

FRASER VALLEY REGIONAL HOSPITAL DISTRICT BOARD

OPEN MEETING AGENDA

Thursday, April 24, 2025, 6:00 pm

In person at FVRD Boardroom, 4th Floor, or by Zoom Conference Call

45950 Cheam Avenue, Chilliwack, BC V2P 1N6

Pages

1. LAND ACKNOWLEDGEMENT
2. CALL TO ORDER
3. APPROVAL OF AGENDA, ADDENDA AND LATE ITEMS

All/Unweighted

MOTION FOR CONSIDERATION

THAT the Agenda, Addenda and Late Items for the Fraser Valley Regional Hospital District Board Open Meeting of April 24, 2025 be approved:

AND THAT all delegations, reports, correspondence, committee minutes, and other information set to the Agenda be received for information.

4. DELEGATIONS AND PRESENTATIONS

4.1 2024 Fraser Valley Regional Hospital District Audited Financial Statements

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All/Unweighted

- Presentation by Sean Reid, Partner, KPMG Enterprise
- Staff report dated April 24, 2025 by Beth Klein, Controller/Deputy CFO
- 2024 Consolidated Financial Statements
- KPMG Audit Findings Report (AFR)
- Draft 2024 Management Representation letter
- 2024 Independent Auditors Letter

MOTION FOR CONSIDERATION

THAT the Fraser Valley Regional Hospital District Board approve the 2024 Audited Financial Statements for the Fraser Valley Regional Hospital District.

5. MINUTES / MATTERS ARISING

All/Unweighted

MOTION FOR CONSIDERATION

THAT the Minutes of the Fraser Valley Regional Hospital District Board Open Meeting held March 27, 2025 be adopted.

6. REPORTS FROM BOARD DIRECTORS

7. ADDENDA ITEMS/LATE ITEMS

8. PUBLIC QUESTION PERIOD FOR ITEMS RELEVANT TO AGENDA

IN PERSON PARTICIPATION

FVRD Board Room

ONLINE PARTICIPATION

Questions can be emailed to info@fvrd.ca before 1 pm, April 23, 2025. Alternatively, you may participate in public question period live on Zoom, by phone or computer using the Zoom information provided on the FVRD website.

9. RESOLUTION TO CLOSE MEETING

All/Unweighted

MOTION FOR CONSIDERATION

THAT the meeting be closed to the public, except for Senior Staff and the Executive Assistant for the purpose of receiving and adopting Closed Meeting Minutes convened in accordance to Section 90 of the *Community Charter* and to consider matters pursuant to:

- Section 90(2)(b) of the *Community Charter* - the consideration of information received and held in confidence relating to negotiations between the regional district and a provincial government or the federal government or both, or between a provincial government or the federal government or both and a third party;

R E C E S S

10. RECONVENE OPEN MEETING

11. RISE AND REPORT

12. ADJOURNMENT

All/Unweighted

MOTION FOR CONSIDERATION

THAT the Fraser Valley Regional Hospital District Board Open Meeting of April 24, 2025 be adjourned.



STAFF REPORT

To: Fraser Valley Regional Hospital District Board
From: Beth Klein, Controller/Deputy CFO

Date: 2025-04-24

Subject: 2024 Fraser Valley Regional Hospital District Audited Financial Statements

Reviewed by: Kelly Lownsbrough, Director of Corporate Services & CFO
Jennifer Kinneman, CAO

RECOMMENDATION

THAT the Fraser Valley Regional Hospital District Board approve the 2024 Audited Financial Statements for the Fraser Valley Regional Hospital District.

BACKGROUND

The Financial Statements for the Fraser Valley Regional Hospital District (FVRHD) have been audited by **KPMG, the FVRHD's appointed independent auditor. Representatives from KPMG, along with Staff will be presenting the 2024 Financial Statements to the Board and reviewing the Audit Findings Report.**

The FVRHD's 2024 Audited Financial Statements are attached to this report. Copies of the final version will be available for inspection by the public on the Regional District's website subsequent to approval by the Board.

