

Financial Statements of

**BELLA COOLA
GENERAL HOSPITAL**

Year Ended March 31, 2009

AUDITORS' REPORT

TO THE BOARD OF BELLA COOLA GENERAL HOSPITAL

We have audited the statement of financial position of Bella Coola General Hospital as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
May 19, 2009

BELLA COOLA GENERAL HOSPITAL

Statement of Financial Position

March 31, 2009, with comparative figures for 2008

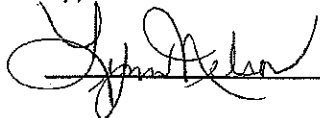
	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 697,857	\$ 831,424
Accounts receivable (note 2)	71,884	95,189
Due from related party (note 3)	9,761	12,388
Inventories of materials and supplies (note 4)	311,412	333,322
Prepaid expenses	100,294	81,731
	1,191,208	1,354,054
Investments (note 5)	140,247	136,833
Capital assets (note 6)	2,178,806	2,606,912
	\$ 3,510,261	\$ 4,097,799

Liabilities and Net Assets (Deficiency)

Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 541,199	\$ 411,349
Due to Vancouver Coastal Health Authority (note 3)	643,760	558,774
Current portion of obligation under capital lease (note 8)	5,107	7,920
Current portion of retirement allowance (note 9(a))	14,307	26,751
Deferred operating contributions	36,227	-
	1,240,600	1,004,794
Obligation under capital lease (note 8)	27,773	9,427
Retirement allowance (note 9(a))	188,217	186,477
Deferred capital contributions (note 10)	2,112,831	2,561,415
	3,569,421	3,762,113
Net assets (deficiency):		
Invested in capital assets (note 11(a))	33,095	28,150
Isabel Kellet Trust Fund (note 13)	24,453	23,635
Unrestricted	(116,708)	283,901
	(59,160)	335,686
	\$ 3,510,261	\$ 4,097,799

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

BELLA COOLA GENERAL HOSPITAL

Statement of Operations

Year Ended March 31, 2009, with comparative figures for 2008

	2009	2008
Revenues:		
Ministry of Health contributions	\$ 4,189,815	\$ 3,951,453
Medical compensation recovery	1,087,846	1,096,852
Pharmacy	1,041,294	1,040,211
Amortization of deferred capital contributions (note 10)	475,788	465,084
Patient fees	137,268	107,931
Recoveries and other (note 3)	94,794	139,674
MSP and MSC Sessional Programs	93,100	95,861
	<u>7,119,905</u>	<u>6,897,066</u>
Expenses:		
Compensation and benefits	3,052,901	2,937,448
Medical compensation	1,087,846	1,096,852
Administration and support (note 3)	1,020,730	899,798
Drugs	804,656	782,211
Depreciation of capital assets	488,926	481,590
Facility and equipment costs	325,114	323,831
Purchased services	264,899	142,350
Medical and diagnostic supplies	242,433	203,822
Contracted Community Health Services	115,790	153,521
Patient support	111,456	112,678
	<u>7,514,751</u>	<u>7,134,101</u>
Deficiency of revenues over expenses	\$ (394,846)	\$ (237,035)

See accompanying notes to financial statements.

BELLA COOLA GENERAL HOSPITAL

Statement of Changes in Net Assets

Year Ended March 31, 2009, with comparative figures for 2008

	Invested in capital assets (note 11)	Externally restricted (note 13)	Unrestricted	2009	2008
Balance, beginning of year	\$ 28,150	\$ 23,635	\$ 283,901	\$ 335,686	\$ 572,721
Surplus (deficiency) of revenues over expenses	(13,138)	818	(382,526)	(394,846)	(237,035)
Transfer to invested in capital assets	18,083	-	(18,083)	-	-
Balance, end of year	\$ 33,095	\$ 24,453	\$ (116,708)	\$ (59,160)	\$ 335,686

See accompanying notes to financial statements.

