

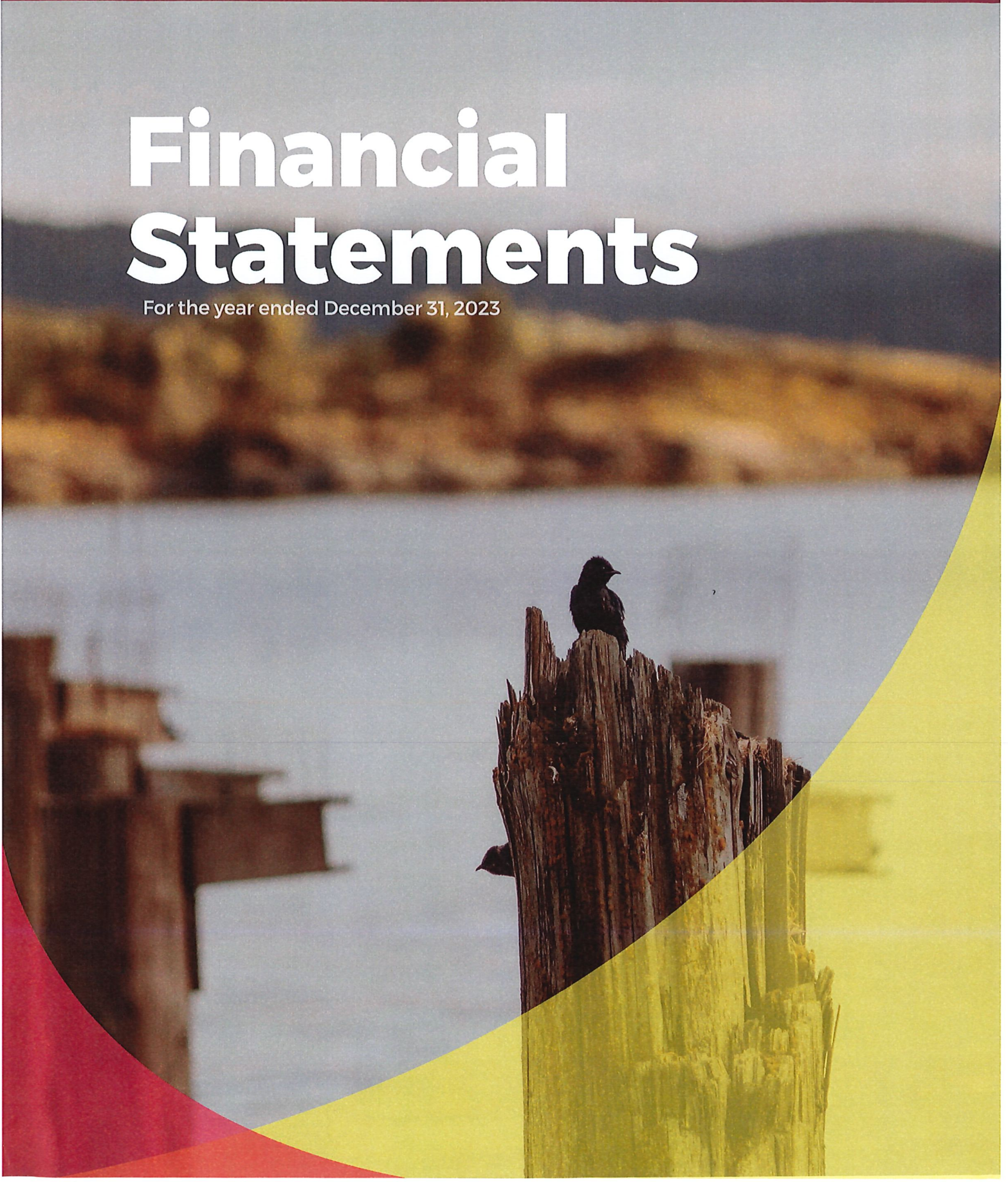


qathet REGIONAL
HOSPITAL DISTRICT

BRITISH COLUMBIA

Financial Statements

For the year ended December 31, 2023





qathet REGIONAL HOSPITAL DISTRICT

Financial Statements for the year ending December 31, 2023

Management's Responsibility for the Financial Statements

Independent Auditor's Report

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qathet REGIONAL HOSPITAL DISTRICT

Management's Responsibility for the Financial Statements

The accompanying financial statements of the qathet Regional Hospital District have been prepared in accordance with the Canadian public sector accounting standards and are outlined under significant accounting policies in the notes to the financial statements. Management is responsible for the integrity and objectivity of these statements as well as the supplementary schedules. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management maintains a system of internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. Management also maintains a program of proper business compliance. These systems are regularly monitored and evaluated by management.

