

Capital Regional Hospital District 2024 Financial Statements

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INDEPENDENT AUDITOR'S 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, 2024
- the statement of operations for the year then ended
- the statement of change 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, 2024, and its results of operations, its change 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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

_____, 2025

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 auditor, 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 auditor had full and free access to staff and management. The Independent Auditor's Report outlines the scope of the audit for the year ended December 31, 2024.

On behalf of Capital Regional Hospital District,

Nelson Chan, MBA, FCPA, FCMA
Chief Financial Officer
May 14, 2025

Statement of Financial Position

As at December 31, 2024

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 11,597,326	\$ 10,175,942
Investments	19,500,000	24,000,000
Accounts receivable		
Due from Capital Regional District	540,620	147,180
Other	1,268,840	1,307,725
Restricted cash - MFA Debt Reserve Fund (Note 3)	1,988,263	2,788,315
	<u>34,895,049</u>	<u>38,419,162</u>
Financial liabilities		
Accounts payable and other liabilities	3,481,196	3,875,792
Deferred revenue	414,824	366,515
Short-term debt (Note 4)	530,875	-
Long-term debt (Note 5)	84,175,878	98,467,559
Asset retirement obligation (Note 6)	1,059,371	566,344
	<u>89,662,144</u>	<u>103,276,210</u>
Net debt	(54,767,095)	(64,857,048)
Non-financial assets		
Tangible capital assets (Note 7)	111,831,983	104,465,568
Accumulated Surplus (Note 11)	<u>\$ 57,064,888</u>	<u>\$ 39,608,520</u>
Contingent liability (Note 5c & 13)		
Contractual obligations (Note 8)		

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, 2024

	Budget (Note 12)	2024	2023
Revenue			
Taxation - Municipalities	\$ 24,338,262	\$ 24,338,262	\$ 24,297,119
Taxation - Electoral Areas	2,015,826	2,015,826	2,060,817
Taxation - First Nations	108,815	108,815	104,616
Payments in lieu of taxes	670,321	670,633	699,157
Lease and other property revenue	4,602,328	4,603,192	4,936,720
Interest income	250,000	2,088,088	1,782,102
Debenture maturity refund	878,000	60,188	172,114
Actuarial adjustment on long-term debt	-	3,202,980	4,561,920
	32,863,552	37,087,984	38,614,565
Expenses			
Grants to district hospitals	12,148,613	9,379,103	8,787,670
Interest on long-term debt	5,150,833	5,069,095	6,138,095
Interest on short-term debt	78,500	19,372	46,498
Amortization	-	3,159,500	3,142,214
Accretion	-	24,799	21,561
Operating expenses	2,201,952	1,979,747	1,429,879
	19,579,898	19,631,616	19,565,917
Annual surplus	13,283,654	17,456,368	19,048,648
Accumulated surplus, beginning of year	39,608,520	39,608,520	20,559,872
Accumulated surplus, end of year	\$ 52,892,174	\$ 57,064,888	\$ 39,608,520

The accompanying notes are an integral part of these financial statements

Statement of Change in Net Debt

For the year ended December 31, 2024

	Budget	2024	2023
	(Note 12)		
Annual surplus	\$ 13,283,654	\$ 17,456,368	\$ 19,048,648
Acquisition of tangible capital assets	(14,224,830)	(10,519,870)	(182,319)
Revaluation of asset retirement obligation	-	(6,045)	(71,944)
Amortization of tangible capital assets	-	3,159,500	3,142,214
Change in net debt	(941,176)	10,089,953	21,936,599
Net debt, beginning of year	(64,857,048)	(64,857,048)	(86,793,647)
Net debt, end of year	\$ (65,798,224)	\$ (54,767,095)	\$ (64,857,048)