DISCUSSION

The Hospital District continues to work alongside Fraser Health Authority (FHA) on the timing of large capital projects and continued contributions to savings balances, ensuring any committed values and debt are appropriately managed. Staff continued to focus on treasury management, while ensuring a balance of required liquid investments remained throughout the year, increasing investment income by \$500K compared to 2023.

Audit Findings

KPMG has confirmed, in their 2024 Audit Findings report (AFR) attached, that the 2024 Financial Statements accurately reflect the financial position of the FVRHD as at December 31, 2024. There were three new accounting standards adopted in 2024, regarding the recording of private-public partnerships, purchased intangibles, and revenue. Although the three new standards were adopted in 2024, there were no changes to current processes. Staff are pleased to report that there were no audit findings requiring adjustments to the Financial Statements.

Financial Position

The FVRHD's Financial Assets increased by \$10M as required for near-future capital projects. Contributions for the Abbotsford long-term care project were budgeted to start in 2024 yet were delayed; therefore, staff invested liquid investments, through the MFA pooled fund, while interest rates remained elevated.

The new debt issue for the Abbotsford long-term care project was also planned for 2024 and has been delayed by one year; therefore, debt balances continue to decrease as outstanding debt payments are made.

During the creation of the 2024 budget, staff reviewed the savings account requirements over the 5-year plan. Based on the approved Reserve Fund Policy, it was recommended and supported by the FVRHD Board to re-allocate the Early Debt Retirement savings balance to the Major Capital Project savings account. This re-allocation and the 2024 increase of Accumulated Surplus of \$13.4M, ended the 2024 year with the following in Reserve funds:

Minor/Medium Equipment: \$215K

Major Capital Projects: \$67.3M

Financial Activities

In 2024, the contributions to FHA totalled \$3.2M for contributions in minor/medium capital to support healthcare needs within the region. Treasury management remained a priority in 2024 and with favourable GIC Investment rates, interest income was \$1M above budget, totalling \$3M.

COST

There are no further costs associated with the report's recommendation. The costs of the external audit are within the 2024 budget.

CONCLUSION

The 2024 Financial Statements are being presented to the Fraser Valley Regional Hospital District Board for approval following completion of a comprehensive audit by KPMG.

**Fraser Valley Regional Hospital District
Management's Responsibility for Financial Reporting**

For the year ended December 31st, 2024

The financial statements have been prepared by management in accordance with Public Sector Accounting Standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Board. The Board reviews the external financial statements on an annual basis.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the Regional Hospital District's system of internal controls and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to financial management of the Regional Hospital District and meet when required.

On behalf of the Fraser Valley Regional Hospital District

Kelly Lownsbrough, CPA, CMA
Director of Corporate Services/Chief Financial Officer

Fraser Valley Regional Hospital District
Consolidated Statement of Financial Position

For the year ended December 31

2024

2023

Financial Assets

Cash and Cash Equivalents (Note 1)	\$ 39,217,599	\$ 29,723,700
Accounts Receivable (Note 2)	119,666	63,202
MFA Debt Reserve Cash (Note 3)	955,214	923,070
Accrued Interest	655,216	754,718
Investments (Note 4)	28,740,763	28,527,725
	69,688,458	59,992,415

Financial Liabilities

Accounts Payable (Note 5)	15,245	58,621
Debenture Debt (Note 6)	12,939,761	16,602,317
	12,955,006	16,660,938

Net Financial Assets	\$ 56,733,452	\$ 43,331,477
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Non-financial Assets

Tangible Capital Assets (Note 7)	5,875,091	5,890,002
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Accumulated Surplus	\$ 62,608,543	\$ 49,221,479
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Commitments (Note 10)

Chief Financial Officer

Fraser Valley Regional Hospital District
Consolidated Statement of Operations and Surplus

