



Notice of Meeting and Meeting Agenda Capital Regional Hospital District Board

Wednesday, May 11, 2022

1:05 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

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. [22-249](#) Minutes of the March 9, 2022 and March 16, 2022 Capital Regional Hospital District Board Meetings

Recommendation: That the minutes of the Capital Regional Hospital District Board meetings of March 9, 2022 and March 16, 2022 be adopted as circulated.

Attachments: [Minutes - March 9, 2022](#)
[Minutes - March 16, 2022](#)

4. REPORT OF THE CHAIR

5. PRESENTATIONS/DELEGATIONS

The public are welcome to attend CRD Board meetings in-person.

Delegations will have the option to participate electronically. Please complete the online application for "Addressing the Board" on our website and staff will respond with details.

Alternatively, you may email your comments on an agenda item to the CRD Board at crdboard@crd.bc.ca.

6. CONSENT AGENDA

7. ADMINISTRATION REPORTS

8. REPORTS OF COMMITTEES

8.1. [22-179](#) Capital Regional Hospital District 2021 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 2021 Audited Financial Statements be approved.
(NWA)

Attachments: [Staff Report: CRHD 2021 Audit Report & Audited Financial Statements](#)
[Appendix A: CRHD 2021 Financial Statements](#)
[Appendix B: CRHD 2021 Audit Findings Report](#)
[Appendix C: CRHD 2021 Other Financial Statement Analysis](#)
[Appendix D: CRHD 2021 Financial Performance Indicators](#)

8.2. [22-293](#) Oak Bay Lodge Demolition Update and Approval of Amended Capital Bylaw

Recommendation: The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:
1) That the revised project budget be approved;
2) That the Capital Regional Hospital District 2022-2031 Ten year Capital Plan be amended and approved as submitted;
3) That Bylaw No. 411, "Capital Regional Hospital District Capital Bylaw No. 178, 2021, Amendment No. 1, 2022" be read a first, second and third time; and
4) That Bylaw No. 411 be adopted.
(WA, 2/3 on adoption)

Attachments: [Staff Report: OB Lodge Demo Update & Approval Amended Cap'l Bylaw](#)
[Appendix A: Bylaw No. 411](#)
[Appendix B: Contract Listing Change Orders](#)
[Appendix C: Amended 2022-2031 CRHD Capital Plan](#)

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

Wednesday, March 9, 2022

1:05 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

PRESENT:

Directors: D. Blackwell (Chair), R. Mersereau (Acting Chair), J. Bateman (for M. Tait) (EP), D. Howe (EP), S. Brice, B. Desjardins, L. Helps, F. Haynes, M. Hicks (1:14 pm) (EP), G. Holman, B. Isitt, J. Loveday, R. Martin, C. McNeil-Smith, K. Murdoch, G. Orr, C. Plant, J. Ranns, D. Screech, L. Seaton, N. Taylor, K. Williams (EP), R. Windsor (EP), G. Young

Staff: K. Lorette, Acting Chief Administrative Officer; N. Chan, Chief Financial Officer; L. Hutcheson, General Manager, Parks and Environmental Services; K. Morley, General Manager, Corporate Services; T. Robbins, General Manager, Integrated Water Services; D. Elliot, Senior Manager, Regional Housing; C. Nielson, Senior Manager, Human Resources; M. Lagoa, Deputy Corporate Officer; S. Orr, Senior Committee Clerk (Recorder)

EP - Electronic Participation

Regrets: Director M. Tait

The meeting was called to order at 1:04 pm.

1. TERRITORIAL ACKNOWLEDGEMENT

A Territorial Acknowledgement was provided in the preceding meeting.

2. APPROVAL OF THE AGENDA

MOVED by Director Mersereau, **SECONDED** by Director Martin,
That the agenda for the March 9, 2022 Session of the Capital Regional Hospital District Board be approved.
CARRIED

3. ADOPTION OF MINUTES

3.1. [22-166](#) Minutes of the January 12, 2022 Capital Regional Hospital District Board

MOVED by Director Mersereau, **SECONDED** by Director Plant,
That the minutes of the Capital Regional Hospital District Board meeting of January 12, 2022 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

- 5.2.1. [22-175](#) Delegation - Doug Mollard; Resident of Oak Bay: Re: Agenda Item 6.1.:
Oak Bay Lodge Redevelopment Public Engagement Update

D. Mollard spoke to Item 6.1.

6. CONSENT AGENDA

Item 6.1 was removed from the consent agenda and moved to be considered under Administration Reports as item 7.1.

**MOVED by Director Murdoch, SECONDED by Director Plant,
That consent agenda items 6.2. and 6.3. be approved.
CARRIED**

- 6.2. [22-143](#) Hospital District Act Amendment Request

**That a joint letter with the Regional Hospital Districts (RHDs) be sent to the
Ministry of Health requesting the Hospital District Act be updated and that the
RHDs be consulted and engaged in the process as part of the legislative review.
CARRIED**

- 6.3. [22-086](#) Capital Regional Hospital District Investment Portfolio Holdings and Annual
Performance Update

**That the Capital Regional Hospital District Investment Portfolio Holdings and
Annual Performance Update report be received for information.
CARRIED**

7. ADMINISTRATION REPORTS

- 7.1. [22-142](#) Oak Bay Lodge Redevelopment Public Engagement Update

Discussion ensued regarding:

- general rezoning clarification
- land use options

**MOVED by Director Plant, SECONDED by Director Mersereau,
That the Oak Bay Lodge Redevelopment Public Engagement Update report be
received for information and that staff be given the direction to proceed with
exploring financing and funding options with Island Health while simultaneously
proceeding with project scoping, design and procurement for general rezoning.
Staff will report back with a cost to proceed and award of contracts.
CARRIED**

Opposed: Helps, Isitt, Loveday

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 Plant, **SECONDED** by Director Taylor,
That the March 9, 2022 Capital Regional Hospital District Board meeting be
adjourned at 1:17 pm.
CARRIED

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER

Meeting Minutes

Capital Regional Hospital District Board

Wednesday, March 16, 2022

1:00 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

Special Meeting - Budget

PRESENT:

Directors: D. Blackwell (Chair), R. Mersereau (Acting Chair), J. Bateman (for M. Tait) (EP), P. Brent (for D. Howe) (EP), S. Brice, B. Desjardins, C. Graham (for R. Windsor) (EP), L. Helps, F. Haynes, M. Hicks (EP), G. Holman, B. Isitt, J. Loveday (EP), R. Martin, C. McNeil-Smith, K. Murdoch, G. Orr, C. Plant, J. Ranns, D. Screech, L. Seaton, N. Taylor (EP), K. Williams, 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; R. Lachance, Senior Manager, Financial Services; B. Semmens, Manager, Financial Planning & Performance; M. Lagoa, Deputy Corporate Officer; S. Orr, Senior Committee Clerk (Recorder)

EP - Electronic Participation

Regrets: Directors D. Howe, M. Tait, R. Windsor

The meeting was called to order at 1:02 pm.

1. TERRITORIAL ACKNOWLEDGEMENT

Director Mersereau provided a Territorial Acknowledgement.

2. APPROVAL OF THE AGENDA

MOVED by Director McNeil-Smith, **SECONDED** by Director Plant,
That the agenda for the March 16, 2022 Session of the Capital Regional Hospital
District Board be approved.
CARRIED

3. PRESENTATIONS/DELEGATIONS

There were no presentations or delegations.

4. SPECIAL MEETING MATTERS

- 4.1. [22-096](#) Capital Regional Hospital District Bylaw No. 410: Annual Budget, 2022

N. Chan spoke to Item 4.1.

Discussion ensued regarding:

- health authority needs across the region
- forecast on future debt retirement
- funding policy implications on the capital plan
- negative tax requisition

MOVED by Director Desjardins, **SECONDED** by Director Plant,

1. That Bylaw No. 410, "Annual Budget Bylaw, 2022", be introduced and read a first, second and third time.

CARRIED

MOVED by Director Seaton, **SECONDED** by Director Desjardins,

2. That Bylaw No. 410 be adopted.

CARRIED

5. ADJOURNMENT

MOVED by Director Plant, **SECONDED** by Director Helps,

That the March 16, 2022 Capital Regional Hospital District Board meeting be adjourned at 1:13 pm.

CARRIED

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER

**REPORT TO THE HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, MAY 04, 2022**

SUBJECT **Capital Regional Hospital District 2021 Audit Findings Report and Audited Financial Statements**

ISSUE SUMMARY

To receive the Capital Regional Hospital District (CRHD) 2021 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 2021 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 (VIHA) and community stakeholder agencies, the CRHD supports a healthy region by investing in healthcare service and strategic priorities. These include new construction, upgrades, renewals, and expansion of health facilities and medical equipment. More recently, CRHD also contributes by developing land and managing health facilities built to be used through VIHA. Financial activities include strategies and actions to raise 30–40% of required funding for shared capital projects with VIHA, and 100% for CRHD directed development and construction projects. Significant activities for CRHD in 2021 include development planning and demolition of the Oak Bay Lodge site, and the acquisition of land in Royal Bay for future development of a long-term care facility. Both projects are being pursued in partnership with Island Health.

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 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 2021 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 12, 2022, and the audit findings confirm the financial statements present fairly, in all material respects, the financial position of CRHD as at December 31, 2021.

ALTERNATIVES

Alternative 1

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

That the Capital Regional Hospital District 2021 Audited Financial Statements be approved.

Alternative 2

That the Capital Regional Hospital District 2021 Audited Financial Statements be referred back to staff for additional information.

IMPLICATIONS

Financial Implications

Audit Findings Report

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 12, 2022.

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 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 historically reported a net debt and accumulated deficit position in the Statement of Financial Position. For 2021, the financial position is a net debt of (\$106) million and an accumulated surplus of \$0.5 million.

Financial Assets

Financial assets as of December 31, 2021, were \$26.5 million a decrease of (\$1.8) million or (6%) from 2020. Table 1 summarizes financial assets as of December 31 and provides the change year over year.

Table 1 – Change in Financial Assets Year over Year

Statement of Financial Position (\$ millions)	2021	2020	\$ Change	% Change
Financial Assets				
Cash and cash equivalents	17.7	23.6	(5.9)	(25%)
Investments	5.0	-	5.0	100%
Due from CRD	0.1	0.7	(0.6)	(86%)
Other receivables	0.1	0.1	-	-
Restricted cash – MFA DRF	3.6	3.9	(0.3)	(8%)
Total Financial Assets	\$26.5	\$28.3	(\$1.8)	(6%)

Cash and cash equivalents include cash on hand, bank deposits and short-term highly liquid investments. Cash and cash equivalents decreased by (\$5.9) million primarily due to an investment strategy which moved funds on hand into longer-term holdings. As such, Investments increased by \$5 million year over year. Further detail on changes are included in Appendix C, section 4, Statement of Cash Flows.