The accompanying notes are an integral part of these financial statements

Statement of Cash Flows

For the year ended December 31, 2024

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 17,456,368	\$ 19,048,648
Items not involving cash:		
Actuarial adjustment on long-term debt	(3,202,980)	(4,561,920)
Amortization	3,159,500	3,142,214
Accretion	24,799	21,561
Asset retirement obligation	462,183	-
Increase (decrease) in non-cash assets and liabilities:		
Accounts receivable	38,885	(1,026,640)
Accounts payable and accrued liabilities	(394,596)	609,844
Deferred revenue	48,309	-
Due to/(from) Capital Regional District	(393,440)	(39,801)
Restricted cash	800,052	500,129
Net change in cash from operating activities	17,999,080	17,694,035
Capital activities:		
Cash used to acquire tangible capital assets	(10,519,870)	(182,319)
Net change in cash from capital activities	(10,519,870)	(182,319)
Investing activities:		
Acquisition of investments	(19,500,000)	(24,000,000)
Proceeds from investments	24,000,000	9,000,000
Net change in cash from investing activities	4,500,000	(15,000,000)
Financing activities:		
Additions to short-term debt	530,875	-
Additions to long-term debt	1,145,042	2,919,437
Repayment of long-term debt	(12,233,743)	(13,862,297)
Net change in cash from financing activities	(10,557,826)	(10,942,860)
Net change in cash and cash equivalents	1,421,384	(8,431,144)
Cash and cash equivalents, beginning of year	10,175,942	18,607,086
Cash and cash equivalents, end of year	\$ 11,597,326	\$ 10,175,942

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, 2024

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) Asset Retirement Obligations

An asset retirement obligation (ARO) is a legal obligation to incur costs to retire a tangible capital asset in a future period. AROs are measured at the present value of expected future cash flows including an estimate for inflation. Future cash flows are based on the best information available at the financial reporting date. Accretion expense is recorded annually to reflect the cost associated with an increase in the present value of the ARO over time. The carrying amount of the liability is reassessed annually and updated as new information becomes available. Changes in estimates are recorded prospectively and the liability is derecognized when retirement activities are completed.

The asset retirement cost at initial recognition is capitalized along with the related tangible capital asset and amortized in accordance with the Hospital District's tangible capital asset policy Note 1 e).

e) 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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.
- 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.

f) Long-Term Debt

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

g) Debenture Issue Cost

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

h) 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.

i) 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.

j) 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. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)**k) Use Of Estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Significant estimates and assumptions include amortization of capital assets, and discount and inflationary rates used to determine ARO balances. Actual results could differ from those estimates.

2. ADOPTION OF NEW ACCOUNTING STANDARD

On January 1, 2024, the District adopted Public Sector Accounting Standard PS 3400 Revenue (PS 3400) on a prospective basis. The new accounting standard provides direction on accounting for revenues that are not in scope of other existing standards. All revenue streams in scope of PS 3400 have historically been accounted for in accordance with the new standards and as a result there was no impact to net debt, accumulated surplus, or annual surplus on adoption.

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, 2024 is \$1,988,263 (2023: \$2,788,315).

4. SHORT-TERM DEBT

The balance of short-term debt as at December 31, 2024 is \$530,875 (2023: \$nil). The Hospital District paid \$19,372 (2023: \$46,498) of variable short-term interest based on the MFA's floating daily rate. Short-term debt is repayable on demand and must be repaid or transferred to long-term debt within 5 years of initial draw.

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

Long-term debt represents gross debt borrowings of \$156,467,380 (2023: \$214,472,641) net of repayments and actuarial adjustments of \$72,291,502 (2023: \$116,005,082).