For the year ended December 31	Budget 2024	Actual 2024	Actual 2023
Revenues			
Requisition from members and participants	\$ 13,698,300	\$ 13,698,300	\$ 12,922,900
Investment income	2,040,000	3,028,279	2,543,582
Grants in lieu of taxes	130,000	145,197	136,441
Miscellaneous revenue	53,347	74,902	57,945
Interest on MFA cash reserve	-	32,143	27,825
Transfer from reserve funds	29,187,765	-	-
Total Revenue	45,109,412	16,978,821	15,688,693
Expenses:			
Transfer to Fraser Health Authority	34,824,000	3,224,000	3,224,000
Interest on long term debt (actuarial gain)	1,281,500	(289,834)	(241,160)
Administration charge	709,000	594,500	528,000
Operating expenses	377,000	48,180	144,303
Amortization	-	14,911	14,912
Total Expenses	37,191,500	3,591,757	3,670,055
Annual Surplus	\$ 7,917,912	\$ 13,387,064	\$ 12,018,638
Accumulated Surplus, beginning of year	\$ 49,221,479	\$ 49,221,479	\$ 37,202,841
Accumulated Surplus, end of year	\$ 57,139,391	\$ 62,608,543	\$ 49,221,479

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Fraser Valley Regional District Hospital
Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31	2024	2023
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Annual Surplus	\$ 13,387,064	\$ 12,018,638
Amortization of tangible capital assets (Note 7)	14,911	14,912
Change in net financial assets	13,401,975	12,033,550

Net Financial Assets, beginning of year	\$ 43,331,477	\$ 31,297,927
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Net Financial Assets, end of year	\$ 56,733,452	\$ 43,331,477
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Represented by:

Current Fund (Note 8)	2,150,730	1,030,058
Reserve Funds (Note 9)	67,522,483	58,903,736
Amount to be recovered from future requisitions	(12,939,761)	(16,602,317)
	\$ 56,733,452	\$ 43,331,477

Fraser Valley Regional District Hospital
Consolidated Statement of Cash Flows

For the year ended December 31	2024	2023
Operations		
Annual Surplus	\$ 13,387,064	\$ 12,018,638
Items not involving cash		
Amortization of tangible capital assets	14,911	14,912
Change in non-cash operating items		
Accounts receivable and accrued interest	10,894	(350,036)
Accounts payable	(43,376)	(83,559)
	13,369,493	11,599,955
Financing		
Debt principal payments	(3,662,556)	(3,526,584)
	(3,662,556)	(3,526,584)
Investing		
Increase in portfolio investments	(213,038)	(8,002,228)
	(213,038)	(8,002,228)
Increase in cash during the year	9,493,899	71,143
Cash and cash equivalents, beginning of year	29,723,700	29,652,557
Cash and cash equivalents, end of year	\$ 39,217,599	\$ 29,723,700

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Fraser Valley Regional Hospital District Notes to Consolidated Financial Statements

For the year ended December 31st, 2024

The Fraser Valley Regional Hospital District ("Hospital District") is a governing agency for the hospitals in the Fraser Valley region and is incorporated under the Hospital District Act. The Hospital District includes hospitals located in Hope, Chilliwack, Abbotsford, and Mission. Its principal activities are to finance capital construction projects and capital equipment purchases for health care facilities within the Fraser Valley Regional District.

Basis of Presentation	The Hospital District financial statements have been prepared in accordance with the recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants. All material inter-fund transactions have been eliminated.
Revenue and Expenditure Recognition	Accounting for all funds is done on the full accrual basis.
Investments	Investments are portfolio investments recorded at cost plus accrued interest, less any provisions for other than temporary impairment.
Budget Amounts	Budget amounts reflect the statutory annual budget as adopted by the Board on March 21, 2024.
Use of Estimates	The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and at the date of the financial statements, and reported amounts of revenue and expenditures during the reported period. Actual results could differ from those estimates.
Administration Costs	Pursuant to Hospital District Bylaw 0084, 2024 and Section 17(2) of the Hospital District Act, administration fees of \$709,000 were budgeted to be paid by the Hospital District to the Fraser Valley Regional District. Actual values paid were reduced to \$594,500 (2023 - \$528,000)
Financial instruments	Financial instruments include cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities and debt. Cash and cash equivalents include cash, high interest savings accounts and short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Investments are comprised of non-redeemable guaranteed investment certificates, Municipal Finance Authority ("MFA") pooled funds and bonds issued by Canadian chartered banks.