The Board of Directors is responsible for reviewing and approving the financial statements and for ensuring that management fulfils its responsibility for financial reporting and internal control.

The financial statements have been audited by MNP LLP, independent external auditors appointed by the qathet Regional Hospital District. The accompanying independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the qathet Regional Hospital District's financial statements.

Chief Administrative Officer

Chief Financial Officer

To the Board of Directors of the qathet Regional Hospital District:

Opinion

We have audited the financial statements of the qathet Regional Hospital District (the "Hospital District"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital District as at December 31, 2023, and the results of its operations, changes in its net financial assets 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 report. We are independent of the Hospital 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 Hospital 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 Hospital District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Hospital 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 these 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 Hospital 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 Hospital 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 Hospital 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.

We 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.

Nanaimo, British Columbia

April 24, 2024

MNP LLP

Chartered Professional Accountants

MNP LLP

qathet Regional Hospital District
Statement of Financial Position
As at December 31, 2023

	2023	2022
Financial Assets		
Receivable from the qathet Regional District	\$ 7,677,481	\$ 6,675,045
Accounts Receivable	1,744	107,672
Total Financial Assets	<u>7,679,225</u>	<u>6,782,717</u>
Liabilities		
Accounts payable	286,950	442,837
Short term debt (Note 2)	676,810	-
Debenture debt (Note 3)	16,395,039	16,954,732
Accrued interest payable	195,112	188,766
Deferred revenue	163,799	154,027
Asset Retirement Obligation (Note 6, Schedule II)	516,802	-
Total Financial Liabilities	<u>18,234,512</u>	<u>17,740,361</u>
Net Debt	<u>(10,555,287)</u>	<u>(10,957,644)</u>
Non-Financial Assets		
Tangible capital assets (Schedule I)	22,280,722	22,325,006
Prepaid expenses	67,784	57,501
Total Non-Financial Assets	<u>22,348,505</u>	<u>22,382,508</u>
Accumulated surplus (Note 4)	<u>\$ 11,793,219</u>	<u>\$ 11,424,864</u>

Approved on behalf of the Board:

 Chair

 Chief Financial Officer

qathet Regional Hospital District
Statement of Operations
For the year ended December 31, 2023

	2023 Budget (Note 8)	2023 Actual	2022 Actual
Revenue			
Lease revenue	\$ 1,192,776	\$ 1,192,776	\$ 1,192,776
Tax levy	1,274,175	1,274,176	939,282
Insurance recovery	118,734	106,657	109,596
Interest income	124,298	330,397	77,037
Grants and other revenue	1,900	1,744	1,891
	<u>2,711,883</u>	<u>2,905,750</u>	<u>2,320,582</u>
Expenses			
Short term interest	20,000	27,984	11,259
Debenture interest	890,805	799,775	754,752
Actuarial gains (Note 3)	(276,726)	(276,726)	(237,205)
Amortization	542,630	561,087	542,630
Community grants to VCH for equipment for Powell River Community Health Council	1,646,106	1,207,363	1,211,868
Insurance	125,969	112,262	108,268
Other expenses	30,000	650	15,353
Administration fees (Note 7)	105,000	105,000	105,000
	<u>3,083,784</u>	<u>2,537,395</u>	<u>2,511,925</u>
Annual Surplus (deficit)	(371,901)	368,355	(191,343)
Accumulated surplus, beginning of year	<u>11,424,864</u>	<u>11,424,864</u>	<u>11,616,207</u>
Accumulated surplus, end of year	<u><u>\$ 11,052,963</u></u>	<u><u>\$ 11,793,219</u></u>	<u><u>\$ 11,424,864</u></u>

qathet Regional Hospital District
Statement of Changes in Net Debt
For the year ended December 31, 2023

