medical Supply	1	8,628	Replacement
2021-3323		Clinical Operations - VGH	VGH	Epimed Pain Blocker Cryoneurotomy	1	34,512	New
3707		Clinical Operations - VGH	VGH	Phoenix Geri-Chair with Neurological Augmentation	1	8,089	Replacement
4173		Clinical Operations - VGH	VGH	Tilt Recline Wheelchair	2	15,099	New
1286		Clinical Operations - VGH	VGH	Phillips MP50 Transport Monitor	1	11,470	Replacement
4175		Clinical Operations - VGH	VGH	Mattresses	20	171,068	Replacement
4176		Clinical Operations - VGH	VGH	High End Stretchers	2	24,363	Replacement
4233		Clinical Operations - VGH	VGH	Exam Lights	5	28,508	Replacement
2021-4037		Heart Health	Multi	Muse HL7 Interface module	1	70,103	New
2021-4016		Heart Health	RJH	Vascular Access Ultrasound (Cath Lab)	1	37,748	New
2021-1710		Heart Health	SPH	Echocardiography Ultrasound Machine - Portable	1	42,028	Replacement
2021-4041		Heart Health	RJH	Hand-held Portable Ultrasound: CCU	2	32,355	New
2019-1695		Heart Health	RJH	Echocardiography Ultrasound Machine - Portable	1	56,082	Replacement
2021-4015		Heart Health	RJH	L12-4 Linear Probe EP lab	1	16,178	New
2020-3246		Heart Health	SPH	ECG cart	1	24,097	Replacement
2020-3249		Heart Health	SPH	Stress testing Case system	1	48,509	Replacement
2020-3275		Heart Health	RJH	ECG cart	2	48,194	Replacement
2020-3276		Heart Health	VGH	ECG cart	1	24,097	Replacement
2020-3277		Heart Health	VGH	ECG cart	1	24,097	Replacement
2020-3278		Heart Health	VGH	ECG cart	1	24,097	Replacement
2020-3279		Heart Health	VGH	ECG cart	1	24,097	Replacement



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2020-3280		Heart Health	VGH	ECG cart	1	24,097	Replacement
2020-3281		Heart Health	VGH	ECG cart	1	24,097	Replacement
2020-3282		Heart Health	VGH	ECG cart	1	24,097	Replacement
2020-3283		Heart Health	VGH	ECG cart	1	24,097	Replacement
2021-4046		Heart Health	RJH	ECMO cart (Sprinter)	1	13,920	Replacement
2021-3754		Surgical Svs - Perioperative	RJH	Phillips monitors for SDC	4	100,163	New
2018-819		Surgical Svs - Perioperative	VGH	Washer Disinfectors	4	161,775	Replacement
2020-2610		Surgical Svs - Perioperative	VGH	Ophthalmology Ultrasound system for Eye	1	80,888	Replacement
2020-2919		Surgical Svs - Perioperative	RJH	Ophthalmology Centurion	1	75,606	Replacement
1101		Surgical Svs - Perioperative	RJH/VGH	Ortho Small Battery Drives	20	522,641	Replacement
2021-3755		Surgical Svs - Perioperative	RJH	Block room Ultrasound Machine for SDC	1	81,421	New
4327		Surgical Svs - Perioperative	VGH	Pre-Vacuum Steam Sterilizer Small	2	68,496	Replacement
2021-3573		Surgical Svs - Perioperative	RJH/VGH	Nerve Monitoring System NIM 3.0	2	133,734	Replacement
2019-1963		Surgical Svs - Perioperative	VGH	Gyne Sets	4	69,024	Replacement
2021-4034		Surgical Svs-Ambulatory Care	RJH	Endo Image Capturing N-Care system	1	32,355	New
2021-4032		Surgical Svs-Ambulatory Care	VGH	Endoscopy Stretcher	1	7,181	New
2021-3951		Surgical Svs-Ambulatory Care	RJH	Flexible Nasopharyngoscopes	15	95,852	New
2021-3952		Surgical Svs-Ambulatory Care	RJH	Light Cables for Nasopharyngoscopes'	15	113,129	New
2019-2097		Surgical Svs-Ambulatory Care	RJH	Assessment Clinic	1	8,093	New
2021-4030		Surgical Svs-Ambulatory Care	VGH	Electrosurgical Unit	1	29,120	New
2207		Surgical Svs-Ambulatory Care	RJH	Doppler Ultrasound	1	48,533	Replacement
2021-3950		Surgical Svs-Ambulatory Care	RJH	Plinth Bariatric Stretcher	1	14,297	New
2021-3375		Renal and Trauma Services	RJH	RJH Portable Emergency Deionization System	1	29,775	New
2021-3977		Renal and Trauma Services	RJH	Portable Ultrasound	1	80,888	New
2019-1451		Long Term Care - VIHA	SPH	Blanket Warmers - Extended Care Unit	2	20,941	Replacement
2019-1580		Long Term Care - VIHA	ABER	Portable Scale for Overhead Lift	1	5,441	Replacement
2019-1688		Public Health	VHU	Clinical diagnostic Audiometer	1	17,628	Replacement
2019-1689		Public Health	VHU	Clinical diagnostic Audiometer	1	17,628	Replacement
2020-3213		Food Services	PRIO	Double Convection Oven	1	8,304	Replacement
2021-3346		Food Services	GLEN	Robot Coupe Blixer 6V 7 Qt	1	7,550	Replacement
2021-3344		Food Services	RJH	Robot Coupe Blixer 6V 7QT	1	7,550	New
2020-3192		Services	QAC	Dryer	1	12,942	Replacement
2021-3487		Services	VGH	Electrolux W5240H Washer RJH	1	19,413	Replacement
3874		Services	GLEN	Washer and Dryer	1	26,963	Replacement
4207		Biomedical Engineering	VGH	Gas Flow Analyzer	1	10,569	Replacement
4208		Biomedical Engineering	RJH	Electrosurgical Analyzer	1	14,843	Replacement
2019-1398		Biomedical Engineering	VGH	Electrosurgical Analyzer	1	14,843	Replacement
2020-3223		SI FMO	GRH	John Deere Gator	1	26,963	Replacement

