



REGULAR HOSPITAL BOARD MEETING

WEDNESDAY, AUGUST 3, 2011

6:00 pm – CVRD Board Room

AGENDA		Pages
1.	<u>APPROVAL OF AGENDA:</u>	H1
2.	<u>ADOPTION OF MINUTES:</u>	
	HM1 Adoption of Regular Hospital Board Minutes – May 11, 2011	H2-H3
3.	<u>STAFF REPORTS:</u>	
	HSR1 Staff Report from the Manager, Finance Division Re: Cowichan Valley Regional Hospital District's 2010 Financial Statements and 2010 Audit Report	H4-H8
4.	<u>ADJOURNMENT:</u>	

Minutes of the Regular meeting of the Board of the Cowichan Valley Regional Hospital District held in the Board Room, 175 Ingram Street, Duncan, BC, on Wednesday, May 11, 2011 at 6:03 pm.

PRESENT: Chair G. Giles
Directors B. Harrison, K. Cossey, L. Iannidinardo,
L. Duncan, I. Morrison, M. Dorey, M. Marcotte,
K. Kuhn, T. Walker, T. McGonigle, D. Haywood,
G. Seymour, P. Kent and Alternate Director D. Paterson

ALSO

PRESENT: Warren Jones, Chief Administrative Officer
Joe Barry, Corporate Secretary
Mark Kueber, General Manager, Corporate Services

ABSENT: Director R. Hutchins

**APPROVAL OF
AGENDA**

11-H10

It was moved and seconded that the agenda be approved.

MOTION CARRIED

**ADOPTION OF
MINUTES**

HM1

11-H11

It was moved and seconded that the minutes of the March 9, 2011 Regular Hospital Board meeting be adopted.

MOTION CARRIED

CORRESPONDENCE

HC1

Correspondence from the Director, Capital Planning, Vancouver Island Health Authority, dated May 3, 2011 re: 2011/12 Capital Projects and Equipment was considered.

11-H12

It was moved and seconded that the Hospital Board approve the allocation of an amount not to exceed \$500,000 from funds available in 2011 for minor projects to complete building improvements at Cowichan Lodge as requested in correspondence dated May 3, 2011 from the Director, Capital Planning, Vancouver Island Health Authority, subject to approvals from the appropriate bodies.

MOTION CARRIED

COMMITTEE REPORTS

HCR1

The report and recommendation of the Hospital Advisory Committee meeting of April 27, 2011 listing one item was considered.

11-H13

It was moved and seconded that funding in the amount no greater than \$10,000 be allocated to Social Planning Cowichan for the initiation of an agency dialogue that would identify ways to increase capacity in addressing issues of homelessness and housing affordability in the Cowichan Valley.

MOTION CARRIED

ADJOURNMENT

**11-H14
6:25 pm**

It was moved and seconded that the Regular Hospital Board meeting be adjourned.

MOTION CARRIED

The meeting adjourned at 6:25 pm.

Certified Correct:

Chairperson

Corporate Secretary

Dated: _____



HSR1

STAFF REPORT

**REGULAR HOSPITAL BOARD MEETING
OF AUGUST 3, 2011**

DATE: July 19, 2011 **FILE NO:**

FROM: Sharon Moss, Manager, Financial Division **BYLAW NO:**

SUBJECT: Cowichan Valley Regional Hospital District's 2010 Financial Statements and 2010 Audit Report

Recommendation/Action:

1. That the Cowichan Valley Regional Hospital District's 2010 Financial Statements be approved.
2. That the Audit Findings Report be received.

Relation to the Corporate Strategic Plan:

Not applicable.

Financial Impact:

Not applicable.

Background:

The Hospital District Act requires that the Hospital Financial Statements be presented to the Board. The Cowichan Valley Regional Hospital District's Financial Statements were audited by Meyers Norris Penny LLP. The format and presentation of these Financial Statements is dictated by the Canadian Institute of Chartered Accountants. The Audit Report clarifies the Auditors role and responsibility, their method of performing the audit as well as their findings. This year's audit was completed without any problems and as a result received a clean audit report.