BELLA COOLA GENERAL HOSPITAL

Statement of Cash Flows

Year Ended March 31, 2009, with comparative figures for 2008

	2009	2008
Cash flows from operating activities:		
Deficiency of revenues over expenses	\$ (394,846)	\$ (237,035)
Items not involving cash:		
Bad debt expense	2,893	-
Amortization of deferred capital contributions	(475,788)	(465,084)
Depreciation of capital assets	488,926	481,590
	(378,815)	(220,529)
Net change in non-cash operating items:		
Accounts receivable	20,412	9,233
Due from related party	2,627	1,430
Inventories of materials and supplies	21,910	(32,403)
Prepaid expenses	(18,563)	(46,994)
Accounts payable and accrued liabilities	129,850	83,351
Due to Vancouver Coastal Health Authority	84,986	176,657
Retirement allowance	(10,704)	(2,170)
Deferred operating contributions	36,227	-
	(112,070)	(31,425)
Cash flows used by investing activities:		
Net change in investments	(3,414)	(6,168)
Purchase of capital assets	(32,872)	(133,996)
	(36,286)	(140,164)
Cash flows from financing activities:		
Repayment of capital lease obligations	(6,611)	(5,325)
Capital contributions	21,400	126,307
	14,789	120,982
Decrease in cash and cash equivalents	(133,567)	(50,607)
Cash and cash equivalents, beginning of year	831,424	882,031
Cash and cash equivalents, end of year	\$ 697,857	\$ 831,424

Supplemental Information (note 14)

See accompanying notes to financial statements.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

Bella Coola General Hospital (the "Hospital") was established under the *Hospital Act and Regulations* to manage the delivery of health care services within the Bella Coola and District Region of the Province of British Columbia.

The Hospital is dependent upon the Ministry of Health Services (the "Ministry") and the Vancouver Coastal Health Authority (the "VCHA") to provide sufficient funding to continue operations, to replace equipment, and to complete other capital projects.

1. Significant accounting policies:

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(a) Affiliated organization:

The Hospital is affiliated with the VCHA. The formal relationship is delineated within an affiliation agreement dated August 16, 2002 signed by the respective parties. The affiliation agreement establishes accountabilities, funding guidelines, operating and other principles between the parties.

(b) Basis of presentation:

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

(c) Cash and cash equivalents:

All short-term investments, with a term to maturity of three months or less at the date of purchase, are classified as cash and cash equivalents.

(d) Investments:

The Hospital classifies its investments as held-for-trading which are, therefore, measured at fair value.

(e) Inventories of materials and supplies:

Inventories of materials and supplies are recorded at the lower of average cost and replacement cost. Pharmacy inventories are for resale and are recorded at the lower of average cost and replacement cost.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008.

1. Significant accounting policies (continued):

(f) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. The Hospital records depreciation on its assets on a straight-line basis over the useful life of the assets as follows:

Buildings	20 years
Major equipment	5-20 years
Pharmacy equipment	5-20 years
Leased equipment	Term of lease

(g) Asset retirement obligations:

The Hospital recognizes asset retirement obligations in the period in which it incurs a legal obligation associated with the retirement of a tangible long-lived asset including leased premises resulting from the acquisition, construction, development, and/or normal use of the asset. The fair value of the asset retirement cost is capitalized as part of the carrying value of the related long-lived asset and is depreciated over the life of the asset. The liability may be changed to reflect the passage of time and changes in the fair value assessment of the retirement obligation.

(h) Internally restricted net assets:

The Hospital has internally restricted certain funds for a variety of uses. These uses include repairs and maintenance, capital asset acquisitions, staff training and other sundry uses. Use of these funds is limited to the related terms of reference as approved by the Board.

(i) Revenue recognition:

The Hospital follows the deferral method of accounting for contributions, which include donations and government contributions.

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Ministry through the VCHA in accordance with budget arrangements established and approved by the VCHA. Approved operating contributions are provided to the Hospital by the VCHA and are recognized as revenue in the period to which they relate and the related expenses are incurred. Where a portion of a contribution relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably established and collection is reasonably assured.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

1. Significant accounting policies (continued):

(i) Revenue recognition (continued):

Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized to revenue on the same basis as the related capital assets are depreciated.

Pharmacy revenue is recognized when sales are made.

(j) Employee benefits:

Liabilities, net of plan assets, are recorded for employee retirement allowance benefits, as employees render services to earn benefits. The actuarial determination of the accrued benefit obligations uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors). For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Actuarial gains and losses that exceed 10% of the benefit obligation are amortized over the average remaining service period of active covered employees. The average remaining service period of the active covered employees entitled to retirement allowance benefits is 10 years (2008 - 10 years). Past service costs arising from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

Defined contribution plan accounting is applied to multiple-employer defined benefit plans and, accordingly, contributions are expensed.

(k) Income taxes:

The Hospital is exempt from federal and provincial income and capital taxes.

(l) Asset and service contributions:

Volunteers contribute a significant amount of time each year to assist the Hospital in carrying out its programs and services. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Contributions of assets, supplies and services that would otherwise have been purchased are recorded at fair value at the date of contribution, provided a fair value can be reasonably determined.