Fraser Valley Regional Hospital District Notes to Consolidated Financial Statements

For the year ended December 31st, 2024

Financial instruments (con't) Financial instruments are recorded at fair value on initial recognition. Equity instruments quoted in an active market and derivatives are subsequently measured at fair value as at the reporting date. All other financial instruments are subsequently measured at cost or amortized cost unless the Hospital District has elected to carry the financial instrument at fair value. The Hospital District has not elected to carry any financial instruments at fair value.

Unrealized changes in fair value would be recognized on the consolidated statement of re-measurement gains and losses. They are recorded in the consolidated statement of operations when they are realized. There are no unrealized changes in fair value as at December 31, 2024 and December 31, 2023. As a result, the Hospital District does not have a consolidated statement of re-measurement gains and losses.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs incurred on the acquisition of financial instruments recorded at cost or amortized cost are included in the cost.

Sales and purchases of investments are recorded on the trade date.

All 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 consolidated statement of operations.

Non-Financial Assets

Non-financial assets are not available to discharge existing liability 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.

Tangible capital assets are recorded at cost, which includes amounts that are 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 – Years
Parking Lot	20

Fraser Valley Regional Hospital District Notes to Consolidated Financial Statements

For the year ended December 31st, 2024

Adoption of new accounting standards Private Public Partnerships (PS 3160)

The FVRHD adopted *Canadian Public Sector Accounting Standard PS 3160, Public Private Partnerships* on January 1, 2024. The new accounting standard addresses the recognition, measurement, presentation, and disclosure of infrastructure procured by public sector entities through certain types of public private partnership arrangements. Management has assessed there is no impact of adopting PS 3160 for the presentation of these financial statements.

Purchased Intangibles (PSG-8)

The FVRHD adopted *Public Sector Guideline PSG-8, Purchased Intangibles*, on January 1, 2024. The standard was applied on a prospective basis. PSG-8 defines purchased intangibles as identifiable non-monetary economic resources without physical substance acquired through an arm's length exchange transaction between knowledgeable, willing parties who are under no compulsion to act. Intangibles acquired through a transfer, contribution, or inter-entity transaction, are not purchased intangibles. Management has assessed there is no impact of adopting PSG-8 for the presentation in these financial statements.

Revenue (PS 3400)

The FVRHD adopted *Canadian Public Sector Accounting Standard PS 3400, Revenue*, on January 1, 2024. Under the new accounting standard, there are two categories of revenue – exchange and unilateral. If the transaction gives rise to one or more performance obligations, it is an exchange transaction. If no performance obligations are present, it is unilateral revenue. Management has assessed there is no impact of adopting PS 3400 for the presentation in these financial statements.

Fraser Valley Regional Hospital District Notes to Consolidated Financial Statements

For the year ended December 31st, 2024

1 Cash and Cash Equivalents

Cash and cash equivalents include cash as well as deposits in a high-interest savings account. The Hospital District will utilize Cashable Deposits for short term or temporary investments as they are highly liquid and readily convertible to known amounts of cash.

	2024	2023
Cash	\$ 39,217,599	\$ 29,723,700
	<u>\$ 39,217,599</u>	<u>\$ 29,723,700</u>

2 Accounts Receivable

	2024	2023
Provincial/Municipal Government	\$ 67,442	\$ 60,877
Goods & Services Tax Rebates	701	2,235
Due from Fraser Valley Regional District	51,523	90
	<u>\$ 119,666</u>	<u>\$ 63,202</u>

3 Municipal Finance Authority Debt Reserve

The Fraser Valley Regional Hospital District issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, the Regional Hospital District has established a fund equal to one half the average instalment of principal and interest of debentures issued. The cash portion of the fund is equal to one percent of the total principal. The proceeds are withheld by the Municipal Finance Authority as a debt reserve fund.