Respectfully submitted by,

A handwritten signature in cursive script, appearing to read "S. Moss".

Sharon Moss, C.G.A.
Manager, Finance Division

SM:tk

Attach.

Z:\sharon\Staff Reports - 2011\Staff Report - 2010 Hospital Financial Statements.docx

A rectangular box containing the text "General Manager Approval:" and a line for a signature. A large, stylized handwritten signature is written over the line and extends into the box from the left.

August 3, 2011



Members of the Board of Directors
Cowichan Valley Regional Hospital District
175 Ingram Street
Duncan, BC V9L 1N8

Re: **Audit Findings Report to the Board of Directors**
Year ending December 31, 2010

Dear Sirs:

We are pleased to submit to you this report for discussion of our audit of the financial statements of Cowichan Valley Regional Hospital District (the "Hospital District") for the year ended December 31, 2010. In this report we cover those significant matters which, in our opinion, you should be aware of as members of the Board of Directors.

1. The Audit

Our responsibility, as auditor of the Hospital District, is to report to the members on the fair presentation of the 2010 financial statements, in accordance with Canadian generally accepted accounting principles. To properly discharge this responsibility, we designed our audit process to assess the risk of material misstatement within the statements by examining and assessing the effectiveness of the Hospital District's controls and accounting systems and the evidence supporting the amounts and disclosures in the statements, including the appropriateness of accounting principles and significant estimates made by management.

We have considered the Hospital District's internal control as part of the financial statement audit. This included obtaining an understanding of the internal controls (regardless of whether we intended to rely on them for the purpose of our audit); evaluating the design of these controls; and determining whether they have been implemented. This understanding was sufficient to allow us to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures. We have not determined whether relevant controls are operating effectively, as such, our understanding of internal controls should not be relied upon for any other purposes.

Our audit procedures, consisting of separate examination of each material year-end balance, key transaction, and other event considered significant to the financial statements, were concentrated in areas where risks were identified, and therefore, differences were most likely to arise.

Management has provided us with written representations, acknowledging, among other things, their responsibility for the implementation and maintenance of appropriate reporting systems and controls, including those designed to detect and prevent fraud, and to ensure the appropriateness of the amounts recorded in the accounting records, and the amounts and disclosures in the financial statements.

2. Audit Results

We have satisfactorily completed our audit and are prepared to sign our Auditors' Report after the Board of Directors's review and approval of the financial statements. A substantive approach was used in auditing the Hospital District's financial statements; thus, the Hospital District's controls were not relied upon. **Final materiality calculated and used to assess the significance of misstatements or omissions identified during the audit and determine the level of audit testing performed was \$54,000.** The independent audit report will provide an unqualified opinion to the members. Key matters noted during our audit are summarized in the table below.

Cowichan Valley Regional Hospital District

SUBJECTS	2010	2009
Material uncertainties related to events or conditions that may cast significant doubt on entity's ability to continue as a going concern	None	None
Illegal or fraudulent acts	None noted	None noted
Non-compliance with laws and regulations	None	None
Fraud by employees/management with key roles in control activities	None noted	None noted
Differences that may:		
- Have a material effect on comparative information and the current period financial statements	None	None
- Cause future statements to be materially misstated	None	None
- Indicate significant deficiencies in controls	None	None
Irregularities having a material financial statement effect	None	None
Limitations placed on the scope of our audit	None	None
Significant transactions not in the ordinary course of business	None	None
Unusual significant transactions given the entity and its environment	None	None
Non-monetary transactions	None	None
Transactions that increase risk	None	None
Concerns with management breach of corporate conduct	None	None
Conflicts of interest	None	None
Disagreements with management	None	None
Emphasis of matter or other matter paragraph included in the independent auditor's report	None	None
Matters influencing audit appointment	None	None
Difficulties encountered during the audit	None	None
Disagreements with management's accounting estimates	None	None
Disagreements with management's adoption of accounting policies or emphasis on the need for a particular accounting treatment	None	None
Significant deficiencies in the entity's risk assessment process within the design and/or implementation of controls	None	None
Significant deficiencies in controls resulting from inappropriate response by management regarding implementing controls over significant risks	None	None
Matters giving rise to questions regarding the honesty and integrity of management	None	None

There were no unadjusted differences of any significance noted.