Payments due from the Capital Regional District (CRD) and other receivables decreased by (\$0.6) million due to the timing of year-end intercompany transfers where Restricted cash decreased by (\$0.3) million due to debt maturities exceeding new debt issuances in the year, therefore reducing the MFA debt reserve fund (DRF).

Financial Liabilities

Table 2 summarizes financial liabilities of \$132.9 million which include \$2.4 million in Accounts payable & other liabilities, \$1.8 million in outstanding Short-term debt and \$128.3 million in outstanding Long-term debt.

Table 2 – Change in Financial Liabilities Year over Year

Statement of Financial Position (\$ millions)	2021	2020	\$ Change	% Change
Financial Liabilities				
Accounts payable & other liabilities	2.4	3.8	(1.4)	(37%)
Deferred revenue	0.4	0.4	-	-
Short-term debt	1.8	-	1.8	100%
Long-term debt	128.3	141.9	(13.6)	(10%)
Total Financial Liabilities	\$132.9	\$146.1	(\$13.2)	(9%)

The accounts payable balance decreased by (\$1.4) million over prior year primarily due to the completion of the Summit project and release of construction holdbacks in 2020. Short-term debt increased by \$1.8 million due to financing the Royal Bay land acquisition and long-term debt decreased by (\$13.6) million as a result of debt maturities exceeding new debt borrowings in 2021.

Non-Financial Assets

As shown in Table 3, non-financial assets of \$106.9 million consist solely of tangible capital assets.

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

Statement of Financial Position (\$ millions)	2021	2020	\$ Change	% Change
Non-Financial Assets				
Tangible Capital Assets	106.9	99.7	7.2	7%

The increase of \$7.2 million from prior year is primarily attributed to the \$8 million acquisition of land at Royal Bay, \$2 million of demolition work at Oak Bay Lodge, \$0.2 million of equipment and post-occupancy related expenditures for the Summit, net of \$3 million in amortization expense. Additional detail is presented in Note 6 of the 2021 Financial Statements.

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 \$39.6 million in 2021. Table 4 summarizes changes in revenue by source with a net decrease of (\$10.5) million or (21%) over prior year.

Table 4 – Change in Revenue Year over Year

Statement of Operations (\$ millions)	2021	2020	\$ Change	% Change
Taxation	28.1	29.4	(1.3)	(4%)
Payments in lieu of taxes	0.9	0.9	-	-
Lease and other property revenue	4.4	4.1	0.3	7%
Interest income	0.3	0.4	(0.1)	(25%)
Debenture maturity refund	-	-	-	-
Contributed revenue	-	9.3	(9.3)	(100%)
Actuarial adjustment of long-term debt	5.9	6.0	(0.1)	(2%)
Total Revenue	\$39.6	\$50.1	(\$10.5)	(21%)

Of the (\$10.5) million total revenue reduction through 2021, (\$9.3) million is a result of 2020 contributions to the Oak Bay Lodge property. Lease and other property revenue increased by \$0.3 million due to 2021 being the first full year of Summit lease payments. Other revenue changes result in a net decrease of (\$1.5) million over prior year, primarily as a result of lower taxation due to expiring debt obligations.

Expenses

Expenses consist of grants to district hospitals, interest on debt, operating expenditures and amortization expense. Table 5 summarizes the change in expenses over prior year.

Table 5 – Change in Expenses Year over Year

Statement of Operations (\$ millions)	2021	2020	\$ Change	% Change
Grants to district hospitals	9.5	9.0	0.5	6%
Interest on long-term debt	7.2	8.0	(0.8)	(10%)
Amortization	3.1	3.1	-	-
Operating expenses	1.3	1.4	(0.1)	(7%)
Total Expenses	\$21.1	\$21.5	(\$0.4)	(2%)

Grants to health authority hospitals in the year were \$9.5 million, an increase of \$0.5 million or 6% over prior year. Grants vary year-over-year depending on the timing of projects and grant-claim submissions of various initiatives. Of grants paid in 2021; \$5.1 million of the CRHD contributions went towards minor capital projects in the region, \$3.0 million towards major capital projects such as various Urgent and Primary Care Centres and the Beacon Community Services Expansion. Finally, \$1.4 million was a non-traditional grant paid to the Broadmead Care Society for the Nigel House redevelopment project.

The decrease in interest on long-term debt of (\$0.8) million is due to lower balances payable and lower interest on new issuances and renewals of existing debt.

Operating expenses consist of administration, feasibility studies and property management costs. The (\$0.1) million decrease is primarily attributed to lower costs in feasibility studies (\$0.2 million), net of increased property maintenance costs \$0.1 million.

2021 Annual Surplus

The accumulated surplus/(deficit) represents the sum of annual surpluses and deficits to date for the CRHD. Table 6 reconciles the opening and closing balance with the annual surplus:

Table 6 – Annual Surplus and Change in Accumulated Deficit Year over Year

Statement of Operations (\$ millions)	2021	2020	\$ Change	% Change
Annual surplus	18.5	28.5	(10.0)	(35%)
Accumulated deficit, beginning	(18.0)	(46.6)	28.6	(61%)
Accumulated surplus/(deficit), ending	0.5	(18.1)	18.6	(103%)

The annual surplus is the net difference between revenues and expenses for the current year. In 2021, operations resulted in an annual surplus of \$18.5 million, a decrease of (\$10) million or 35% over prior year. The decrease in surplus is primarily attributable to the decrease in contributed revenue.

The 2021 annual surplus reduced the accumulated deficit from \$18.1 million in the prior year to an accumulated surplus position of \$0.5 million at December 31, 2021.

3. Other Financial Statement Analysis

Analysis of the remaining two statements and Schedule A can be found in Appendix C:

- Statement of Change in Net Debt
- Statement of Cash Flows
- Schedule A: Grants to District Hospitals

4. 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.

4.1 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, 2021, is 53% (2020: 45%).

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

4.2 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, 2021, is 4.9 to 1 (2020: 5.9 to 1), indicating CRHD's current assets are sufficient to pay current liabilities 4.9 times.

4.3 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, 2021, is 5.5, meaning the CRHD's revenue is sufficient to repay interest expense 5.5 times (2020: 6.3).

CONCLUSION

Board approval of the CRHD 2021 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, 2021, and the results of the financial activities for the year then ended are in accordance with Canadian Public Sector Accounting Standards.

RECOMMENDATION

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

That the Capital Regional Hospital District 2021 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 2021 Audited Financial Statements
- Appendix B: CRHD Audit Findings Report for the year ended December 31, 2021 (KPMG)
- Appendix C: CRHD 2021 Other Financial Statement Analysis
- Appendix D: CRHD 2021 Financial Performance Indicators

Capital Regional Hospital District 2021 Financial Statements

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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, 2021
- 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, 2021, 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
May 11, 2022

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, 2021.

On behalf of Capital Regional Hospital District,

Nelson Chan, MBA, FCPA, FCMA
Chief Financial Officer
May 11, 2022

Statement of Financial Position

As at December 31, 2021

	2021	2020
Financial assets		
Cash and cash equivalents (Note 2)	\$ 17,671,161	\$ 23,627,273
Investments	5,000,000	-
Accounts receivable		
Due from Capital Regional District	130,801	701,170
Other	87,423	58,046
Restricted cash - MFA Debt Reserve Fund (Note 3)	3,607,145	3,905,704
	<u>26,496,530</u>	<u>28,292,193</u>
Financial liabilities		
Accounts payable and other liabilities	2,447,965	3,783,702
Deferred revenue	367,001	361,515
Short-term debt (Note 4)	1,819,000	-
Long-term debt (Note 5)	128,318,806	141,896,510
	<u>132,952,772</u>	<u>146,041,727</u>
Net debt	(106,456,242)	(117,749,534)
Non-financial assets		
Tangible capital assets (Note 6)	106,903,759	99,710,197
Contingent liabilities (Note 13)		
Commitments (Note 7)		
Accumulated Surplus/(Deficit) (Note 11)	\$ 447,517	\$ (18,039,337)

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, 2021

	Budget (Note 12)	2021	2020
Revenue			
Taxation - Municipalities	\$ 25,998,531	\$ 25,998,529	\$ 27,226,407
Taxation - Electoral Areas	2,031,625	2,031,625	2,068,174
Taxation - First Nations	108,352	108,353	88,466
Payments in lieu of taxes	879,289	879,761	890,109
Lease and other property revenue	4,410,678	4,420,933	4,054,227
Interest income	50,000	285,488	390,713
Debenture maturity refund	415,000	-	19,291
Contributed revenue	-	-	9,299,990
Actuarial adjustment on long-term debt	-	5,874,862	5,960,910
	33,893,475	39,599,551	49,998,287
Expenses			
Grants to district hospitals (Schedule A)	12,620,823	9,475,488	9,033,239
Interest on long-term debt	7,320,394	7,207,154	7,969,899
Interest on short-term debt	50,000	1,926	1,367
Amortization	-	3,084,450	3,077,136
Operating expenses	1,662,065	1,343,679	1,385,565
	21,653,282	21,112,697	21,467,206
Annual surplus	12,240,193	18,486,854	28,531,081
Accumulated deficit, beginning of year	(18,039,337)	(18,039,337)	(46,570,418)
Accumulated surplus (deficit), end of year	\$ (5,799,144)	\$ 447,517	\$ (18,039,337)

Statement of Change in Net Debt

For the year ended December 31, 2021

	Budget	2021	2020
	(Note 12)		
Annual surplus	\$ 12,240,193	\$ 18,486,854	\$ 28,531,081
Acquisition of tangible capital assets	(23,700,000)	(10,278,012)	(4,526,836)
Contributed tangible capital assets	-	-	(9,299,990)
Amortization of tangible capital assets	-	3,084,450	3,077,136
Change in net debt	(11,459,807)	11,293,292	17,781,391
Net debt, beginning of year	(117,749,534)	(117,749,534)	(135,530,925)
Net debt, end of year	\$ (129,209,341)	\$ (106,456,242)	\$ (117,749,534)

The accompanying notes are an integral part of these financial statements

Statement of Cash Flows

For the year ended December 31, 2021

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 18,486,854	\$ 28,531,081
Items not involving cash:		
Actuarial adjustment on long-term debt	(5,874,862)	(5,960,910)
Amortization	3,084,450	3,077,136
Contributed tangible capital assets	-	(9,299,990)
Increase (decrease) in non-cash assets and liabilities:		
Accounts receivable	(29,377)	256,546
Accounts payable and accrued liabilities	(1,335,737)	(4,723,131)
Deferred revenue	5,486	361,515
Due to/(from) Capital Regional District	570,369	(824,378)
Restricted cash	298,559	162,345
Net change in cash from operating activities	15,205,742	11,580,214
Capital activities:		
Cash used to acquire tangible capital assets	(10,278,012)	(4,526,836)
Net change in cash from capital activities	(10,278,012)	(4,526,836)
Investing activities:		
Net change in investments	(5,000,000)	-
Net change in cash from investing activities	(5,000,000)	-
Financing activities:		
Additions to short-term debt	1,819,000	-
Additions to long-term debt	6,172,570	596,005
Repayment of long-term debt	(13,875,412)	(14,402,045)
Net change in cash from financing activities	(5,883,842)	(13,806,040)
Net change in cash and cash equivalents	(5,956,112)	(6,752,662)
Cash and cash equivalents, beginning of year	23,627,273	30,379,935
Cash and cash equivalents, end of year	\$ 17,671,161	\$ 23,627,273
Cash paid for interest	\$ 7,134,689	\$ 8,212,747
Cash received for interest	285,488	390,713

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, 2021

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 Surplus.