The Hospital operates on land owned by the United Church of Canada. There is no rental agreement between the Hospital and the United Church of Canada, and as a result the use of the land is rent-free to the Hospital.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

1. Significant accounting policies (continued):

(m) Measurement uncertainty:

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Management reviews all significant estimates affecting its financial statements on a recurring basis and records the effect of any necessary adjustments. Significant areas requiring the use of estimates include: valuation of accounts receivable and inventory; the determination of obsolescence and useful lives for depreciation of capital assets and amortization of deferred capital contributions; accrued liabilities; long-term disability benefits and retirement allowance. Actual results could differ from the estimates.

(n) Financial instruments:

The Hospital has designated all non-derivative financial assets and liabilities as held for trading with the exception of certain obligations designated as other liabilities and receivables.

- The Hospital initially records all non-derivative financial assets and liabilities at fair value.
- Assets and liabilities classified as held-for-trading are measured at fair value and changes in fair value are recognized in the statement of operations.
- Other liabilities which include the Hospital's accrued retirement allowance liabilities and obligations under capital leases are recorded at amortized cost.
- All transaction costs incurred on receivables and other liabilities are incorporated in the fair value of the instrument and are amortized to operations using the effective interest rate method.

Assets and liabilities classified as available-for-sale are measured at fair value and changes in fair value are recorded in the statement of changes in net assets until the financial instruments are re-recognized or other than temporarily impaired at which time the amounts are recorded in the statement of operations. The Hospital has not classified any assets or liabilities as available-for-sale.

The standards require derivative instruments to be recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. All changes in the fair value of derivatives are recognized as earnings unless specific hedge criteria are met, which require that an entity must formally document, designate and assess the effectiveness of transactions that received hedge accounting.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

1. Significant accounting policies (continued):

(n) Financial instruments (continued):

The Hospital's financial instruments include cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, due to Vancouver Coastal Health Authority and retirement allowance. It is management's opinion that the Hospital is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these instruments approximate their carrying values, except for the fair value of accrued retirement allowance liability which is disclosed in Note 9.

(o) New accounting pronouncements:

i. Inventories:

Effective April 1, 2008, the Hospital adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3031, Inventories. Under this new standard, inventories are required to be measured at the lower of cost and current replacement cost. The standard also provides more extensive guidance on the measurement and disclosure requirements for inventories; significantly, the new standard allows the reversals of previous write downs to the net realizable value when there is a subsequent increase in the value of inventories.

The adoption of this new standard resulted in no impact to opening balances at April 1, 2008.

ii. Assessing going concern:

Effective April 1, 2008, the Hospital implemented Handbook Section 1400, General Standards of Financial Statement Presentation, which includes requirements for management to assess and disclose an entity's ability to continue as a going concern. Management has made its assessment and concluded there is no issue regarding the Hospital's ability to continue as a going concern based on the assumption that the current funding levels are maintained and any committed additional future funding is received.

iii. Capital disclosures:

Effective April 1, 2008, the Hospital adopted Handbook Section 1535, Capital Disclosures. Under this new standard, the Hospital is required to disclose both qualitative and quantitative information that enables users of the financial statements to evaluate the Hospital's objectives, policies and processes for managing capital. It also includes disclosure regarding what the Hospital regards as capital, whether the Hospital has complied with any external requirements and in the event of non-compliance, the consequences of not complying with these capital requirements (note 12).

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

1. Significant accounting policies (continued):

(p) Future accounting pronouncements:

i. Financial instruments

During the Hospital's 2009 fiscal year, the CICA announced that not-for-profit organizations could elect to continue to apply Handbook Section 3861, Financial Instruments – Disclosure and Presentation in place of Handbook Sections 3862, Financial Instruments – Disclosure and 3863, Financial Instruments – Presentation. Sections 3862 and 3863 place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how an entity manages those risks. The Hospital has elected to continue to apply the financial instrument disclosure and presentation standards in accordance with Section 3861.

ii. Revisions to Not-For-Profit accounting standards:

In September 2008, the CICA issued amendments to Handbook Sections 4400, Financial Statement Presentation by Not-for-Profit Organizations and 4470, Disclosure of Allocated Expenses by Not-for-Profit Organizations. The amendments are effective for the Hospital's fiscal year commencing April 1, 2009 and remove the requirement to disclose net assets invested in capital assets, clarify capital asset recognition criteria and amortization, expand interim financial statement requirements to not-for-profit organizations that prepare interim financial statements, require disclosure of allocated fundraising and general support expenses by not-for-profit organizations, and include the requirement to follow Handbook Section 1540, Cash Flow Statements. The Hospital does not believe adoption of the revised standards will have a material impact on its financial statements.

iii. Changes in accounting framework:

The CICA has decided to transition Canadian GAAP for publicly accountable entities to International Financial Reporting Standards (IFRS) effective January 1, 2011. The Hospital is currently classified as a not-for-profit organization. The Accounting Standards Board (AcSB) and Public Sector Accounting Board (PSAB) have jointly issued an Invitation to Comment to invite feedback on the future of financial reporting by not-for-profit organizations. In addition, PSAB has issued an Invitation to Comment on the future financial reporting of government organizations. The Hospital is in the process of reviewing the impact of these documents on its reporting framework and financial statements.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

1. Significant accounting policies (continued):

(p) Future accounting pronouncements (continued):

iv. Goodwill and intangible assets:

In February 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets, which replaced existing Handbook Section 3062, Goodwill and Other Intangible Assets, and Handbook Section 3450, Research and Development. The new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The standard is effective for the Hospital's fiscal year commencing April 1, 2009. The Hospital does not believe adoption of this standard will have a material impact on its financial statements.

2. Accounts receivable:

	2009	2008
Patients, agencies and others	\$ 63,323	\$ 71,420
GST rebates	12,006	14,964
Medical Services Plan	5,994	7,960
Worksafe BC	-	845
	81,323	95,189
Less: provision for doubtful accounts	9,439	-
	\$ 71,884	\$ 95,189

3. Related party transactions:

The amount due to the VCHA of \$643,760 (2008 - \$558,774) is unsecured, non-interest bearing, and due on demand. The amount arises from payments made by the VCHA on behalf of the Hospital.

Included in administration and support expense is \$50,000 (2008 - \$50,000) paid to VCHA for financial support services. This transaction is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year, the Hospital also had the following transactions with an organization with common directors:

- (a) Paid administration fees of \$282,000 (2008 - \$282,000);
- (b) Received rental income of \$39,046 (2008 - \$39,046); and
- (c) The amount due from the organization of \$9,761 (2008 - \$12,388) is unsecured, non-interest bearing, and due on demand.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

4. Inventories of materials and supplies:

Inventories of materials and supplies are comprised of:

		2009		2008
Pharmaceuticals	\$	261,323	\$	253,882
Medical supplies		50,089		79,440
	\$	311,412	\$	333,322

5. Investments:

Investments consist of term deposits with maturities ranging to 2011, and interest rates ranging from 2.96% to 4.07%. Investments are recorded at cost plus accrued interest. Fair values of these investments do not differ materially from the recorded values.

6. Capital assets:

			2009	2008
	Cost	Accumulated Depreciation	Net book value	Net book value
Buildings	\$ 7,106,715	\$ 5,359,974	\$ 1,746,741	\$ 2,102,758
Pharmacy equipment	28,549	26,587	1,962	3,835
Major equipment	1,741,903	1,344,585	397,318	489,091
Equipment under capital lease	34,346	1,561	32,785	11,228
	\$ 8,911,513	\$ 6,732,707	\$ 2,178,806	\$ 2,606,912

7. Accounts payable and accrued liabilities:

		2009		2008
Trade accounts payable and accrued liabilities	\$	249,675	\$	151,684
Salaries and benefits payable		159,171		119,452
Accrued vacation payable		132,353		140,213
	\$	541,199	\$	411,349

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

8. Obligation under capital lease:

Minimum payments under capital lease for the year ended March 31 are as follows:

2010	\$	7,920
2011		7,920
Thereafter		25,740
		41,580
Imputed interest at 9.2%		(8,700)
		32,880
Current portion		(5,107)
Long-term portion	\$	27,773

9. Employee benefits:

(a) Retirement allowance:

Certain employees with ten or twenty years of service and having reached a certain age are entitled to receive special payments upon retirement or as specified by collective agreements. These payments are based upon accumulated sick leave credits and entitlements for each year of service.

The Hospital's liabilities are based on an actuarial valuation as at December 31, 2006. The next required valuation will be as of December 31, 2009.

Information about employee retirement allowance benefits is as follows:

	2009	2008
Accrued benefit obligation	\$ 202,524	\$ 213,228
Unamortized amounts	-	-
Retirement allowance liabilities	202,524	213,228
Less: current portion of retirement allowance	14,307	26,751
Long-term portion of retirement allowance	\$ 188,217	\$ 186,477
Retirement allowance benefits paid	\$ 26,905	\$ 21,365
Retirement allowance expense	\$ 16,047	\$ 25,962

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

9. Employee benefits (continued):

(a) Retirement allowance continued:

The significant actuarial assumptions adopted in measuring the Hospital's accrued retirement allowance are as follows:

	2009	2008
Accrued benefit obligation as at March 31:		
Discount rate	7.25%	5.50%
Rate of compensation increase	2.50%	3.25%
Benefit costs for years ended March 31:		
Discount rate	5.50%	5.50%
Rate of compensation increase	2.50%	3.25%

(b) Long-term disability:

The Hospital belongs to the Health Employers' Association of B.C. Healthcare Benefit Trust (the "Trust"), under a multi-employer defined benefit plan that covers group long-term disability, life, accidental death and dismemberment, extended health and dental claims for employees belonging to the Hospital Employees' Union, the British Columbia Nurses' Union, the International Union of Operating Engineers, the British Columbia Government and Service Employees' Union, the Canadian Union of Public Employees, the Health Sciences Association, the Professional Association of Residents and Interns, and certain non-unionized employees. The Trust is subject to actuarial valuation every year. At December 31, 2008, the Trust disclosed a \$260 million (December 31, 2007 - \$119 million) unfunded actuarial liability, relating to the entire Trust.

The Trust has implemented a Deficit Reduction Plan with the objective of returning the Trust to a 95% funded position by September 2012.

As a multi-employer plan, the actuary does not attribute the unfunded liability to individual employers. Consequently, the Hospital's share of this unfunded liability cannot be determined. Contributions to the Trust of approximately \$61,700 (2008 - \$51,677) were expensed during the year.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

9. Employee benefits (continued):

(c) Employee pension benefits:

The Hospital and its employees contribute to the Municipal Pension Plan, a multi-employer defined benefit pension plan governed by the *B.C. Public Sector Pension Plans Act*.

Employer contributions to the Municipal Pension Plan of \$247,213 (2008 - \$221,491) were expensed during the year. Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent actuarial valuation for the plan at December 31, 2006 indicated a surplus of \$438 million. The actuary does not attribute portions of the surplus to individual employers. The Plan covers approximately 205,000 active employees, of which 43 are employees of the Hospital. The next expected valuation will be as of December 31, 2009.

10. Deferred capital contributions:

Deferred capital contributions represent externally restricted contributions and other funding received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2009	2008
Deferred capital contributions, beginning of year	\$ 2,561,415	\$ 2,900,192
Capital contributions received or receivable	27,204	126,307
	2,588,619	3,026,499
Less: amortization for the year	475,788	465,084
Deferred capital contributions, end of year	\$ 2,112,831	\$ 2,561,415

Deferred capital contributions are comprised of the following:

	2009	2008
Contributions used to purchase capital assets	\$ 2,107,028	\$ 2,561,415
Unspent contributions	5,803	-
	\$ 2,112,831	\$ 2,561,415

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

11. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2009	2008
Capital assets	\$ 2,178,806	\$ 2,606,912
Obligation under capital lease	(32,880)	(17,347)
Amount financed by deferred capital contributions	(2,112,831)	(2,561,415)
	\$ 33,095	\$ 28,150

(b) Deficiency of revenue over expenses:

	2009	2008
Amortization of deferred capital contributions	\$ 475,788	\$ 465,084
Depreciation of capital assets	(488,926)	(481,590)
	\$ (13,138)	\$ (16,506)

(c) Transfer to invested in capital assets:

	2009	2008
Acquisition of capital assets	\$ 67,218	\$ 133,996
Amounts funded by deferred capital contribution	(21,400)	(126,307)
Amounts funded by capital lease	(34,346)	-
Capital lease repayments, net	6,611	5,325
	\$ 18,083	\$ 13,014

12. Capital management:

The Hospital receives its principal source of capital through funding received from the Ministry of Health via the VCHA. The Hospital defines capital to be net assets and deferred capital contributions. The Hospital's objectives when managing financial assets are to ensure sufficient resources are available to service its patients and community.

The Hospital plans to achieve these objectives by focusing on cost control, investing excess funds, adjusting the asset mix of investments as necessary and by relying on contributions to fund operations.

Except for the Isabel Kellet Trust Fund, as described in note 13, and contributions restricted for the purchase of capital assets, there are no external restrictions on capital; however, internal restrictions have been imposed.

BELLA COOLA GENERAL HOSPITAL

Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

13. Isabel Kellet Trust Fund:

The Hospital is required to hold the principal balance of the Isabel Kellet Trust Fund in perpetuity. Interest earned on the balance is to be used for the continuing education of staff and is recognized in the year it is earned. Where no expenditure on continuing education of staff is incurred, the interest earned is transferred to the trust.

14. Statement of cash flows:

During the year, the Hospital paid interest of \$1,515 (2008 - \$2,397) and earned interest of \$8,416 (2008 - \$8,603).