Cowichan Valley Regional Hospital District

3. Auditor Independence

We confirm to the Board of Directors that we are independent of the Hospital District . Our letter to the Board of Directors discussing our independence is included as Appendix A to this report.

We would like to take this opportunity to formally acknowledge the excellent cooperation and assistance we received from the management and staff of the Hospital District.

The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from, or relevant to, our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and, in particular, we cannot be held responsible for reporting all risks in your business or all control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

We appreciate having the opportunity to meet with you and respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Yours truly,

MNP LLP
MNP.LLP

TS/wah
encls.

August 3, 2011

Members of the Board of Directors
Cowichan Valley Regional Hospital District
175 Ingram Street
Duncan, BC V9L 1N8

Dear Sirs:

We have been engaged to audit the financial statements of Cowichan Valley Regional Hospital District ("the Hospital District") for the year ending December 31, 2010.

CAS 260 *Communication with Those Charged with Governance* ("the Standard"), requires that we communicate at least annually with you regarding all relationships between the Hospital District and Meyers Norris Penny LLP that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) Economic dependence on a client; and
- (e) Provision of services in addition to the audit engagement.

We are not aware of any relationship between the Hospital District and Meyers Norris Penny LLP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from January 1, 2010 to August 3, 2011.

Generally Accepted Auditing Standards require that we confirm our independence to the Audit Committee. Accordingly, we hereby confirm that Meyers Norris Penny LLP is independent with respect to the Hospital District within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia as of August 3, 2011.

This report is intended solely for the use of the Board of Directors, management and others within the Hospital District and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Yours truly,



MNP LLP

TS/wah
encls.



C.V.R.H.D

FINANCIAL STATEMENTS

December 31, 2010

***Cowichan Valley
Regional Hospital District***

COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT

FINANCIAL STATEMENTS

December 31, 2010

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Auditors' Report

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Participating Areas

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Management's Responsibility

To the Members of the Board of the Cowichan Valley Regional Hospital District:

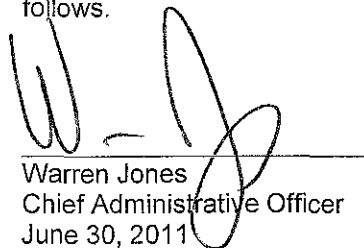
This statement is provided to clarify and outline the roles and responsibilities of the management team, elected Board of Directors and independent auditors in relation to the preparation and review of the Cowichan Valley Regional Hospital District's (the "Hospital District") annual financial results.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

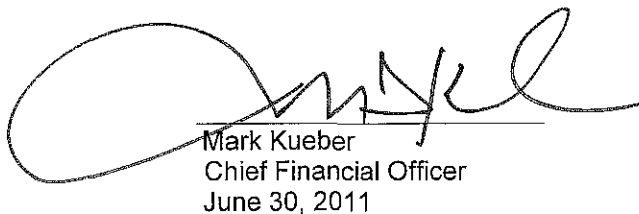
In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The Hospital District's Board of Directors is composed entirely of Directors who are neither management nor employees of the Hospital District. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information in the consolidated financial statements. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management. The Board is also responsible for the appointment of the Hospital District's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the Regional Hospital District's Board of Directors to audit the financial statements and report to them; their report follows.



Warren Jones
Chief Administrative Officer
June 30, 2011



Mark Kueber
Chief Financial Officer
June 30, 2011

Auditors' Report

To the Members of the Board of the Cowichan Valley Regional Hospital District:

We have audited the consolidated statement of financial position of the Cowichan Valley Regional Hospital District as at December 31, 2010 and the consolidated statements of operations and related schedules, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Cowichan Valley Regional Hospital District as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Duncan, British Columbia