The demand notes are contingent in nature and are not reflected in the accounts. The details of the cash deposits and demand notes at year end are as follows:

	2024	2023
Cash Deposits	\$ 955,214	\$ 923,070
Demand Notes	1,721,541	1,721,541
	<u>\$ 2,676,755</u>	<u>\$ 2,644,611</u>

Fraser Valley Regional Hospital District

Notes to Consolidated Financial Statements

For the year ended December 31st, 2024

4 Investments

	Amount	Effective Interest rate	Maturity Date
GICs			
CCS GIC	1,600,000	5.40%	February 10, 2025
CCS GIC	1,335,200	5.25%	April 25, 2025
CCS GIC	3,400,000	5.20%	May 8, 2025
BMO GIC	1,500,000	5.00%	May 29, 2025
BMO GIC	2,300,000	5.35%	July 4, 2025
Envision Financial GIC	1,586,487	5.75%	December 22, 2025
CCS GIC	1,500,000	5.70%	November 30, 2026
Prospera GIC	1,500,000	5.45%	December 19, 2026
Envision Financial GIC	5,000,000	3.75%	December 20, 2026
BMO GIC	1,079,277	4.90%	June 25, 2026
Scotia Bank GIC	1,052,639	4.61%	June 25, 2027
BMO GIC	2,000,000	4.91%	May 31, 2027
Bonds			
BMO EXT STP	900,000	1.51%	November 21, 2030
BMO EXT STP	4,000,000	1.27%	December 21, 2030
Discount on purchase of deposit note	(12,840)		
	\$ 28,740,763		

Investments at December 31st, 2024 have a total carrying value of \$29,206,954 (2023 - \$29,082,570), consisting of investments of \$28,740,763 (2023 - \$28,527,725) and related accrued interest of \$466,192 (2023 - \$554,845). The market value of these investments at December 31st, 2024 is \$28,667,070 (2023 - \$28,329,759).

5 Accounts Payable

Amounts owing on short-term debt obligations include a Tenant Deposit connected to possible future development of the Mary Street Parking lot property the Hospital District assumed at the time of purchasing the property.

	2024		2023
Trades Payable	\$ 1,464	\$	44,840
Tenant Deposit	13,781		13,781
	\$ 15,245	\$	58,621

Fraser Valley Regional Hospital District

Notes to Consolidated Financial Statements

For the year ended December 31st, 2024

6 Debenture Debt

The Fraser Valley Regional Hospital debenture debt is borrowed through the Municipal Finance Authority and is administered by the Municipal Finance Authority. Hospital debenture debt is as follows:

	2024	2023
Debentures, fixed interest at 1.53% to 4.10% due in various years through 2030.	\$ 58,725,071	\$ 58,725,070
Less sinking fund reserve	(45,785,310)	(42,122,753)
	\$ 12,939,761	\$ 16,602,317

Sinking fund instalments and interest for the next five years for debentures outstanding at December 31st, 2024 are as follows:

	Sinking Fund	Actuarial Adjustment	Total
2025	\$ 2,036,445	\$ 1,767,345	\$ 3,803,790
2026	2,036,445	1,914,043	3,950,488
2027	1,137,514	995,680	2,133,194
2028	679,139	647,935	1,327,074
2029	679,139	699,400	1,378,539
2029 and beyond	862,948	862,266	1,725,214
	\$ 7,431,630	\$ 6,886,669	\$ 14,318,299