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 and actuarial amounts included in long-term debt are payable over the next five years and thereafter:

	2025	2026	2027	2028	2029	Thereafter	Total
Principal	9,415,478	7,791,955	6,607,466	5,005,201	4,352,428	43,397,245	76,569,773
Sinking Fund	1,121,042	1,342,197	1,383,053	1,012,282	780,055	1,967,476	7,606,105
	10,536,520	9,134,152	7,990,519	6,017,483	5,132,483	45,364,721	84,175,878

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

2024	2023
4.05%	3.90% to 4.97%

The long-term debt bears interest at rates ranging from 0.91% to 4.97%. The weighted average interest rate at December 31, 2024 is 2.90% (2023: 2.73%).

c) Demand Notes – Contingent Liability

The MFA holds demand notes related to the Hospital District's debenture debt in the amount of \$4,730,542 (2023: \$6,912,749). 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. ASSET RETIRMENT OBLIGATION

The Hospital District owns buildings that contains hazardous materials including asbestos and lead. The Hospital District is legally obligated to remove these materials in a prescribed manner when they are disturbed. These costs are expected to be incurred over the next 20 years as the buildings are demolished or renovated. The retirement costs are estimated to include all costs directly attributable to the abatement of the hazardous materials, including overhead costs.

The Hospital District uses the Municipal Finance Authority (MFA) long-term borrowing rate as the discount rate. The 10-year average B.C. consumer price index is used to estimate inflation and aligns with the Bank of Canada's target inflation range of 1.00% to 3.00%.

The Hospital District acquired a property that included land and building in 2024. The building is unusable in its current state with no future economic value and the full purchase price was recorded as land. The ARO of \$462,183 associated with the building was recorded in Operating Expense on the Statement of Operations as there is no building asset associated with the liability.

	2023	ARO Additions	ARO Settlements	Revisions to Estimate	Accretion Expense	2024
Hazardous materials	\$ 566,344	462,183	-	6,045	24,799	1,059,371

All estimated cash flows have been discounted to present value. Discount and inflation rates in the future are estimates and subject to change. These changes can impact ARO values significantly when being applied over an extended duration.

	2024	2023
Discount rate	4.27%	4.17%
Inflation rate	2.70%	2.54%
Settlement timing	17 to 20 years	18 years

7. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value at December 31, 2024
	Balance at December 31, 2023	Additions	Transfers	Balance at December 31, 2024	Balance at December 31, 2023	Amortization Expense	
Work in Progress	\$ -	-	-	\$ -	-	-	\$ -
Land	36,550,141	9,980,681	-	46,530,822	-	-	46,530,822
Buildings	80,421,910	545,234	-	80,967,144	12,506,483	3,159,500	65,301,161
	\$ 116,972,051	10,525,915	-	\$ 127,497,966	12,506,483	3,159,500	\$ 111,831,983

	Cost			Accumulated Amortization			Net Book Value at December 31, 2023
	Balance at December 31, 2022	Additions	Transfers	Balance at December 31, 2023	Balance at December 31, 2022	Amortization Expense	
Work in Progress	\$ -	-	-	\$ -	-	-	\$ -
Land	36,550,141	-	-	36,550,141	-	-	36,550,141
Buildings	80,167,647	254,263	-	80,421,910	9,364,269	3,142,214	67,915,427
	\$ 116,717,788	254,263	-	\$ 116,972,051	9,364,269	3,142,241	\$ 104,465,568

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.

8. CONTRACTUAL OBLIGATIONS

The Hospital District has no outstanding contractual obligations as at December 31, 2024 (2023: \$89,343).

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.
- c. The Hospital District purchased Mt. Tolmie Hospital on December 9, 2024. The facility is leased for 20 years to the Provincial Rental Housing Corporation, which is responsible for all renovations and operating the building as supportive housing.

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, \$1,216,294 (2023: \$947,496) of administrative support and project management services from the CRD, of which \$17,506 (2023: \$nil) was capitalized.

The Regional Housing First Program (RHFP) is a partnership between the Capital Regional District (CRD), the Provincial and Federal governments to provide capital funding for affordable housing projects in the region. The CRD, the Capital Regional Housing Corporation, and the Capital Regional Hospital District have committed a combined \$40 million toward these projects. In 2018, an RHFP project management office was established to support the delivery of the program. The Capital Regional Hospital District has fulfilled its contribution commitment and did not provide any funding for administrative support or project management services during the year (2023: \$120,653).