August 3, 2011

MNP LLP
Chartered Accountants

COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT

DIRECTORY OF OFFICIALS

2010

CHAIRPERSON

G. Giles – Electoral Area "C" – Cobble Hill

VICE-CHAIRPERSON

P. Kent – City of Duncan

DIRECTORS

P. Kent	City of Duncan
G. Seymour	District of North Cowichan
D. Haywood	District of North Cowichan
T. Walker	District of North Cowichan
R. Hutchins	Town of Ladysmith
T. McGonigle	Town of Lake Cowichan
B. Harrison	Electoral Area "A" – Mill Bay/Malahat
K. Cossey	Electoral Area "B" – Shawnigan Lake
G. Giles	Electoral Area "C" – Cobble Hill
L. Iannidinardo	Electoral Area "D" – Cowichan Bay
L. Duncan	Electoral Area "E" – Cowichan Station/Sahtlam/Glenora
I. Morrison	Electoral Area "F" – Cowichan Lake South/Skutz Falls
M. Dorey	Electoral Area "G" – Saltair/Gulf Island
M. Marcotte	Electoral Area "H" – North Oyster/Diamond
K. Kuhn	Electoral Area "I" – Youbou/Meade Creek

OFFICERS

Administrator	-	W. Jones
Secretary	-	J. Barry
Treasurer	-	M. Kueber

AUDITORS

Meyers Norris Penny LLP

BANKERS

Bank of Nova Scotia, Duncan, B.C.

COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT

PARTICIPATING AREAS **Incorporated September 26, 1967**

MUNICIPALITIES

City of Duncan
District of North Cowichan

Town of Ladysmith
Town of Lake Cowichan

ELECTORAL AREAS

A - Mill Bay/Malahat
B - Shawnigan Lake
C - Cobble Hill
D - Cowichan Bay
E - Cowichan Station/Sahtlam/Glenora

F - Cowichan Lake South/Skutz Falls
G - Saltair/Gulf Islands
H - North Oyster/Diamond
I - Youbou/Meade Creek

SCHOOL DISTRICTS

No. 79 - Cowichan District

No. 68 - Nanaimo

CHAIRPERSONS

1967
1968
1969-70
1971
1972
1973
1974
1974
1975
1976
1977
1978
1979
1980-81
1982-84
1985
1986-88
1989-91
1992-93
1994-97
1998-99
2000-02
2003-05
2006-07
2007-08
2009

J.K. Bateson
G.W. Whittaker
A. Smith
W.J.B. Devitt
W. Wyllie
M.L. Robertson
T.L. Daniels - Jan-May
R.D. Keir - June - Dec.
R.D. Keir
P. Clements
K. Paskin
C. Boas
L. Kuta
M. Lukaitis
G. Giles
J. Philp
B. Harrison
E. Darling
J. Barker
J. Allan
R. Hutchins
T. Walker
M. Marcotte
J. Lefebure
J. Peake
G. Giles

COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2010

	2010	2009
Financial Assets		
Cash	\$ 4,929,658	\$ 5,300,450
Cash - Restricted	1,253,757	290,358
HST Receivable	1,324	-
Total Financial Assets	<u>6,184,739</u>	<u>5,590,808</u>
Financial Liabilities		
Accounts Payable	-	277,758
Accrued Interest	118,441	118,531
Deferred Revenue (Note 3)	143,690	-
Long-Term Debt (Schedule D)	2,428,720	2,872,208
Total Financial Liabilities	<u>2,690,851</u>	<u>3,268,497</u>
Accumulated Surplus (Note 7)	<u>\$ 3,493,888</u>	<u>\$ 2,322,311</u>



Chief Financial Officer

The accompanying notes are an integral part of these financial statements.

COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget (unaudited) (Note 9)	2010	2009
Revenue			
Tax Requisition	\$ 3,542,903	\$ 3,542,903	\$ 2,834,687
Grants	-	37,290	1,353
Interest and Other Revenue	80,000	45,449	30,146
Total Revenue	<u>3,622,903</u>	<u>3,625,642</u>	<u>2,866,186</u>
Expenses			
Debenture Debt Interest	762,903	315,004	334,717
Other Expenses	60,000	84,310	50,000
Grants to Health Care Facilities (Schedule E)	1,800,000	2,054,751	1,625,215
Total Expenses	<u>2,622,903</u>	<u>2,454,065</u>	<u>2,009,932</u>
Annual Surplus	1,000,000	1,171,577	856,254
Opening, accumulated surplus	-	2,322,311	1,466,057
Ending, accumulated surplus	<u>\$ 1,000,000</u>	<u>\$ 3,493,888</u>	<u>\$ 2,322,311</u>



 Chief Financial Officer

The accompanying notes are an integral part of these financial statements.

COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
Operating Transactions		
Annual Surplus (Statement 2)	\$ 1,171,577	\$ 856,254
Change in HST receivable	(1,324)	-
Change in accounts payable	(277,758)	277,758
Change in accrued interest	(91)	(88)
Debt actuarial adjustments	(188,683)	(169,351)
Deferred Revenue	143,690	-
Net increase in cash from operations	<u>847,411</u>	<u>964,573</u>
Financing Transactions		
Principal debt repayments (Schedule D)	(254,804)	(254,617)
Net decrease in cash from financing	<u>(254,804)</u>	<u>(254,617)</u>
Change in Cash	592,607	709,956
Beginning Cash	<u>5,590,808</u>	<u>4,880,852</u>
Ending Cash	<u>\$ 6,183,415</u>	<u>\$ 5,590,808</u>



Chief Financial Officer

The accompanying notes are an integral part of these financial statements.

COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

1. **Purpose**

The Cowichan Valley Regional Hospital District is incorporated under the British Columbia Hospital District Act. Its purpose is to secure and administer capital funding for hospitals within the Cowichan Valley Regional Hospital District. These activities are funded through property taxes and debenture debt.

2. **Significant Accounting Policies**

a) **Basis of Presentation**

The consolidated financial statements have been prepared in accordance with the recommendations of the Public Sector Accounting Board (PSAB).

b) **Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements, as well as the reported amounts of revenues and expenditures during the reporting period. Significant areas requiring management estimates are determination of accrued liabilities. Actual results may vary from the estimates and adjustments will be reported and reflected in operations as they become known.

c) **Sinking Fund**

The Hospital District records net long-term debt in accordance with amortization schedules issued at the inception of debenture issues. Sinking fund assets are recorded at the cost amount of the contributions made, plus required actuarial amounts. No adjustment for sinking fund surpluses due to market experience is recorded until realized at extinguishment of debenture debt.

d) **Financial Instruments**

The Hospital District's financial instruments consist of cash, accrued interest, accounts payable and long term debt. Unless otherwise noted, it is management's opinion that the Hospital District is not exposed to significant interest, currency or credit risk arising from these financial instruments.

e) **Revenue Recognition**

The Hospital District recognizes tax requisition revenue based on assessments issued to the property owners in its service area. These assessments are issued on an annual basis to meet the expenditures of the Hospital District. Interest revenue is recorded when earned. Grants in lieu of taxes are recorded on an accrual basis when it is possible to reasonably estimate the amounts receivable.

COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

3. Deferred Revenue

	2010	2009
Homelessness in the Cowichan Valley	\$ 75,000	\$ -
Cowichan Valley Communities Health Network	68,690	-
	<u>\$ 143,690</u>	<u>\$ -</u>

(A) Homelessness in the Cowichan Valley – is grant funding from the Vancouver Island Health Authority. This funding is to support capacity building for homelessness in the Cowichan Valley.

(B) Cowichan Valley Communities Health Network - is grant funding from the Vancouver Island Health Authority. The funding is for public participation with its member communities with the long term outcome of improving their health status and planning for the enhancement of health services in the CVRHD.

4. Debenture Debt

All long term debt is issued through the Municipal Finance Authority of British Columbia. The Authority is the borrowing agent for municipalities and regional districts in the Province of British Columbia. All debenture debt issued by the Municipal Finance Authority is sinking fund debt. Long term debt may only be repaid earlier than maturity where the Municipal Finance Authority refinances an issue which includes a particular debenture debt issue by the Regional Hospital District.

Issued and outstanding debt including issue numbers, maturity dates and sinking fund balances are listed on Schedule D to these consolidated financial statements.