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) Financial Instruments

Financial instruments are classified into two categories fair value or cost.

- i. Fair value category: portfolio investments quoted in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense.
- ii. Cost category: portfolio investments not quoted in an active market, financial assets and liabilities are recorded at cost or amortized cost. Gains and losses are recognized in the Statement of Operations when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of financial assets are included in the cost of the related instrument.

Financial assets are assessed for impairment on an annual basis. If there is an indicator of impairment, the Hospital District determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Hospital District expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

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

	2021		2020	
Cash in bank	\$	17,671,161	\$	23,537,598
MFA Money Market		-		89,675
	\$	17,671,161	\$	23,627,273

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, 2021 is \$3,607,145 (2020: \$3,905,704)

4. SHORT-TERM DEBT

During 2021, CRHD secured short-term capital financing in the amount of \$1,819,000 to fund a land acquisition. The interest rate at year end was 0.97%. The short-term financing will be converted to long-term debt in Spring 2022.

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

Long-term debt represents gross debt borrowings of \$279,583,868 (2020: \$287,424,507) net of repayments and actuarial adjustments of \$151,265,062 (2020: \$145,527,997).

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 and thereafter:

	2022	2023	2024	2025	2026	Aggregate amount after 2026
	\$ 13,900,587	\$ 12,867,076	\$ 10,907,951	\$ 7,855,404	\$ 6,231,880	\$56,065,291

5. LONG-TERM DEBT (continued)**b) Interest Rates of Long Term Debt Borrowings Issued in the Year**

2021	2020
1.25% to 1.53%	0.91% to 1.99%

The long-term debt bears interest at rates ranging from 0.65% to 3.85%. The weighted average interest rate at December 31, 2021 is 2.56% (2020: 2.60%).

c) Demand Notes – Contingent Liability

The MFA holds demand notes related to the Hospital District's debenture debt in the amount of \$8,746,511 (2020: \$9,141,471). 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.

6. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization				Net Book
	Balance at December 31, 2020	Additions	Transfers	Balance at December 31, 2021	Balance at December 31, 2020	Amortization Expense	Balance at December 31, 2021	Value at December 31, 2021
Work in Progress	\$ -	1,985,691	-	\$ 1,985,691	-	-	-	\$ 1,985,691
Land	23,591,590	8,050,785	-	31,642,375	-	-	-	31,642,375
Buildings	79,195,743	241,536	-	79,437,279	3,077,136	3,084,450	6,161,586	73,275,693
	\$ 102,787,333	10,278,012	-	\$ 113,065,345	3,077,136	3,084,450	6,161,586	\$ 106,903,759

	Cost			Accumulated Amortization				Net Book
	Balance at December 31, 2019	Additions	Transfers	Balance at December 31, 2020	Balance at December 31, 2019	Amortization Expense	Balance at December 31, 2020	Value 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

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.

7. COMMITMENTS

a) The Hospital District has the following approved and active capital projects:

Bylaw	Description	Approved Project Cost (Island Health)	Hospital District Share	Funded to December 31, 2020	Funded in Current Year (Schedule A)	Funded to December 31, 2021	Remaining Commitment
Sec 20(3)	Equipment and Non-Traditional Projects	\$ 4,315,000	\$ 4,315,000	\$ -	\$ 4,315,000	\$ 4,315,000	\$ -
CBL 169	Minor Capital Projects 2016 – Residual Claim	326	130	-	130	130	-
CBL 170	Minor Capital Projects 2017	19,772,954	3,750,000	3,627,757	51,627	3,679,384	70,616
CBL 171	Minor Capital Projects 2018	20,683,223	3,750,000	3,467,915	104,073	3,571,988	178,012
CBL 172	Westshore UPCC	4,240,000	1,272,000	311,121	78,643	389,764	-
CBL 173	Minor Capital Projects 2019	19,030,689	3,750,000	3,557,122	(88,659)	3,468,463	281,537
CBL 174	James Bay UPCC	5,000,000	1,500,000	564,617	104,890	669,507	830,493
CBL 175	Beacon Services Expansion	4,500,000	1,350,000	753,734	69,518	823,252	526,748
CBL 176	Minor Capital Projects 2020	17,554,299	3,750,000	1,323,455	1,816,254	3,139,709	610,291
CBL 177	Victoria UPCC #1	5,000,000	1,500,000	196,904	1,006,357	1,203,261	296,739
CBL 180	Minor Capital Projects 2021	16,172,313	3,750,000	-	260,047	260,047	3,489,953
CBL 181	Esquimalt UPCC	2,954,713	886,414	-	490,745	490,745	395,669
CBL 182	Victoria UPCC #2	4,998,639	1,499,592	-	1,169,837	1,169,837	329,755
CBL 183	Emergency Dept. Redevelopment - LMH	10,340,000	3,000,000	-	97,026	97,026	2,902,974
		\$ 134,562,156	\$ 34,073,136	\$ 13,802,625	\$ 9,475,488	\$ 23,278,113	\$ 9,912,787

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.

Notes to Financial Statements continued

7. COMMITMENTS (continued)

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, 2020	Funded in Current Year (Schedule A)	Funded to December 31, 2021	Remaining Commitment	Planned Approved Funding 2022 - 2026
APPROVED AND ACTIVE CAPITAL PROJECTS									
<u>Designated Health Care Facilities</u>									
Sec 20(3)	2021	NTP Grant Nigel House	1,360,000	1,360,000	-	1,360,000	1,360,000	-	-
<u>Vancouver Island Health Authority</u>									
Multiple	2016-2021	Minor Capital	9,861,558	2,419,063	1,485,630	349,023	1,834,653	584,410	584,410
Sec 20(3)	2021	Equipment Grant	2,925,000	2,925,000	-	2,925,000	2,925,000	-	-
172	2019	Westshore UPCC	4,240,000	1,272,000	311,121	78,643	389,764	-	-
174	2020	James Bay UPCC	5,000,000	1,500,000	564,617	104,890	669,507	830,493	30,000
175	2020	Beacon Services Expansion	4,500,000	1,350,000	753,734	69,518	823,252	526,748	80,700
177	2020	Victoria UPCC #1	5,000,000	1,500,000	196,904	1,006,357	1,203,261	296,739	30,000
181	2021	Esquimalt UPCC	2,954,713	886,414	-	490,745	490,745	395,669	90,000
182	2021	Victoria UPCC #2	4,998,639	1,499,592	-	1,169,837	1,169,837	329,755	359,592
<u>Mount St. Mary Hospital</u>									
Sec 20(3)	2021	Movable Equipment Grant	30,000	30,000	-	30,000	30,000	-	-
<u>Gorge Road Hospital</u>									
Multiple	2017-2021	Minor Capital	5,359,388	1,086,772	413,849	596,067	1,009,916	76,856	76,856
<u>Juan de Fuca Hospital</u>									
Multiple	2017-2021	Minor Capital	12,244,877	2,119,656	1,866,123	27,794	1,893,917	225,739	225,739
<u>Lady Minto Hospital</u>									
Multiple	2017-2021	Minor Capital	1,321,549	315,519	247,802	1,205	249,007	66,512	66,512
183	2021	Emergency Dept. Redevelopment	10,340,000	3,000,000	-	97,026	97,026	2,902,974	2,902,974
<u>Queen Alexandra Hospital</u>									
Multiple	2017-2021	Minor Capital	3,840,092	919,194	571,560	92,322	663,882	255,312	255,312
<u>Royal Jubilee Hospital</u>									
Multiple	2017-2021	Minor Capital	30,984,536	6,346,413	3,791,182	640,400	4,431,582	1,914,831	1,914,831
<u>Saanich Peninsula Hospital</u>									
Multiple	2017-2021	Minor Capital	5,530,149	1,196,818	911,356	34,895	946,251	250,567	250,567
<u>Victoria General Hospital</u>									
Multiple	2017-2021	Minor Capital	24,071,655	4,346,695	2,688,747	401,766	3,090,513	1,256,182	1,256,182
Total Commitments			134,562,156	34,073,136	13,802,625	9,475,488	23,278,113	9,912,787	8,123,675

b) Hospital District approved and active capital projects detailed by Hospital Facility (continued)

Bylaw	Year Approved	Description	Approved Project Cost (Island Health)	Hospital District Share	Funded to December 31, 2020	Funded in Current Year (Schedule A)	Funded to December 31, 2021	Remaining Commitment	Planned Approved Funding 2022 - 2026
PLANNED CAPITAL PROJECTS									
TBD	2022	Med. Device Reprocessing - VGH	4,240,000	1,272,000	-	-	-	1,272,000	1,272,000
TBD	2022	High Acuity Unit - VGH	3,250,000	975,000	-	-	-	975,000	975,000
TBD	2022	High Acuity Unit - RJH	15,650,000	4,695,000	-	-	-	4,695,000	4,695,000
TBD	2022	Pneumatic to Electric Conversion - GRH	2,946,000	883,800	-	-	-	883,800	883,800
Total Planned Capital Projects			26,086,000	7,825,800	-	-	-	7,825,800	7,825,800
Total Commitments and Planned Capital Projects			\$160,648,156	\$ 41,898,936	\$ 13,802,625	\$ 9,475,488	\$ 23,278,113	\$ 17,738,587	\$ 15,949,475

Notes to Financial Statements continued

8. CONTRACTUAL OBLIGATIONS

At December 31, 2021, the Hospital District has outstanding commitments to capital projects totalling \$2,183,438.

9. CONTRACTUAL RIGHTS

- a) 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.
- b) The Hospital District has an agreement with Fido Solutions to operate a temporary cellular site on the lands at 2251 Cadboro Bay Rd. for a term of five years until March 31, 2026. The annual rent is \$20,000.