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## 2021/22 RECOMMENDED APPROVED CAPITAL EQUIPMENT - CAPITAL REGIONAL HOSPITAL DISTRICT

Capital #	Control #	Program	Site	Equipment Name	Qty	Budget	New / Replace
	2021-3532	SI FMO	RJH	Fluke ii900 Sonic Industrial Imager for Pipes	2	29,120	New
	2020-3199	SI FMO	VGH	Welder, Industrial	1	14,021	Replacement
<b>Total Equipment &lt; \$100,000</b>						<b>6,349,089</b>	
<b>Total Equipment Approved</b>						<b>14,787,170</b>	

VGH Victoria General Hospital  
 RJH Royal Jubilee Hospital  
 SPH Saanich Peninsula Hospital  
 VRL Victoria Regional Laundry  
 VPAHC Victoria Pandora Avenue Health Center  
 LMH Lady Minto Hospital  
 PHU Peninsula Health Unit  
 GRH Gorge Road Hospital  
 ABER Aberdeen  
 VHU Victoria Health Unit  
 PRIO Priory  
 GLEN Glengarry  
 QAC Queen Alexandra Centre

**CAPITAL REGIONAL HOSPITAL DISTRICT BYLAW NO. 406**

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**CAPITAL REGIONAL HOSPITAL DISTRICT CAPITAL BYLAW NO. 180, 2021**

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WHEREAS the Board of the Capital Regional Hospital District proposes to expend money for the capital expenditures described in Schedule 'A' attached hereto and forming an integral part of this bylaw;

And whereas those capital expenditures have received the approval required under Section 23 of the *Hospital District Act*;

Now therefore the Board of the Capital Regional Hospital District enacts the following capital expenditure bylaw as required by Sections 32 of the *Hospital District Act*;

1. The Board hereby authorizes and approves the expenditure of money necessary to complete the capital expenditures as described in Schedule 'A' attached hereto totalling \$6,705,000.
2. The payment of the portion that the Capital Regional Hospital District is responsible for shall be funded through monies budgeted in the current year of operation.
3. The Board hereby delegates the necessary authority to the Treasurer of the Capital Regional Hospital District to settle the terms of the expenditure.
4. This Bylaw may be cited for all intents and purposes as the "Capital Regional Hospital District Capital Bylaw No. 180, 2021".

READ A FIRST TIME THIS	DAY OF	May	, 2021
READ A SECOND TIME THIS	DAY OF	May	, 2021
READ A THIRD TIME THIS	DAY OF	May	, 2021
ADOPTED THIS	DAY OF	May	, 2021

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Chair

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Corporate Officer

**SCHEDULE 'A'**

**CAPITAL REGIONAL HOSPITAL DISTRICT BYLAW NO. 406**  
**“CAPITAL REGIONAL HOSPITAL DISTRICT CAPITAL BYLAW NO. 180, 2021”**

<b>Name of Facility</b>	<b>Project or Equipment Description</b>	<b>Project Number</b>	<b>Amount covered by CRHD Bylaw</b>	<b>Amount covered by Province/ Island Health</b>	<b>Total Project or Equipment Cost</b>
Island Health - South Island Health Facilities	2021 Minor Capital Projects	C180-21-XX	\$3,750,000	\$8,528,837	\$12,438,837*
Island Health – South Island 2021 Equipment Grant	2021 Capital Equipment	N/A	\$2,925,000	\$11,862,170	\$14,787,170
Mount St. Mary Hospital – 2021 Equipment Grant	2021 Capital Equipment	N/A	\$30,000		\$30,000
<b>TOTAL</b>			<b>\$6,705,000</b>	<b>\$20,391,007</b>	<b>\$27,256,007</b>

*\* includes all project cashflow for 2021.  
Appendix A specifies which projects CRHD will cost share in (i.e., projects over 100K)*