	2023 Budget (Note 8)	2023 Actual	2022 Actual
Annual Surplus (deficit)	\$ (371,901)	\$ 368,355	\$ (191,343)
Amortization of tangible capital assets	542,630	561,087	542,630
Recognition of asset retirement obligation	-	(516,802)	-
Change in prepaid expenses	-	(10,282)	4,082
Net changes in net debt	<u>170,729</u>	<u>402,357</u>	<u>355,369</u>
Net debt, beginning of year	<u>(10,957,644)</u>	<u>(10,957,644)</u>	<u>(11,313,013)</u>
Net debt, end of year	<u><u>\$ (10,786,915)</u></u>	<u><u>\$ (10,555,287)</u></u>	<u><u>\$ (10,957,644)</u></u>

qathet Regional Hospital District
Statement of Cash Flows
For the year ended December 31, 2023

	2023 Actual	2022 Actual
Cash provided by (used in)		
Operating transactions		
Annual surplus (deficit)	\$ 368,355	\$ (191,343)
Items not involving cash		
Actuarial Adjustment	(276,726)	(237,205)
Amortization	561,087	542,630
Changes in balances		
Accounts receivable	105,928	(106,195)
Deferred revenue	9,772	(3,815)
Accounts Payable	(155,887)	(238,852)
Prepaid expenses	(10,282)	4,082
Accrued interest payable	6,346	16,948
	<u>608,593</u>	<u>(213,750)</u>
Financing transactions		
Repayment of short term debt	-	(90,141)
Issuance of short term debt	676,810	-
Repayment of debenture debt	(879,965)	(750,811)
Issuance of debenture debt	596,998	1,515,152
Increase in receivable from qathet Regional District	(1,002,436)	(460,449)
	<u>(608,593)</u>	<u>213,750</u>
Increase in cash during the year	-	-
Cash, beginning of year	-	-
Cash, end of year	<u>-</u>	<u>-</u>

**qathet Regional Hospital District
Notes to Financial Statements
Year ended December 31, 2023**

1 Summary of Significant Accounting Policies

a) Nature of Operations

The Hospital District administers debt for capital expenditures by qathet General Hospital and equipment grants for Powell River Community Health Council. The Hospital District is managed by the qathet Regional District who charges an administration fee for the service.

b) Name Change

Effective February 26, 2024 the Hospital District officially changed its name from Powell River Regional Hospital District to qathet Regional Hospital District.

c) Financial Statements

The Hospital District prepares its financial statements in accordance with Canadian public sector accounting standards as developed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants Canada.

d) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees, financing costs and site preparation costs. Interest costs during the construction phase are not capitalized. Contributed tangible capital assets are recorded at fair value at the time of donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is put into use.

Estimated useful lives of tangible capital assets are as follows:

Land	Indefinite
Complex Care Facility	50 Years
Generator	20 Years
Asset Retirement Obligations	28 Years

Tangible capital assets purchased on behalf of and transferred to the Vancouver Coastal Health are expensed when incurred.

e) Debenture Interest

Debenture interest expense is recorded on the accrual basis.

f) Revenue Recognition

Taxation

Taxes are recognized as revenue in the year they are levied.

Debenture Refund

MFA debt reserve earns interest income and is used to pay expenses of the debt issue. Revenue is recognized when the remaining balance is returned to the Hospital District at the maturity of the underlying debt. Actuarial gains are recognized when realized.

**qathet Regional Hospital District
Notes to Financial Statements
Year ended December 31, 2023**

f) Revenue Recognition (continued)

Other Revenue

Revenue is recognized when earned and/or services are rendered.

Grants In-Lieu

Revenue is recorded on an accrual basis when it is possible to reasonably estimate the amounts receivable.

Lease Revenue

Lease revenue is recognized when amounts are due. The Hospital District retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

g) Financial Instruments

The Hospital District recognizes its financial instruments when the Hospital District becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at fair value.

At initial recognition, the Hospital District may irrevocably elect to subsequently measure any financial instrument at fair value. The Hospital District has made such an election during the year.

The Hospital District subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating annual surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net measurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

The Hospital District has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses).

h) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

i) Budget

The Financial Plan (Budget) By-Law was adopted by the Board on March 22, 2023.

**qathet Regional Hospital District
Notes to Financial Statements
Year ended December 31, 2023**

j) Contaminated Sites

The Hospital District is required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contamination exceeds the standard, the government has responsibility for remediation, future economic benefits will be given up and a reasonable estimate can be made.