10. 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, \$763,651 (2020: \$727,404) of administrative support and project management services from the CRD, of which \$nil (2020: \$16,622) 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, \$143,978 (2020: \$141,154) to the CRD, to cost share in administrative support and project management services.

11. ACCUMULATED SURPLUS

	2021	2020
<u>Surplus/(Deficit):</u>		
Other	\$ (18,683,901)	\$ (38,260,070)
Reserve funds set aside for specific purposes:		
Land Development Reserve	-	6,180,199
Regional Housing First Program Reserve	10,068,435	5,783,318
Summit Management Reserve	533,340	265,487
Land Holdings Management Reserve	1,286,762	1,193,653
Capital Loan Fund	4,630,407	3,438,752
Hospital District Act Section 20(3) Reserve	2,612,474	3,359,324
Accumulated Surplus/(Deficit)	<u>\$ 447,517</u>	<u>\$ (18,039,337)</u>

12. BUDGET DATA

The budget data presented in these financial statements is based upon the 2021 operating and capital budgets approved by the Board on March 24, 2021. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	Budget Amount
Revenue budget	\$ 36,111,356
Less:	
Transfers from reserve	(1,802,877)
Prior-year surplus	(415,004)
Revenue per Financial Statements	<u>33,893,475</u>
Expense budget	36,111,356
Add:	
Grants to district hospitals	4,555,824
Less:	
Transfers to reserve	(5,095,638)
Debt principal payments	(13,918,260)
Expense per Financial Statements	<u>21,653,282</u>
Annual Surplus	<u>\$ 12,240,193</u>

13. 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.

14. 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 2020.

14. 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 2020.

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 2020.

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 and short term financing. The risk applies only to long term debt when amortization periods exceed the initial locked in term. Short term financing is subject to daily floating rates, which can result in variability over the course of short term financing. Interest rate risk related to debt instruments is managed through budget and cash forecasts.

There has been no change to the risk exposure from 2020.

15. COMPARATIVE INFORMATION

Certain 2020 comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.

Grants to District Hospitals

For the year ended December 31, 2021

	Total grants December 31 2020	Expense 2021	Transfers to completed projects	Total grants December 31 2021
PROJECTS IN PROGRESS				
Designated Health Care facilities	\$ 1,770,686	\$ 1,360,000	\$ (1,360,000)	\$ 1,770,686
Vancouver Island Health Authority	8,687,484	6,194,013	(3,447,978)	11,433,519
Gorge Road Hospital	486,989	596,067	(117,175)	965,881
Juan de Fuca Hospital	2,339,843	27,794	(459,572)	1,908,065
Lady Minto Hospital	597,791	98,231	(17,780)	678,242
Mount St. Mary Hospital	30,000	30,000	(30,000)	30,000
Queen Alexandra Hospital	571,559	92,322	(362,700)	301,181
Royal Jubilee Hospital	10,807,034	640,400	(1,105,061)	10,342,373
Saanich Peninsula Hospital	1,838,253	34,896	(158,260)	1,714,889
Victoria General Hospital	4,036,247	401,765	(1,014,631)	3,423,381
	31,165,886	9,475,488	(8,073,157)	32,568,217
COMPLETED PROJECTS				
Designated Health Care facilities	21,034,214	-	1,360,000	22,394,214
Vancouver Island Health Authority	77,115,345	-	3,447,978	80,563,323
Gorge Road Hospital	7,825,196	-	117,175	7,942,371
Juan de Fuca Hospital	37,195,870	-	459,572	37,655,442
Lady Minto Hospital	5,617,275	-	17,780	5,635,055
Mount St. Mary Hospital - Fairfield	15,449,545	-	30,000	15,479,545
Queen Alexandra Hospital	8,868,726	-	362,700	9,231,426
Royal Jubilee Hospital	258,671,112	-	1,105,061	259,776,173
Saanich Peninsula Hospital	19,859,893	-	158,260	20,018,153
Victoria General Hospital	98,731,887	-	1,014,631	99,746,518
	550,369,063	-	8,073,157	558,442,220
	581,534,949	9,475,488	-	591,010,437
LESS:				
Province of British Columbia share of grants to hospitals recorded before change in capital payment process in 2000	(126,010,301)	-	-	(126,010,301)
	\$ 455,524,648	\$ 9,475,488	\$ -	\$ 465,000,136

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



Capital Regional Hospital District

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Capital Regional Hospital District Audit Findings Report



Capital Regional Hospital District

Audit Findings Report for the year ended
December 31, 2021

KPMG LLP

Prepared for presentation on May 4, 2022

kpmg.ca/audit

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KPMG contacts

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Our refreshed Values

What we believe



Integrity

We do what is right.



Excellence

We never stop learning
and improving.



Courage

We think and act boldly.



Together

We respect each other
and draw strength from
our differences.



For Better

We do what matters.

Audit highlights

Purpose of this report

The purpose of this report is to assist you, as a member of the Hospitals and Housing Committee (the “Committee”), 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, 2021. This Audit Findings Report builds on the Audit Plan we presented to the Board of Directors on January 12, 2022.

Status of 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 Committee;
- 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 Committee 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 financial statements, will be dated upon the completion of any remaining procedures.

Significant changes from the audit plan

There were no significant changes to our audit plan which was originally communicated to you in the audit planning report.

Areas of audit focus

Our audit is risk-focused. We have not identified any significant risks other than those required by audit standards. However, as part of our audit, we identified areas of audit focus which included the Oak Bay Lodge demolition.

See pages 4 to 5 for the audit findings related to these areas of audit focus.

Audit misstatements

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.

Uncorrected audit misstatements

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.

Corrected audit misstatements

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

This report to the Committee is intended solely for the information and use of management, the Committee and the Board of Directors and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report to the Committee has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Audit highlights (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.

The Capital Regional District (“CRD”) chose not to early adopt Section PS3160, *Public Private Partnerships* and therefore there is no impact on the District’s financial statements in fiscal 2021.

PS 3280 Asset Retirement Obligations will be effective from April 1, 2022 and will require additional assets and liabilities to be recognized to reflect the integral cost of owning and operating tangible capital assets. This will be a significant project for management to identify and measure all obligations.

See page 6 and Appendix 3 for further details.

Control deficiencies 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, 2021 up to the date of this report.

Current developments

Please refer to Appendix 3 for the current developments updates.

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?
Oak Bay Lodge	<p>In August 2020, ownership of Oak Bay Lodge was transferred from Island Health to CRHD. An external valuation was obtained for the land.</p> <p>During 2021, a community consultation was undertaken on the future use of the land.</p> <p>CRHD acquired a demolition permit for the property that resides on the land.</p>
Our response	
<ul style="list-style-type: none">- The Summit business case included the property transfer of Oak Bay Lodge (land and building) from Island Health to CRHD, with the transfer occurring on August 14, 2020.- 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.- 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.- KPMG reviewed the Board meeting minutes and related committees for activity and commitments related to the property with financial implications. All relevant activity has been recorded and disclosed in the District's financial statements.- KPMG selected a sample of costs incurred related to the demolition of the property and agreed such costs to invoices to verify the accuracy of the costs and that they had been recognized in the correct period. A total of \$1,985,691 has been capitalized; these represent the cost of site preparation for future capital assets.- KPMG considered any indications of adjustments required to the value of the land recognized in fiscal 2020 on acquisition. No adjustments were recommended.	
Significant findings	
There were no issues noted in our testing.	

Significant accounting policies and practices



Significant accounting policies

- There were no initial selections of or changes to the 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

- 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

- 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, 2021 is an understatement of expense of \$4,900 and overstatement of debt of \$98,000. The difference will decline in value over the term of the debt.

We concur with management's representation that the differences are not material to the financial statements. Accordingly, the differences have no effect on our auditors' report.

Corrected adjustments

There were no corrected adjustments noted.

Appendices

Appendix 1: Required communications

Appendix 2: Management representation letter

Appendix 3: Current developments



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 2.

Independence

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

Appendix 2: Management representation letter

Date of approval of financial statements

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, 2021.

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.

Appendix 2: Management Representation Letter (continued)

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

Mr. Nelson Chan, Chief Financial Officer

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)	-	(98,000)	93,100

Appendix 3: Current developments

New accounting standards

Standard	Summary and implications
Asset Retirement Obligations	<ul style="list-style-type: none"> – The new standard is effective for fiscal years beginning on or after April 1, 2022. – 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. – 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. – As a result of the new standard, the public sector entity will have to: <ul style="list-style-type: none"> • Consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset; • 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; • 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.
Revenue	<ul style="list-style-type: none"> – 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. – The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. – 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. – 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.

Appendix 2: Current developments (continued)

Standard	Summary and implications
Employee Future Benefit Obligations	<ul style="list-style-type: none"> PSAB has initiated a review of sections PS3250 Retirement Benefits and PS3255 Post-Employment Benefits, Compensated Absences and Termination Benefits. In July 2020, PSAB approved a revised project plan. PSAB intends to use principles from International Public Sector Accounting Standard 39 Employee Benefits as a starting point to develop the Canadian standard. Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, PSAB will implement a multi-release strategy for the new standards. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues. PSAB released an exposure draft on proposed section PS3251, Employee Benefits in July 2021. Comments to PSAB on the proposed section were due by November 25, 2021. Proposed Section PS 3251 would apply to fiscal years beginning on or after April 1, 2026 and should be applied retroactively. Earlier adoption is permitted. The proposed PS3251 would replace existing Section PS 3250 and Section PS 3255. This proposed section would result in organizations recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. Organizations would also assess the funding status of their post-employment benefit plans to determine the appropriate rate for discounting post-employment benefit obligations.
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards. PSAB released four exposure drafts in early 2021 for the proposed conceptual framework and proposed revised reporting model, and their related consequential amendments. The Board is in the process of considering stakeholder comments received. PSAB is proposing a revised, ten chapter conceptual framework intended to replace PS 1000 Financial Statement Concepts and PS 1100 Financial Statement Objectives. 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. In addition, PSAB is proposing: <ul style="list-style-type: none"> 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. Separating liabilities into financial liabilities and non-financial liabilities. Restructuring the statement of financial position to present non-financial assets before liabilities. Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). Removal of the statement of rereasurement 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”. A new provision whereby an entity can use an amended budget in certain circumstances. Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.