Payments of principal on issued debt of the Hospital District for the next five years are approximately as follows:

2011	\$ 254,617
2012	\$ 254,617
2013	\$ 209,853
2014	\$ 91,873
2015	\$ 68,742

COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

5. Related Party Transactions

Administrative costs totalling \$50,000 (2009 - \$50,000) were charged to the Cowichan Valley Regional Hospital District from the Cowichan Valley Regional District, a Regional District controlled by the same board of directors.

6. Debt Reserve Fund

The Municipal Finance Authority of British Columbia provides capital financing for Regional Hospital Districts. The Authority is required to establish a Debt Reserve Fund which represents 1% of each Debenture Debt issued. When the Cowichan Valley Regional Hospital District borrows from the Authority 1% is kept by the Authority and put into the fund. The Authority must then use this fund if at any time there are insufficient funds to meet payment on debt obligations.

Upon the maturity of the debt issue, the debt reserve fund plus any interest earned less expenditures for that issue will be discharged to the Cowichan Valley Regional Hospital District. These amounts do not appear elsewhere in the financial statements and as at December 31, 2010 amounted to \$ 418,145 (2009 - \$ 414,779).

	2010	2009
Cash Deposits - Cowichan Valley Regional Hospital District	\$ 106,989	\$ 103,623
Demand Notes - Cowichan Valley Regional Hospital District	311,156	311,156
	<u>\$ 418,145</u>	<u>\$ 414,779</u>

7. Accumulated Surplus

The Accumulated Surplus of \$ 3,493,888 (2009: \$2,322,311) is made up of the following individual fund equity amounts.

	2010	2009
Revenue Fund Deficit (Schedule A)	(568,447)	(551,288)
Reserve Fund (Schedule B)	6,491,055	5,745,806
Capital Fund (Schedule C)	<u>(2,428,720)</u>	<u>(2,872,207)</u>
Accumulated Surplus	<u>\$ 3,493,888</u>	<u>\$2,322,311</u>

COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

7. Accumulated Surplus (continued)

The Revenue Fund includes those transactions which are funded primarily by the annual property tax requisition including debt repayments and capital grant contributions to the Vancouver Island Health Authority.

The Capital Fund includes amounts related to debenture debt raised to finance capital expenditures approved through bylaws adopted by the Regional Hospital District for the purposes of the Vancouver Island Health Authority.

The Reserve Fund includes amounts disbursed or to be disbursed directly to the Vancouver Island Health Authority in accordance with approved capital plans.

8. Net Debt

A consolidated statement of changes in net debt has not been prepared as the Regional Hospital District does not have any non-financial assets and a reconciliation of Net Debt to Accumulated Surplus (Deficit) does not provide any further meaningful information.

9. Budget Figures

Budget figures are unaudited and represent the Amended Financial Plan Bylaw adopted by the Board on March 10, 2010. The financial plan budgeted for transfer to and from the reserve fund. The following reconciliation of the "Surplus for the year" is provided to show which items must be added and removed to reflect the financial plan.

Annual Surplus (deficit) (Statement 2)	\$1,000,000
Add:	
Transfer from Reserves	-
Less:	
Transfer to Reserves	<u>(1,000,000)</u>
Consolidated surplus, per Cowichan Valley Regional Hospital District Financial Plan Bylaw No. 134	<u>\$ -</u>

COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT

SCHEDULE OF REVENUE FUND ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget (unaudited)	2010	2009
Revenue			
Tax Requisition	\$ 3,542,903	\$ 3,542,903	\$ 2,834,687
Grants	-	37,290	1,353
Interest and Other Revenue	80,000	45,449	30,146
Total Revenue	<u>3,622,903</u>	<u>3,625,642</u>	<u>2,866,186</u>
Expenses			
Debenture Debt Interest	762,903	503,687	504,068
Other Expenses	60,000	84,310	50,000
Total Expenses	<u>822,903</u>	<u>587,997</u>	<u>554,068</u>
Operating Surplus	2,800,000	3,037,645	2,312,118
Transfer to Reserve Fund (Schedule B)	1,800,000	1,800,000	2,336,508
Transfer to Restricted Reserve Fund (Schedule B)	1,000,000	1,000,000	-
Principal Debt Repayments (Schedule D)	-	254,804	254,618
	<u>2,800,000</u>	<u>3,054,804</u>	<u>2,591,126</u>
Change in Fund Balance	-	(17,159)	(279,008)
Beginning Fund Balance	<u>(551,288)</u>	<u>(551,288)</u>	<u>(272,280)</u>
Ending Fund Balance (Note 7)	<u>\$ (551,288)</u>	<u>\$ (568,447)</u>	<u>\$ (551,288)</u>

COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT

SCHEDULE OF RESERVE FUND ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
Fund Balance, Beginning	\$ 5,745,806	\$ 5,034,513
Add:		
Contribution from Revenue Fund (Schedule A)	2,800,000	2,336,508
Less:		
Grants to District Hospitals (Schedule E)	<u>(2,054,751)</u>	<u>(1,625,215)</u>
Fund Balance, Ending (Note 7)	<u>\$ 6,491,055</u>	<u>\$ 5,745,806</u>
 Fund balance is composed of:		
Section 20 Reserve	\$ 5,237,298	\$ 5,455,448
Restricted Reserve	<u>1,253,757</u>	<u>290,358</u>
	<u>\$ 6,491,055</u>	<u>\$ 5,745,806</u>

COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT**SCHEDULE OF CAPITAL FUND ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010	2009
Fund Balance, Beginning	\$ (2,872,207)	\$ (3,296,176)
Principal Debt Repayments (Schedule D)	254,804	254,618
Actuarial Adjustments	<u>188,683</u>	<u>169,351</u>
Fund Balance, Ending (Note 7)	<u><u>\$ (2,428,720)</u></u>	<u><u>\$ (2,872,207)</u></u>

COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT

SCHEDULE OF DEBENTURE DEBT
AS AT DECEMBER 31, 2010

<u>Issue No.</u>	<u>Bylaw No.</u>	<u>Maturity Date</u>	<u>Authorized and Issued</u>	<u>Regional Dist. Share</u>	<u>Debt Payments</u>	
					<u>Interest</u>	<u>Principal</u>
621	79	2013	155,400	62,160	5,284	2,011
505	86	2014	658,590	263,436	13,172	3,317
626	79/94/97	2014	1,135,969	454,388	43,735	14,846
506	85/86	2014	964,751	385,900	19,295	4,968
627	94/97	2013	1,680,587	672,235	64,534	24,377
612	97	2013	2,600,446	1,040,178	88,415	40,867
613	97	2013	3,227,635	1,291,054	109,740	50,725
624	97	2016	1,649,669	659,868	51,965	24,815
511	85/102	2015	608,998	243,599	17,661	5,238
78	116	2022	2,262,532	905,013	48,599	27,370
78	121	2012	624,352	249,741	13,411	19,856
78	120	2022	330,788	132,315	7,105	4,001
92	121	2012	333,058	133,223	6,062	11,096
92	125	2012	414,565	165,826	7,545	13,812
93	120	2022	435,523	174,209	7,255	7,505
				6,833,145		
Less principal repayments and actuarial adjustments				(4,404,425)		
TOTAL			<u>\$ 17,082,863</u>	<u>\$ 2,428,720</u>	<u>\$ 503,778</u>	<u>\$ 254,804</u>
TOTAL DEBT PAYMENTS						<u>\$ 758,582</u>

COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT

SCHEDULE OF GRANTS TO HEALTH CARE FACILITIES

YEAR ENDED DECEMBER 31, 2010

	Total	2010	Total
	2009	Grants to health care facilities	2010
Cowichan District	\$ 20,181,679	\$ 2,052,499	\$ 22,234,178
Nanaimo District	674,834	-	674,834
Chemainus	4,963,243	(12,885)	4,950,358
Ladysmith	<u>2,161,610</u>	<u>15,137</u>	<u>2,176,747</u>
	<u>\$ 27,981,366</u>	<u>\$ 2,054,751</u>	<u>\$ 30,036,117</u>