Management has assessed its potential liabilities under the standard including sites that are no longer in productive use and sites for which the Hospital District accepts responsibility. There were no such sites that had contamination in excess of an environmental standard which required remediation, therefore no liability exists at December 31, 2023.

k) Government Transfers

Government transfers, are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are deferred if the transfer stipulations give rise to a liability. The transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

When the Hospital District is deemed the transferor, the transfer expense is recognized when the recipient is authorized and has met the eligibility criteria.

l) Change in Accounting Policies

Asset Retirement Obligations

Effective January 1, 2023, the qathet Regional Hospital District adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 *Asset Retirement Obligations*. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation, and provides the related financial statement presentation and disclosure requirements.

Under the new standard, a liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset when certain criteria are met.

The application of the new standard resulted in an asset retirement obligation being recorded in the financial statements due to the presence of asbestos and a legal obligation to remove the asbestos. The new standards have been applied prospectively to these financial statements.

Financial Instruments

Effective January 1, 2023, the Hospital District adopted the Public Sector Accounting Board's (PSAB) new recommendations for the recognition, measurement, presentation and disclosure of financial assets, financial liabilities and derivatives, under Section PS 3450 *Financial Instruments*. The new Section is applied prospectively, and prior periods have not been restated. There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

**qathet Regional Hospital District
Notes to Financial Statements
Year ended December 31, 2023**

m) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported results could differ from management's best estimates as additional information becomes available in the future. Areas requiring the greatest degree of estimation include useful life of tangible capital assets.

A liability for asset retirement obligation(s) reflects management's best estimate of the amount required to retire the related tangible capital asset (or component thereof). The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future asset retirement.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

n) Asset Retirement Obligations

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible asset (or component thereof) at the financial statement date when there is a legal obligation for the Hospital District to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at December 31, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Hospital District reviews the carrying amount of the liability. The Hospital District recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Hospital District continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

2 Short Term Debt

The qathet Regional Hospital District entered into a short term financing loan to fund a 40% capital cost share request from Vancouver Coastal Health Authority.

The total short-term financing outstanding with the Municipal Finance Authority of British Columbia as at December 31, 2023 was \$676,810 (2022 - Nil).

Interest incurred on the short-term debt is at the MFA short-term rate, which was 5.61% at December 31, 2023.

qathet Regional Hospital District
Notes to Financial Statements
Year ended December 31, 2023

3 Debenture Debt

Issue Number	By-Law Number	Interest Rate	Maturity Date	2023	2022
127	108	3.30%	Apr 7, 2034	\$ 14,412,043	\$ 15,439,581
158	125	4.09%	Sep 23, 2032	1,385,998	1,515,152
160	125	4.97%	Oct 12, 2033	596,998	-
Totals				\$ 16,395,039	\$ 16,954,732

Principal payments required in the future are as follows:

Year	Amount
2024	\$ 930,972
2025	1,002,068
2026	1,002,068
2027	1,002,068
2028	1,002,068
Thereafter	5,703,099
Add: Estimated Actuarial Gains	5,752,696
	<u>\$ 16,395,039</u>

Debenture debt will also be reduced by actuarial gains or sinking fund deposits. In the current year, actuarial gains to reduce debenture debts totalled \$276,726 (2022 - \$237,205).

4 Accumulated Surplus

	2023	2022
Hospital Section 20 reserve fund (a)	\$ 7,296,260	\$ 6,243,355
Investment in non-financial assets		
Tangible capital assets	\$ 22,280,722	22,325,006
Asset Retirement Obligation	\$ (516,802)	-
Debenture debt and short-term borrowings	\$ (17,071,849)	(16,954,732)
Debt recoverable from future taxation	\$ (195,112)	(188,766)
	<u>\$ 4,496,959</u>	<u>5,181,509</u>
	<u>\$ 11,793,219</u>	<u>\$ 11,424,864</u>

(a) As permitted by Section 20(3) of the Hospital District Act, funds are reserved for the purchase of equipment, minor renovations to hospitals and related studies and hospital debt. Interest earned of \$330,397 (2022 - \$77,037) on the Hospital Section 20 reserve fund balance was accumulated and recorded in the reserve fund during the year.