Appendix 2: Current developments (continued)

Standard	Summary and implications
Purchased Intangibles	<ul style="list-style-type: none"> – 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. – 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. – The effective date is April 1, 2023 with early adoption permitted. Application may be retroactive or prospective.
Public Private Partnerships (“P3”)	<ul style="list-style-type: none"> – PSAB has introduced Section PS3160, which includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. The standard has an effective date of April 1, 2023, and may be applied retroactively or prospectively. – The standard notes 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. – The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure. – 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.
2022 – 2027 Strategic Plan	<ul style="list-style-type: none"> – PSAB's Draft 2022 – 2027 Strategic Plan was issued for public comment in May 2021. Comments were requested for October 6, 2021. – The Strategic Plan sets out broad strategic objectives that help guide PSAB in achieving its public interest mandate over a multi-year period, and determining standard-setting priorities – The Strategic Plan emphasizes four key priorities: <ul style="list-style-type: none"> – Develop relevant and high-quality accounting standards - Continue to develop relevant and high-quality accounting standards in line with PSAB's due process, including implementation of the international strategy (focused on adapting International Public Sector Accounting Standards for new standards) and completion of the Conceptual Framework and Reporting Model project. – Enhance and strengthen relationships with stakeholders - Includes increased engagement with Indigenous Governments and exploring the use of customized reporting. – Enhance and strengthen relationships with other standard setters – In addition to continued collaboration with other standard setters, this emphasizes strengthened relationship with the IPSASB. – Support forward-looking accounting and reporting initiatives – Supporting and encouraging ESG reporting, and consideration of the development of ESG reporting guidance for the Canadian public sector.

Appendix 3: Current developments (continued)

New auditing standards

The following changes to auditing standards applicable to our 2022 audit are listed below.

Standard	Key observations
Revised CAS 315, Identifying and Assessing the Risks of Material Misstatement	<p>Revised CAS 315, Identifying and Assessing the Risks of Material Misstatement has been released and is effective for audits of financial statements for periods beginning on or after December 15, 2021.</p> <p>The standard has been significantly revised, reorganized and enhanced to require a more robust risk identification and assessment in order to promote better responses to the identified risks. Key changes include:</p> <ul style="list-style-type: none">- Enhanced requirements relating to exercising professional skepticism- Distinguishing the nature of, and clarifying the extent of, work needed for indirect and direct controls- Clarification of which controls need to be identified for the purpose of evaluating the design and implementation of controls- Introduction of scalability- Incorporation of considerations for using automated tools and techniques- New and revised concepts and definitions related to identification and assessment of risk- Strengthened documentation requirements <p>CPA Canada plans to publish a Client Briefing document in early 2022 to help you better understand the changes you can expect on your 2022 audit.</p>

Appendix 3: Current developments (continued)

Thought leadership – Environmental, social, and governance (ESG)

Thought leadership	Overview	Links
Unleashing the Positive in Net Zero	CoP26 in Glasgow made some progress to tackling climate change but there is much more to do. At KPMG, we're committed to accelerating the changes required to fight climate change. Our Global portal provides links to further thought leadership to help drive real change.	Link to Global portal
KPMG Climate Change Financial Reporting Resource Centre	KPMG's climate change resource centre provides FAQs to help you identify the potential financial statement impacts for your business.	Link to Global portal
You Can't Go Green Without Blue – The Blue Economy is Critical to All Companies' ESG Ambitions	In this report, KPMG considers how leading corporates and investors can take action to capture the value that can be found in a healthy, sustainable ocean economy.	Link to Canadian portal
ESG, Strategy and the Long View	This paper presents a five-part framework to help organizations understand and shape the total impact of their strategy and operations on their performance externally – on the environment, consumers, employees, the communities in which it operates, and other stakeholders – and internally.	Link to Global portal
Inclusion and diversity practices	In 2021 societal changes brought more attention to inclusion and diversity. In this age of transparency, businesses must act proactively to implement strategic inclusion and diversity practices. It has become increasingly important for organizations to adopt I&D initiatives in order to foster an enjoyable work environment for their employees. Learn how to consider your own organizations' unique context, meet with the stakeholders you want to include, understand where they are at, and guide them along their own individual transformation journey.	Link to Canadian portal

Appendix 3: Current developments (continued)

Thought leadership – Digital and technology

Thought leadership	Overview	Link
Going digital, faster in Canada	Pre-COVID-19, private and public organizations were moving towards a digital business model, travelling at varying speeds. But the pandemic forced a dramatic acceleration, both in the speed of change and the required investment to digitally transform. According to Canadian insights from KPMG's recent global survey, organizations are investing heavily in technology to address immediate concerns, ranging from falling revenue and interrupted supply chains to building longer-term competitiveness and operational resilience.	Link to Canadian portal

Thought leadership – Board, Audit Committee and C-Suite

Thought leadership	Overview	Links
Accelerate	Our Accelerate series offer insight into the key issues that will drive the Audit Committee agenda in 2022 in a number of key areas: cyber-related risk, digital transformation in the finance function, the 'Great Resignation' impacting finance, climate-related physical risks, enterprise risk management, and building a climate-conscious organization.	Link to Canadian Accelerate 2022 Insights series
KPMG 2021 CEO Outlook – Canadian Insights	This year we surveyed over 1,300 CEOs globally and the results are pointing to an optimistic outlook amongst Canadian CEOs. Some of the key themes coming out of the survey include expectations for aggressive growth through expansion, investment in both people and technology as well as a focus on delivering on environmental, social and governance (ESG) and sustainability commitments.	Link to Canadian portal
Board Leadership Centre + Audit Committee Guide	<p>KPMG in Canada Board Leadership Centre engages with directors, board members and business leaders to discuss timely and relevant boardroom challenges and deliver practical thought leadership on risk and strategy, talent and technology, globalization and regulatory issues, financial reporting and more.</p> <p>The new Audit Committee Guide – Canadian Edition from our Board Leadership Centre provides timely, relevant and trusted guidance to help both new and seasoned audit committee members stay informed.</p>	<p>Link to Canadian portal</p> <p>Link to 2021 guide</p>

Appendix 3: Current developments (continued)

Thought leadership – Audit quality and insights

Thought leadership	Overview	Links
Audit Quality and Transparency Report	Learn about KPMG's ongoing commitment to continuous audit quality improvement. We are investing in new innovative technologies and building strategic alliances with leading technology companies that will have a transformative impact on the auditing process and profession. How do we seek to make an impact on society through the work that we do?	Link to Canadian portal Link to 2021 Global report
Audit and Assurance Insights	KPMG provides curated research and insights on audit and assurance matters for audit committees and boards.	Link to Canadian portal



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Capital Regional Hospital District Other Financial Statement Analysis

Appendix C: Other Financial Statement Analysis

The 2021 Audited Financial Statements have been prepared by management in accordance with Canadian Public Sector Accounting Board (PSAB) Standards. Under PSAB regulations, governments are required to present five statements with explanatory notes. The first two statements are summarized in the staff report. This appendix provides a summary of the remaining statements.

3. Statement of Change in Net Debt

The Statement of Change in Net Debt is summarized in Table 7 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 7 – Change in Net Debt Year over Year

Statement of Change in Net Debt (\$ millions)	2021	2020
Change in net debt	11.3	17.8
Net debt, beginning of year	(117.7)	(135.5)
Net debt, end of year	(\$106.4)	(\$117.7)

In 2021, the CRHD's net debt position of \$106.4 million decreased by (\$11.3) million or (10%) over prior year. The change in net debt in 2021 is a result of the acquisition of tangible capital assets of \$10.2 million relating to Royal Bay Land acquisition, Oak Bay Lodge demolition and Summit capital additions.

4. Statement of Cash Flows

The Statement of Cash Flows reports the sources and uses of cash during the period and Table 8 displays the total cash flow activity by category from the statement:

Table 8 – Change in Cash and Cash Equivalents Year over Year

Statement of Cash Flows (\$ millions)	2021	2020
Operating activities	15.2	11.6
Capital activities	(10.3)	(4.5)
Investing activities	(5.0)	-
Financing activities	(5.9)	(13.8)
Net change in cash & cash equivalents	(6.0)	(6.7)
Cash & cash equivalents, beginning of year	23.7	30.4
Cash and cash equivalents, end of year	\$17.7	\$23.7

The net change in cash and cash equivalents in 2021 was a decrease of (\$6.0) million, a result of cash received from operating activities of \$15.2 million, less investment in tangible capital assets of (\$10.3) million, less cash investments of (\$5) million, less cash used in financing activities (\$5.9) million.

5. Schedule A: Grants to Hospital Districts

Schedule A summarizes the amounts raised for capital grants which are approved in the annual financial plan. These include equipment grants, major capital projects and various minor capital projects which are cash flowed over several years. Capital grant expenses in the year were \$9.5 million and the value of projects completed during the year was \$8.1 million. Major capital contributed to Urgent and Primary Care Clinics in the region, the Beacon Community Services Expansion, and the Lady Minto Emergency Department Redevelopment.

As shown in Note 7 to the financial statements, the CRHD cost shares between 30-40% of approved project costs and the CRHD share of authorized projects at December 31, 2021, is \$34.1 million (2020: \$33.5 million).

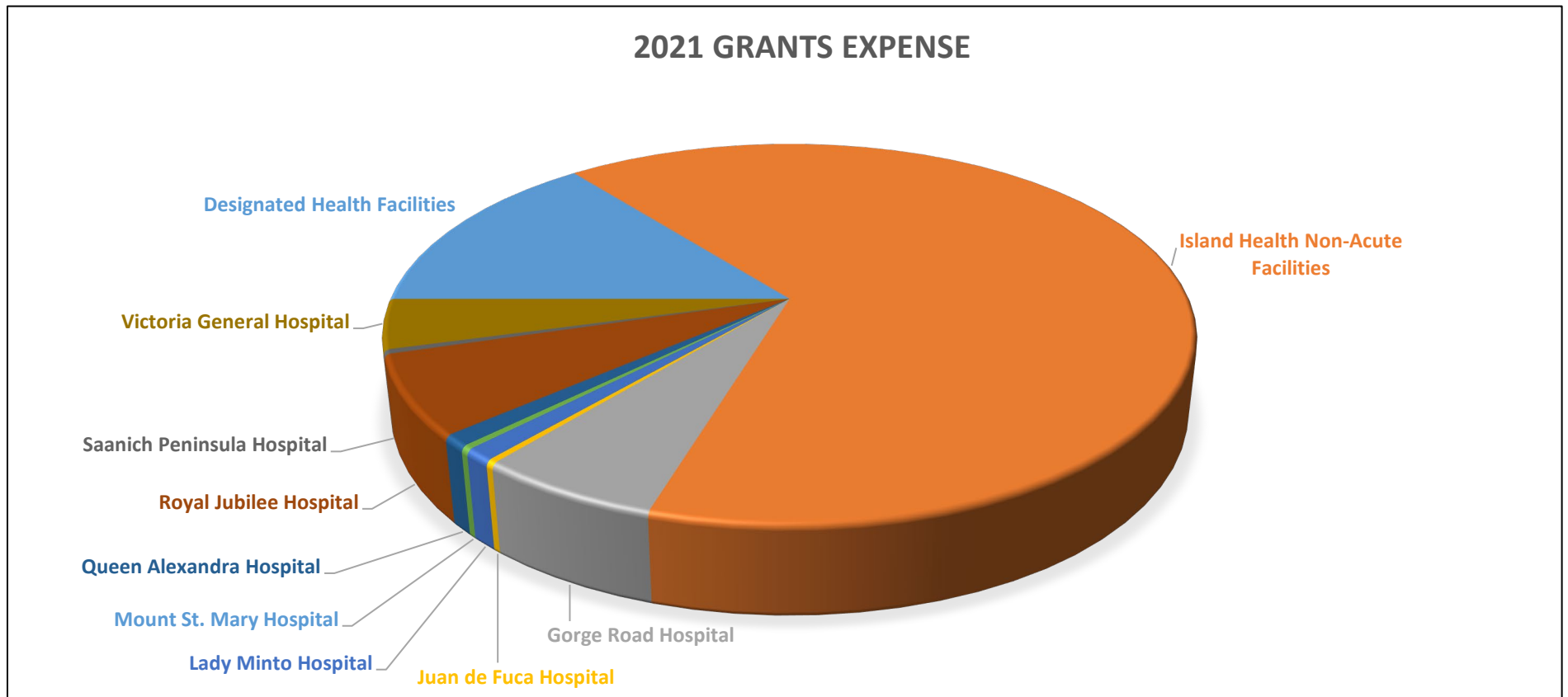
Appendix D provides graphical presentation of the 2021 total grants expense by facility.