11. ACCUMULATED SURPLUS

	2024	2023
<u>Surplus:</u>		
Accumulated Surplus	\$ 28,682,723	\$ 8,061,145
Reserve funds set aside for specific purposes:		
Debt Management Reserve	15,468,890	7,193,643
Regional Housing First Program Reserve	-	11,327,857
Summit Management Reserve	1,567,904	1,332,941
Land Holdings Management Reserve	1,945,759	1,662,088
Minor Capital Projects Reserve	6,361,711	6,992,945
Hospital District Act Section 20(3) Reserve	3,037,901	3,037,901
Accumulated Surplus	\$ 57,064,888	\$ 39,608,520

12. BUDGET DATA

The budget data presented in these financial statements is based upon the 2024 operating and capital budgets approved by the Board on March 13, 2024. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	Budget Amount
Revenue budget	\$ 33,548,386
Less:	
Transfers from reserve	(553,647)
Surplus previous year	(131,187)
Revenue per Financial Statements	<u>32,863,552</u>
 Expense budget	 33,548,386
Add:	
Grants to district hospitals	5,443,613
Less:	
Transfers to reserve	(7,103,952)
Debt principal payments	(12,308,149)
Expense per Financial Statements	<u>19,579,898</u>
 Annual Surplus	 <u>\$ 13,283,654</u>

13. CONTINGENT LIABILITY

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, investments, 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. The maximum exposure to credit risk of the Hospital District at December 31, 2024 is the carrying value of these assets. 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 2023.

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 2023.

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 2023.

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 2023.

Grants to District Hospitals

For the year ended December 31, 2024

	Total grants December 31, 2023	Expense 2024	Transfers to completed projects	Total grants December 31, 2024
PROJECTS IN PROGRESS				
Designated Health Care facilities	\$ 129,658	\$ 529,150	\$ -	\$ 658,808
Island Health	1,791,461	3,591,123	(4,032,456)	1,350,128
Gorge Road Hospital	616,075	216,167	(517,363)	314,879
Juan de Fuca Hospital	446,949	45,335	(268,176)	224,108
Lady Minto Hospital	3,003,271	739,945	(3,743,216)	-
Mount St. Mary Hospital	-	30,000	(30,000)	-
Queen Alexandra Hospital	333,455	83,651	-	417,106
Royal Jubilee Hospital	2,544,976	1,478,134	(662,689)	3,360,421
Saanich Peninsula Hospital	105,521	178,447	(36,512)	247,456
Victoria General Hospital	3,200,109	2,487,151	(1,152,588)	4,534,672
	12,171,475	9,379,103	(10,443,000)	11,107,578
COMPLETED PROJECTS				
Designated Health Care facilities	24,164,901	-	-	24,164,901
Island Health	96,944,941	-	4,032,456	100,977,397
Gorge Road Hospital	8,335,597	-	517,363	8,852,960
Juan de Fuca Hospital	39,406,745	-	268,176	39,674,921
Lady Minto Hospital	6,211,053	-	3,743,216	9,954,269
Mount St. Mary Hospital - Fairfield	15,569,545	-	30,000	15,599,545
Queen Alexandra Hospital	9,519,433	-	-	9,519,433
Royal Jubilee Hospital	269,447,202	-	662,689	270,109,891
Saanich Peninsula Hospital	21,701,409	-	36,512	21,737,921
Victoria General Hospital	102,891,148	-	1,152,588	104,043,736
	594,191,974	-	10,443,000	604,634,974
	606,363,449	9,379,103	-	615,742,552
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)
	\$ 480,353,148	\$ 9,379,103	\$ -	\$ 489,732,251

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

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Capital Regional Hospital District

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