5 MFA Debt Reserve Deposits and Demand Notes

The Municipal Finance Authority of British Columbia (MFA) administers the debenture debt of the Hospital District. As a condition of these borrowings, 1% of the debt proceeds are withheld as a debt reserve fund. At December 31, 2023 the cash balance in the debt reserve fund was \$302,730 (2022 - \$287,766). The cash deposits held by the MFA are payable with interest to the ultimate borrower when the final obligations under the respective loan agreements are made.

The Hospital District is also required to issue non-interest bearing demand notes in connection with each debenture. As at December 31, 2023, there were notes totalling \$635,510 (2022 - \$601,141) issued by the Hospital District, which are only callable if additional requirements need to be met to maintain the level of the debt reserve funds, as such the amounts are contingent and have not been recorded in the Statement of Financial Position.

**qathet Regional Hospital District
Notes to Financial Statements
Year ended December 31, 2023**

6 Asset Retirement Obligations

The Hospital District has two assets that management suspect may have been constructed or finished with hazardous materials, and the Hospital District is legally required to properly dispose of the assets, or asset components, upon their retirement. The Hospital District recognized a liability for the asset retirement obligation and a corresponding amount has been capitalized as an asset retirement cost and added to the carrying value of the assets. The asset retirement cost is amortized on a straight-line basis over the estimated remaining useful life of the assets.

The Hospital District estimated the amount of the liability using undiscounted future expenditures estimated to retire the tangible capital assets. The significant assumptions used to determine the best estimate of the liability include:

- Information for each asset with a potential ARO was compiled including: the estimated cost of ARO remediation, the age (or purchase date) of the asset, the useful life for depreciation purposes, the expected ARO obligation year.
- As management does not have plans to retire the assets the undiscounted estimated retirement cost was used.
- Estimates of costs to remediate the assets were derived from publicly available cost estimates, adjusted for the Hospital District's location and distance from disposal sites.

7 Related Party

The Hospital District pays a budgeted amount annually to the qathet Regional District to cover the administrative services performed on its behalf.

8 Budget Figures

The budgeted figures were adopted by the Board on March 22, 2023.

Budgeted Surplus per Board approved budget	\$0.00
Adjust for:	
Borrowing proceeds	(1,991,352)
Transfers to reserves	1,138,269
Debt principal repayment	1,023,811
Amortization	(542,630)
Per Statement of Operations	<u>\$ (371,901)</u>

9 Financial Instruments

The Hospital District, as part of its operations, carries a number of financial instruments. It is management's opinion that the Hospital District is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

SCHEDULE I

Powell River Regional Hospital District
Tangible Capital Assets Continuity Schedule
Year Ended December 31, 2023

	Complex Care Facility	Generator	Land	Asset Retirement Obligation	2023 Total	2022 Total
Cost, beginning of year	\$ 26,114,336	\$ 406,857	\$ 50,000	\$ -	\$ 26,571,193	\$ 26,571,193
Additions	-	-	-	516,802	516,802	-
Cost, end of year	26,114,336	406,857	50,000	516,802	27,087,995	26,571,193
Accumulated amortization, beginning of year	(4,086,834)	(159,352)	-	-	(4,246,187)	(3,703,558)
Amortization	(522,287)	(20,343)	-	(18,457)	(561,087)	(542,630)
Accumulated amortization, end of year	(4,609,121)	(179,695)	-	(18,457)	(4,807,274)	(4,246,188)
Net carrying amount, end of year	\$ 21,505,215	\$ 227,162	\$ 50,000	\$ 498,345	\$ 22,280,722	\$ 22,325,006

The Hospital District financed the capital cost of the Willingdon Creek Village, a complex care facility. The facility was completed in February, 2015 and residents moved in on May 6, 2015. Under an agreement, Vancouver Coastal Health Authority will contribute 64% of the costs through annual lease payments over a 20 year period. Lease payments commenced March 1, 2015. The estimated lease payments are \$1,192,776 annually.

SCHEDULE II

Powell River Regional Hospital District Asset Retirement Obligation Continuity Schedule Year Ended December 31, 2023

	2023	2022
Balance, beginning of year	\$ 516,802	\$ -
Liabilities incurred	-	-
Liabilities settled	-	-
Accretion	-	-
Change in estimated cash flows	-	-
Balance, end of year	\$ 516,802	\$ -

The Hospital District recognized an asset retirement obligation on a building and drying tower which are currently leased to the Miklat Recovery Society. As the Hospital District does not have an estimate of the asset retirement date the obligation has been recognized at its current estimated retirement cost.