Capital Regional Hospital District Financial Performance Indicators

Appendix D: Financial Performance Indicators

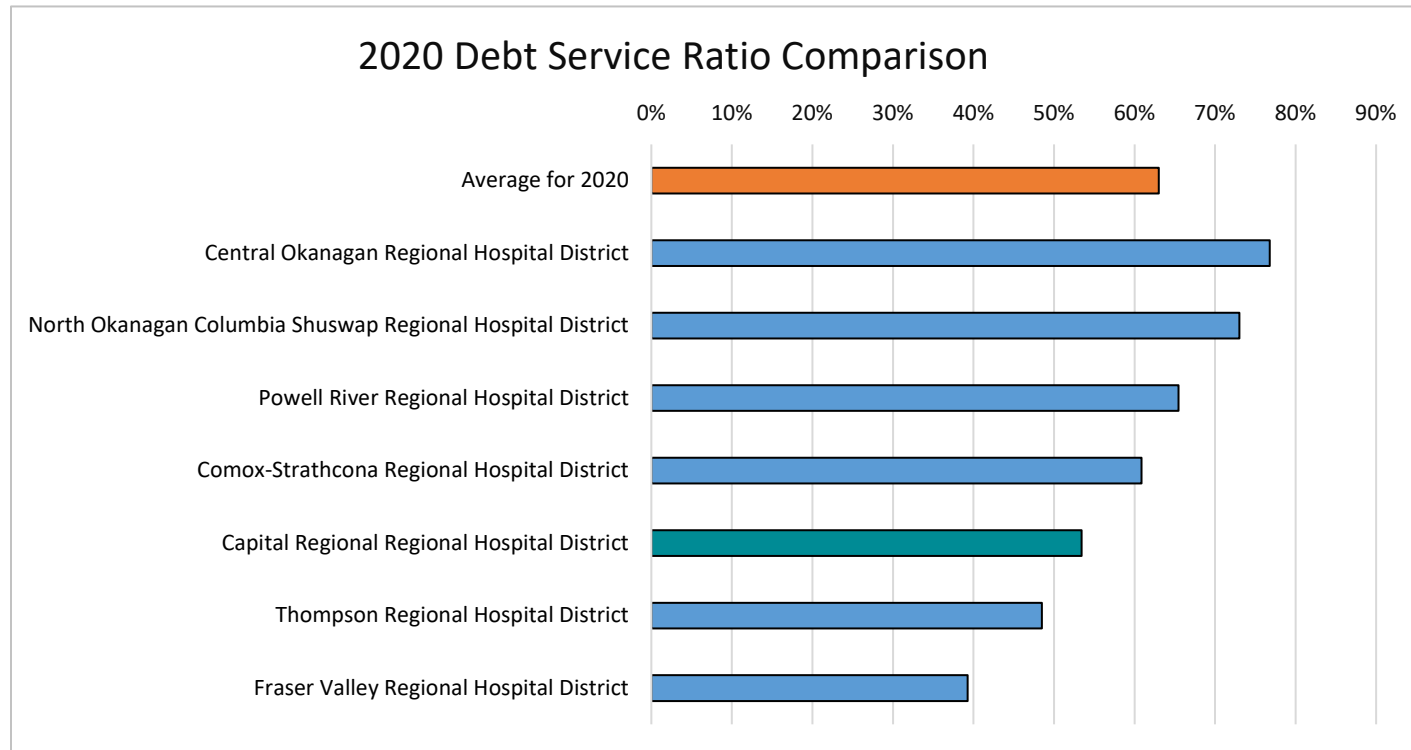
1. 2021 Grants to District Hospitals

In 2021, the CRHD provided capital grants to hospital facilities in the district totaling \$9.5 million. Further to the information provided in the Audited Financial Statements' Note 7 and Schedule A, the distribution of 2021 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 \$3.4 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 2020 financial results of other Hospital Districts on Vancouver Island and southern British Columbia, the average debt service costs as a percentage of revenue is 61%. At 53% for 2021 and 45% for 2020, the CRHD's debt service cost as a percentage of revenue is below the average for 2020. The CRHD's debt service ratio increased from the prior year as a result of decreased revenue in 2021 due to the acquisition of the Oak Bay Lodge property which resulted in \$9.3 million in revenue in 2020. Current year comparison data is not yet available.



**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, MAY 04, 2022**

SUBJECT **Oak Bay Lodge Demolition Update and Approval of Amended Capital Bylaw**

ISSUE SUMMARY

To approve the revised Oak Bay Lodge Demolition Budget and Amended Capital Bylaw.

BACKGROUND

The Capital Regional Hospital District (CRHD) took over ownership of Oak Bay Lodge (2251 Cadboro Bay Road) from Vancouver Island Health Authority (Island Health) effective August 14, 2020. On February 10, 2021 the CRHD Board approved Unitech Construction Management Ltd. as Construction Manager on the Oak Bay Lodge project. Under Unitech's management, tender for HAZMAT abatement and building demolition was issued on March 25, 2021. The tender closed on April 1, 2021 and at the April 14, 2021 meeting of the CRHD Board a contract was awarded to QM Environmental for HAZMAT Abatement and Building Demolition for the Oak Bay Lodge property in the amount of \$3,543,090 plus GST, and a 6% contingency. The overall project budget of \$4,266,501 and the Capital Expenditure and Borrowing Bylaw was approved at that time.

As a result of change orders on the project, an increase in budget and an extension to the project timeline is requested.

ALTERNATIVES

Alternative 1

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

- 1) That the revised project budget be approved;
- 2) That the Capital Regional Hospital District 2022-2031 Ten year Capital Plan be amended and approved as submitted;
- 3) That Bylaw No. 411, "Capital Regional Hospital District Capital Bylaw No. 178, 2021, Amendment No. 1, 2022" be read a first, second and third time; and
- 4) That Bylaw No. 411 be adopted.

Alternative 2

That the Oak Bay Lodge Demolition Update and Approval of Amended Capital Bylaw report be referred back to staff for additional information based on .

IMPLICATIONS

Service Delivery Implications

Since the beginning of the project Unitech and CRHD have received seven contemplated change notices. One a credit and six based on the unexpected discovery of additional hazardous materials within the building. See Appendix B contract listing change orders for a full list of costs and additional hazardous containing materials. The original tendered schedule completion was

December 31, 2021 however, unforeseen extra work was discovered in June per change order two; in October per change order three; in November per change order four; in December per change order five; and in February 2022 per change order six and seven.

In partnership with Unitech, CRHD reviewed all additional work outlined in Appendix B in detail with a third party Environmental Engineer, MBC Group. After reviewing the tender specifications and scope of work, we were able to determine that the additional work was deemed reasonable, and in fact unforeseeable. We also reviewed setup and takedown costs, applicable unit and labour rates. These were also confirmed to be reasonable for market industry standards. Staff were also able to negotiate change order five down from \$597,858 to \$460,000, for a reduction of \$137,858.

The additional items of work were discovered during demolition progress on site. After substantial progress on site, it became apparent that the only way that we could have tested and identified these additional items of work, would have been to complete additional 'destructive' testing, but that was not completed prior to tendering this contract scope of work. The original tender documentation findings were provided via 'non-destructive' testing, which in turn created risk on the extent of unknown or unforeseen work, yet to be discovered.

CRHD and Unitech have also negotiated a final agreement with QM Environmental to maintain the revised schedule, and they have agreed in writing, with the understanding that they will be responsible for Unitech's general condition costs if they do not achieve their committed goals and schedule.

Including allocation of contingency and additional related costs of construction management and general conditions, the impact to the project is a revised completion date to July 19, 2022 and an increase in the total project budget of \$842,735.

Financial Implications

Table 1 shows the change in budget as a result of the amended project scope and timing. It compares the revised budget to the existing budget.

Table 1: Change in Project Budget

	April 14 Approved Project Budget	Amended Project Budget	Change
C-001 Hazmat Abatement and Demolition (Note 1)	\$ 3,543,090	\$ 4,223,827	\$ 680,737
CM Services, Site Supervisor and Disbursements	\$ 210,250	\$ 358,249	\$ 147,999
General Conditions and Other Project Costs	\$ 271,661	\$ 377,160	\$ 105,499
Overall Project Contingency	\$ 241,500	\$ 150,000	\$ (91,500)
Total	\$ 4,266,501	\$ 5,109,236	\$ 842,735

Note 1:

C-001 Original Contract Value	\$ 3,543,090
Change Orders (<i>appendix b</i>)	680,737
C-001 Revised Contract Value	\$ 4,223,827

In order to complete the project, the original Capital Bylaw and 2022-2031 Ten Year Capital Plan must be amended and approved by the Board. On October 27, 2021 the Board approved the CRHD 2022-2031 Ten Year Capital Plan which included \$505,233 in 2022 for completion of the Oak Bay Lodge demolition project. This forecast was based on the original project schedule and expected completion of December 31, 2021. To accommodate the proposed amendments, the 2022-2031 Ten Year Capital Plan will need to be amended to include total cash flows of \$3,123,546 for completion of the demolition of Oak Bay Lodge by July 19, 2022. The proposed 2022-2031 Ten Year Capital Plan amendment, incorporates these changes, and is attached as Appendix C.

The Oak Bay Lodge demolition project is financed through the Municipal Finance Authority of BC. The 2022 CRHD Financial Plan, approved by the Board on March 16, 2022 incorporated debt servicing costs for the Oak Bay Lodge Demolition project, the impact of this change affects future years only and does not require an amendment to Bylaw No. 410, Annual Budget. 2022. The additional project costs will be debt serviced through the Municipal Finance Authority as part of the capital plan.

The revised project budget if approved will require amendment of the Bylaw No. 404, Capital Regional Hospital District Capital Bylaw No. 178, 2021 to increase authorization from \$4.3 million to a maximum of \$5.2 million. The appropriate Capital Bylaw for Alternative 1 is represented in Appendix A.

CONCLUSION

The Oak Bay Lodge property is a high priority project identified in the CRHD's 10 Year Capital Plan and the revised demolition budget and timeline of the existing facility is necessary to realize the future value of the site for the capital region.

RECOMMENDATION

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

- 1) That the revised project budget be approved;
- 2) That the Capital Regional Hospital District 2022-2031 Ten year Capital Plan be amended and approved as submitted;
- 3) That Bylaw No. 411, "Capital Regional Hospital District Capital Bylaw No. 178, 2021, Amendment No. 1, 2022" be read a first, second and third time; and
- 4) That Bylaw No. 411 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

ATTACHMENTS

Appendix A: Bylaw No. 411, "CRHD Capital Bylaw No. 178, 2021, Amendment No. 1, 2022.

Appendix B: Contract Listing Change Orders

Appendix C: Amended 2022-2031 CRHD Capital Plan

CAPITAL REGIONAL HOSPITAL DISTRICT BYLAW NO. 411

**A BYLAW TO AMEND BYLAW NO. 404, "CAPITAL REGIONAL HOSPITAL DISTRICT
CAPITAL BYLAW NO. 178, 2021"**

The Board of the Capital Regional Hospital District in open meeting assembled enacts as follows;

1. Bylaw No. 404, "Capital Regional Hospital District Capital Bylaw No. 178, 2021" is hereby amended by:
 - a) Deleting Schedule "A" in its entirety and replacing it with the attached Schedule "A";
 - b) Deleting Section 2 in its entirety and replacing it with the following:

"2. The Board authorizes and approves the borrowing of a net sum not exceeding \$5,200,000 upon the credit of the District by issuance and sale of securities in a form and manner agreed to by the Municipal Finance Authority of British Columbia. The term of the securities and the repayment of the principal and interest shall be over a term not to exceed five years".
2. This Bylaw may be cited for all intents and purposes as the "Capital Regional Hospital District Capital Bylaw No. 178, 2021, Amendment Bylaw No.1, 2022".

READ A FIRST TIME THIS	DAY OF	, 2022
READ A SECOND TIME THIS	DAY OF	, 2022
READ A THIRD TIME THIS	DAY OF	, 2022
ADOPTED THIS	DAY OF	, 2022

Chair

Corporate Officer

SCHEDULE “A”

Bylaw No. 411

CAPITAL REGIONAL HOSPITAL DISTRICT

CAPITAL BYLAW NO. 178, 2021, AMENDMENT BYLAW NO. 1, 2022

NAME OF PROJECT	PROJECT DESCRIPTION	PROJECT NUMBER	TERM OF ISSUE	CRHD BYLAW AMOUNT
Oak Bay Lodge	Hazmat Abatement and Building Demolition	C178–22–01	Five Years	\$5,200,000.00

Appendix B

Contract Listing Change Orders			
	Detail of Unforeseen HazMat Remediation	Budget Impact	Schedule Extension
		<i>excl. gst</i>	
C-001	Credit to remove 50% Performance Bonding	\$ (23,099.93)	None
C-002	Concealed Drywall - Maple Wing; Fibreglass Insulation - Basement Tanks	\$ 103,894.97	10 day
C-003	Levelling Compound and Parging on Concrete Ceiling - Location 1	\$ 70,109.46	22 day
C-004	Parging on Concrete Ceiling - Location 2	\$ 29,695.54	8 day
C-005	Caulking / Sealant - Steel Stud Wall Assemblies & Window Flashings	\$ 460,000.00	5 months
C-006	Coating and Grout - Centre Wing Showers	\$ 13,832.50	None
C-007	Drywall Pucks and Roof Flashing Caulking	\$ 26,303.85	None
		\$ 680,736.39	

CAPITAL REGIONAL HOSPITAL DISTRICT CAPITAL PLAN For Years 2022 to 2031 at May 4, 2022										APPENDIX C										Page 1 of 1
Project Type / Status	Project Description	Year	Facility / Site	CBL Bylaw #	CRHD Share (%)	CRHD Share Total Project (\$)	Total Project Budget (\$)	Estimated Completed at Year-End (\$)	Total Project Remaining Balance (\$)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	10-Year Total
Major Project - Approved	James Bay Urgent and Primary Care Centre	2020	547 Michigan St.	174	30%	1,500,000	5,000,000	2,300,000	100,000	100,000	-	-	-	-	-	-	-	-	-	100,000
Major Project - Approved	Beacon Community Services Expansion	2020	Victoria - Various	175	30%	1,350,000	4,500,000	4,231,000	269,000	269,000	-	-	-	-	-	-	-	-	-	269,000
Major Project - Approved	Victoria Urgent and Primary Care Centre	2020	Victoria - Pandora Avenue	177	30%	1,500,000	5,000,000	4,650,000	100,000	100,000	-	-	-	-	-	-	-	-	-	100,000
Major Project - Approved	Greater Victoria Urgent and Primary Care	2021	Victoria	182	30%	1,499,592	4,998,639	3,800,000	1,198,639	1,198,639	-	-	-	-	-	-	-	-	-	1,198,639
Major Project - Approved	Greater Victoria Urgent and Primary Care	2021	Esquimalt	181	30%	886,414	2,954,713	2,654,713	300,000	300,000	-	-	-	-	-	-	-	-	-	300,000
Major Project - Approved	Emergency Department ¹	2021	Lady Minto Hospital	183	29%	3,000,000	10,340,000	560,000	9,780,000	2,500,000	7,280,000	-	-	-	-	-	-	-	-	9,780,000
Major Project - Planned	Medical Device Reprocessing Department Expansion	2022	Victoria General Hospital		30%	1,272,000	4,240,000	-	4,240,000	1,212,000	3,000,000	28,000	-	-	-	-	-	-	-	4,240,000
Major Project - Planned	High Acuity Unit	2022	Victoria General Hospital		30%	975,000	3,250,000	-	3,250,000	3,225,000	25,000	-	-	-	-	-	-	-	-	3,250,000
Major Project - Planned	High Acuity Unit	2022	Royal Jubilee Hospital		30%	4,695,000	15,650,000	-	15,650,000	600,000	6,000,000	9,050,000	-	-	-	-	-	-	-	15,650,000
Major Project - Planned	Pneumatic to Electric Controls Conversion	2022	Gorge Road Hospital		30%	883,800	2,946,000	-	2,946,000	147,300	2,356,800	441,900	-	-	-	-	-	-	-	2,946,000
Major Project - Possible	New Long Term Care (306 beds)	2022	South Island - Royal Bay		30%	61,500,000	205,000,000	-	205,000,000	600,000	14,000,000	60,000,000	60,000,000	40,000,000	30,400,000	-	-	-	-	205,000,000
Major Project - Possible	Energy Centre Replacement	2022	Victoria General Hospital		30%	5,505,000	18,350,000	-	18,350,000	1,017,500	7,340,000	7,340,000	1,835,000	817,500	-	-	-	-	-	18,350,000
Major Project - Possible	Routine Capital Investment Project(s)	2023	Royal Jubilee Hospital		30%	9,066,000	30,220,000	-	30,220,000	-	1,000,000	100,000	3,120,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	1,000,000	30,220,000
Major Project - Possible	Routine Capital Investment Project(s)	2023	Victoria General Hospital		30%	11,736,000	39,120,000	-	39,120,000	-	5,000,000	5,000,000	3,120,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	1,000,000	39,120,000
Major Project - Possible	Outpatient Rehabilitation Program	2022	Gorge Road Hospital		30%	900,000	3,000,000	-	3,000,000	600,000	2,400,000	-	-	-	-	-	-	-	-	3,000,000
Major Project - Possible	Mental Health & Substance Use Residential Program	2022	To be determined		30%	600,000	2,000,000	-	2,000,000	900,000	1,100,000	-	-	-	-	-	-	-	-	2,000,000
Major Project - Possible	Pembroke Mental Health Substance Use Center	2022	Victoria Health Unit-Cook Street		30%	6,600,000	22,000,000	-	22,000,000	100,000	400,000	1,500,000	7,000,000	12,000,000	1,000,000	-	-	-	-	22,000,000
Major Project - Possible	Child Youth Mental Health Stabilization Unit	2023	Victoria General Hospital		30%	2,250,000	7,500,000	-	7,500,000	-	250,000	2,750,000	4,000,000	500,000	-	-	-	-	-	7,500,000
Major Project - Possible	Energy Centre Replacement	2023	Saanich Peninsula Hospital		30%	2,400,000	8,000,000	-	8,000,000	-	200,000	1,500,000	4,000,000	2,300,000	-	-	-	-	-	8,000,000
Major Project - Possible	New Long Term Care (50 beds)	2023	Greater Victoria - TBD		30%	9,900,000	33,000,000	-	33,000,000	-	300,000	4,000,000	12,000,000	12,000,000	4,700,000	-	-	-	-	33,000,000
Major Project - Possible	Oak Bay Lodge Redevelopment	2023	Former Oak Bay Lodge Site		30%	90,000,000	300,000,000	-	300,000,000	-	100,000	1,000,000	5,000,000	35,000,000	60,000,000	70,000,000	70,000,000	58,900,000	-	300,000,000
Major Project - Possible	Relocate SSI MHSU Integrated Team	2023	Salt Spring Island		30%	600,000	2,000,000	-	2,000,000	-	300,000	1,700,000	-	-	-	-	-	-	-	2,000,000
Major Project - Possible	Pre-admission Clinic Consolidation (RJH & VGH)	2024	To be determined		30%	600,000	2,000,000	-	2,000,000	-	300,000	1,700,000	-	-	-	-	-	-	-	2,000,000
Major Project - Possible	Electronic Health Record	2024	South Island - TBD		30%	900,000	3,000,000	-	3,000,000	-	-	3,000,000	-	-	-	-	-	-	-	3,000,000
Major Project - Possible	Peninsula Primary Care Centre ¹	2024	Saanich Peninsula Hospital		30%	900,000	3,000,000	-	3,000,000	-	-	1,500,000	1,500,000	-	-	-	-	-	-	3,000,000
Major Project - Possible	SPH Acute Core Renovation ¹	2024	Saanich Peninsula Hospital		30%	1,500,000	5,000,000	-	5,000,000	-	-	2,500,000	2,500,000	-	-	-	-	-	-	5,000,000
Major Project - Possible	Elevator Refurbishment	2024	Victoria General Hospital		30%	630,000	2,100,000	-	2,100,000	-	-	1,050,000	1,050,000	-	-	-	-	-	-	2,100,000
Major Project - Possible	Convert obsolete 480 distribution system with 600V	2024	Royal Jubilee Hospital		30%	600,000	2,000,000	-	2,000,000	-	-	1,000,000	1,000,000	-	-	-	-	-	-	2,000,000
Major Project - Possible	VGH Pediatric Intensive Care Unit	2025	Victoria General Hospital		30%	1,500,000	5,000,000	-	5,000,000	-	-	-	250,000	2,250,000	2,250,000	250,000	-	-	-	5,000,000
Major Project - Possible	10G Fibre Expansion (IMIT)	2025	Royal Jubilee Hospital		30%	900,000	3,000,000	-	3,000,000	-	-	-	1,500,000	1,500,000	-	-	-	-	-	3,000,000
Major Project - Possible	RJH DT Cooling System Replacement	2025	Royal Jubilee Hospital		30%	600,000	2,000,000	-	2,000,000	-	-	-	250,000	1,250,000	500,000	-	-	-	-	2,000,000
Major Project - Possible	QAC Electrical Distribution \$2m	2025	Queen Alexandra		30%	600,000	2,000,000	-	2,000,000	-	-	-	200,000	1,200,000	600,000	-	-	-	-	2,000,000
Major Project - Possible	Endoscopy - create 4th Procedure Room	2025	Royal Jubilee Hospital		30%	600,000	2,000,000	-	2,000,000	-	-	-	200,000	1,200,000	600,000	-	-	-	-	2,000,000
Major Project - Possible	Surgical Day Care Unit Renovation	2026	Victoria General Hospital		30%	3,180,000	10,600,000	-	10,600,000	-	-	-	-	100,000	500,000	5,000,000	5,000,000	-	-	10,600,000
Major Project - Possible	Intensive Care & High Acuity Unit Redevelopment ³	2026	Victoria General Hospital		30%	11,700,000	39,000,000	-	39,000,000	-	-	-	-	250,000	2,500,000	15,000,000	15,000,000	6,000,000	250,000	39,000,000
Major Project - Possible	Restorative Health Center	2026	To be determined		30%	60,000,000	200,000,000	-	200,000,000	-	-	-	-	250,000	2,500,000	25,000,000	50,000,000	50,000,000	50,000,000	177,750,000
Major Project - Possible	Morgue Expansion	2026	Victoria General Hospital		30%	600,000	2,000,000	-	2,000,000	-	-	-	-	150,000	1,500,000	350,000	-	-	-	2,000,000
Major Project - Possible	Memorial Pavilion Mechanical System Upgrade	2026	Royal Jubilee Hospital		30%	3,000,000	10,000,000	-	10,000,000	-	-	-	-	150,000	3,000,000	3,000,000	3,000,000	850,000	-	10,000,000
Major Project - Possible	Electrical Infrastructure Upgrade	2026	Lady Minto Hospital		30%	3,000,000	10,000,000	-	10,000,000	-	-	-	-	150,000	3,000,000	3,000,000	3,000,000	850,000	-	10,000,000
Major Project - Possible	Westshore Mental Health Team	2027	Westshore		30%	974,700	3,249,000	-	3,249,000	-	-	-	-	-	100,000	1,800,000	1,349,000	-	-	3,249,000
Major Project - Possible	Phase 2 of ED Redevelopment: Imaging Suite	2028	Lady Minto Hospital		30%	1,500,000	5,000,000	-	5,000,000	-	-	-	-	-	-	150,000	2,000,000	2,000,000	850,000	5,000,000
Major Project - Possible	Endoscopy - create 4th Procedure Room	2028	Victoria General Hospital		30%	600,000	2,000,000	-	2,000,000	-	-	-	-	-	-	150,000	1,500,000	350,000	-	2,000,000
Major Project - Possible	Child Youth and Family Services Redevelopment	2028	To be determined		30%	30,000,000	100,000,000	-	100,000,000	-	-	-	-	-	-	250,000	12,500,000	25,000,000	25,000,000	62,750,000
Major Project - Possible	Administrative Building Decant/Eric Martin Pavilion Asbestos Abatement	2028	Royal Jubilee Hospital		30%	1,470,000	4,900,000	-	4,900,000	-	-	-	-	-	-	150,000	1,500,000	1,750,000	1,500,000	4,900,000
Major Project - Possible	Long Term Care (50 beds)	2029	Lady Minto Hospital		30%	15,000,000	50,000,000	-	50,000,000	-	-	-	-	-	-	-	200,000	800,000	5,000,000	6,000,000
Major Project - Possible	Multidisciplinary Pain Clinic	2029	Royal Jubilee Hospital		30%	900,000	3,000,000	-	3,000,000	-	-	-	-	-	-	-	250,000	1,750,000	1,000,000	3,000,000
Major Project - Possible	Operating Room Upgrade	2030	Victoria General Hospital		30%	1,500,000	5,000,000	-	5,000,000	-	-	-	-	-	-	-	-	250,000	1,500,000	1,750,000
Major Project - Possible	(VASC/CARD) Hybrid OR	2030	Royal Jubilee Hospital		30%	1,620,000	5,400,000	-	5,400,000	-	-	-	-	-	-	-	-	250,000	2,000,000	2,250,000
ISLAND HEALTH TOTAL*						362,993,506	1,210,318,352	18,195,713	1,189,272,639	12,869,439	51,351,800	105,159,900	108,525,000	121,067,500	123,150,000	134,100,000	175,299,000	158,750,000	89,100,000	1,079,372,639
CRHD SHARE of ISLAND HEALTH MAJOR PROJECTS - including inflation in future years ²										3,836,082	15,342,168	31,678,170	32,758,200	36,669,750	37,435,500	40,974,600	53,581,494	48,517,500	27,252,600	328,046,064

Project Type / Status	Project Description	Year	Facility / Site	CBL Bylaw #	CRHD Share (%)	CRHD Share Total Project (\$)	Total Project Budget (\$)	Estimated Completed at Year-End (\$)	Total Project Remaining Balance (\$)
Minor Project - Requested	Minor Capital Projects Current Budget Year	2022	Various		40%	3,750,000	9,375,000	-	9,375,000
Minor Project - Anticipated	Minor Capital Projects Future Budget Years	2023-2031	Various		40%	33,750,000	84,375,000	-	84,375,000
Minor Equipment Grants	CRHD Section 20 Equipment Grants	2022-2031	Various		100%	29,550,000	29,550,000	-	29,550,000
Non-Traditional Project	Non-Traditional Projects Grants (Suspended 2015-2024) - expensed annually	2025-2031	Various		100%	7,000,000	7,000,000	-	7,000,000
CRHD Project	Hillside/Kings Licensed Residential Care Facility	2022	950 Kings Rd.		100%	15,000,000	15,000,000	-	15,000,000
CRHD Project	Regional Housing First Program (RHFP) Contribution - \$10M contribution from reserve	2021	TBD		100%	10,000,000	10,000,000	-	10,000,000
CRHD Project	Oak Bay Lodge - Demolition	2021	2251 Cadboro Bay Rd.	178	100%	5,109,237	5,109,237	1,985,691	3,123,546
CRHD Project	Summit Scheduled Capital Replacements	2022	955 Hillside Ave.	160	100%	1,200,000	1,200,000	-	1,200,000
CRHD TOTAL						105,359,237	161,609,237	1,985,691	159,623,546
PROJECT TOTAL - before inflation						468,352,743	1,371,927,589	20,181,404	1,348,896,185
Inflation ² 2.00% - excluding approved/pending Capital Bylaws									16,634,980
PROJECT TOTAL - including inflation									1,365,531,165
CRHD SHARE TOTAL ESTIMATED ANNUAL CAPITAL CASH FLOW									431,219,610

General Notes

*Rules for debt borrowing period (amortization) are based on total project cost: \$2-5M 5yrs; \$5-12.5M 10yrs; >\$12.5M 15yrs

**Potential start dates depend on annual prioritization process and funding availability from Ministry of Health, CRHD and other funding sources. As a result, start dates are preliminary and may change.

¹Project will be primarily funded by the Hospital Foundation

²Inflation is calculated at a rate of 2% for years 2022-2031 and applied to forecasted projects if applicable (approved bylaws, current year projects and land acquisitions are not subject to inflation)

³If this project does not proceed, a renovation to the Intensive Care Unit will be required

2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	10-Year Total
9,375,000	-	-	-	-	-	-	-	-	-	9,375,000
-	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	84,375,000
2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	29,550,000
-	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	7,000,000
-	500,000	2,500,000	6,000,000	6,000,000	-	-	-	-	-	15,000,000
10,000,000	-	-	-	-	-	-	-	-	-	10,000,000
3,123,546	-	-	-	-	-	-	-	-	-	3,123,546
400,000	200,000	200,000	200,000	200,000	-	-	-	-	-	1,200,000
25,853,546	13,030,000	15,030,000	19,530,000	19,530,000	13,330,000	13,330,000	13,330,000	13,330,000	13,330,000	159,623,546
38,722,985	64,381,800	120,189,900	128,055,000	140,597,500	136,480,000	147,430,000	188,629,000	172,080,000	102,430,000	1,238,996,185
-	29,000	434,000	669,000	1,165,000	1,635,000	2,482,000	3,305,980	2,975,000	1,742,000	14,436,980
38,722,985	64,410,800	120,623,900	128,724,000	141,762,500	138,115,000	149,912,000	191,934,980	175,055,000	104,172,000	1,253,433,165
24,064,628	22,547,168	41,083,170	46,663,200	50,574,750	45,140,500	48,679,600	61,286,494	56,222,500	34,957,600	431,219,610

VIHA Project Type / Status Legend:	
Major Project - Approved	Capital Borrowing Bylaw has been approved; project values greater than \$2 million
Major Project - Planned	Island Health has received approval from Ministry of Health; project values greater than \$2 million
Major Project - Possible	Island Health is planning to proceed subject to necessary approvals; project values greater than \$2 million
Major Project - Other	Projects not yet identified; to recognize health care needs and technology are continuously changing
Minor Project - Requested/Anticipated	Current and future year minor projects with values in the range of \$100,000 to \$2 million, up to maximum of \$9.375 million
Non-Traditional Projects	Non-traditional project funding
Minor Equipment Grants	HD Act Section 20 minor equipment grants
CRHD Project	CRHD capital initiatives