Debt Servicing Schedule

Issue No.	Bylaw No.	Year of Maturity	Original Issue	Balance at December 31, 2023	Annual Debt Charges			Balance at December 31, 2024
					Principal	Interest	Actuarial Earnings	
99	21	2027	\$ 26,768,448	\$ 5,466,012	\$ 898,930	\$ 409,557	\$ 852,097	\$ 3,714,984
102	21	2027	12,206,623	3,252,902	458,374	476,058	313,380	2,481,148
105	42	2029	4,750,000	1,832,197	159,514	150,813	116,712	1,555,971
106	42	2029	10,000,000	3,857,256	335,818	225,000	245,710	3,275,729
110	42	2030	5,000,000	2,193,950	183,809	64,000	98,212	1,911,929
			\$58,725,071	\$16,602,317	\$2,036,445	\$1,325,428	\$1,626,111	\$12,939,761

Fraser Valley Regional Hospital District
Notes to Consolidated Financial Statements

For the year ended December 31st, 2024

7 Tangible Capital Assets

Cost	Balance at December 31, 2023	Additions	Transfers and disposals	Balance at December 31, 2024
Land	\$ 5,586,001	\$ -	\$ -	\$ 5,586,001
Land Improvements	298,230	-	-	298,230
Assets under Construction	110,152	-	-	110,152
Total	\$ 5,994,383	\$ -	\$ -	\$ 5,994,383

Accumulated Amortization	Balance at December 31, 2023	Disposals	Amortization expense	Balance at December 31, 2024
Land Improvements	\$ 104,381	\$ -	\$ 14,911	\$ 119,292
Total	\$ 104,381	\$ -	\$ 14,911	\$ 119,292

Net Book Value	Net book value December 31, 2023	Net book value December 31, 2024
Land	\$ 5,586,001	\$ 5,586,001
Land Improvements	193,849	178,938
Assets under Construction	110,152	110,152
Total	\$ 5,890,002	\$ 5,875,091

Assets under construction having a value of \$110,152 (2023 - \$110,152) have not been amortized. Amortization of these assets will commence when the asset is put into service.

Fraser Valley Regional Hospital District Notes to Consolidated Financial Statements

For the year ended December 31st, 2024

8 Restricted Assets

The Regional Hospital District has restrictions on the cash and investments available for operational use as follows:

	2024	2023
Cash and Cash Equivalents	\$39,217,599	\$29,723,700
Investments	28,740,763	28,527,725
Accrued Interest Receivable	655,216	754,718
Accounts Receivable	119,666	63,202
MFA Debt Reserve Cash receivable	955,214	923,070
	69,688,458	59,992,415
Less restrictions for reserve fund (Note 9)	(67,522,483)	(58,903,736)
Trades Payable	(1,464)	(44,840)
Owing to Tenant Deposit	(13,781)	(13,781)
Funds available for operational use	\$ 2,150,730	\$ 1,030,058

9 Reserve Funds

The Regional Hospital District is empowered under Section 20(2) of the Hospital Act to assess a special levy. Funds raised for this purpose are intended to be used for financing minor and other capital costs not necessarily provided for under approved capital financing projects. Funds raised under this section and not expended at year end are carried forward to be expended in succeeding years.

The total balance in the amount has been allocated as follows:

	2024	2023
Appropriated		
Early Debt Retirement	\$ -	\$ 5,538,765
Minor/Medium Equipment	215,994	215,994
Major Capital Projects	67,306,489	53,148,977
	\$ 67,522,483	\$ 58,903,736

The Regional Hospital District Board approved the FVRHD Reserve Fund Policy in February 2024 and contributions to the Early Debt retirement fund were transferred to the Major Capital Projects reserve fund

**Fraser Valley Regional Hospital District
Notes to Consolidated Financial Statements**

For the year ended December 31st, 2024

10 Commitments

The Regional Hospital District has entered into a commitment for funding to the Fraser Health Authority in the amount of \$62.8M in capital funding for various long term projects. The Regional Hospital District will fund these commitments from cash and cash equivalents, investments, future member requisitions and, borrowings.



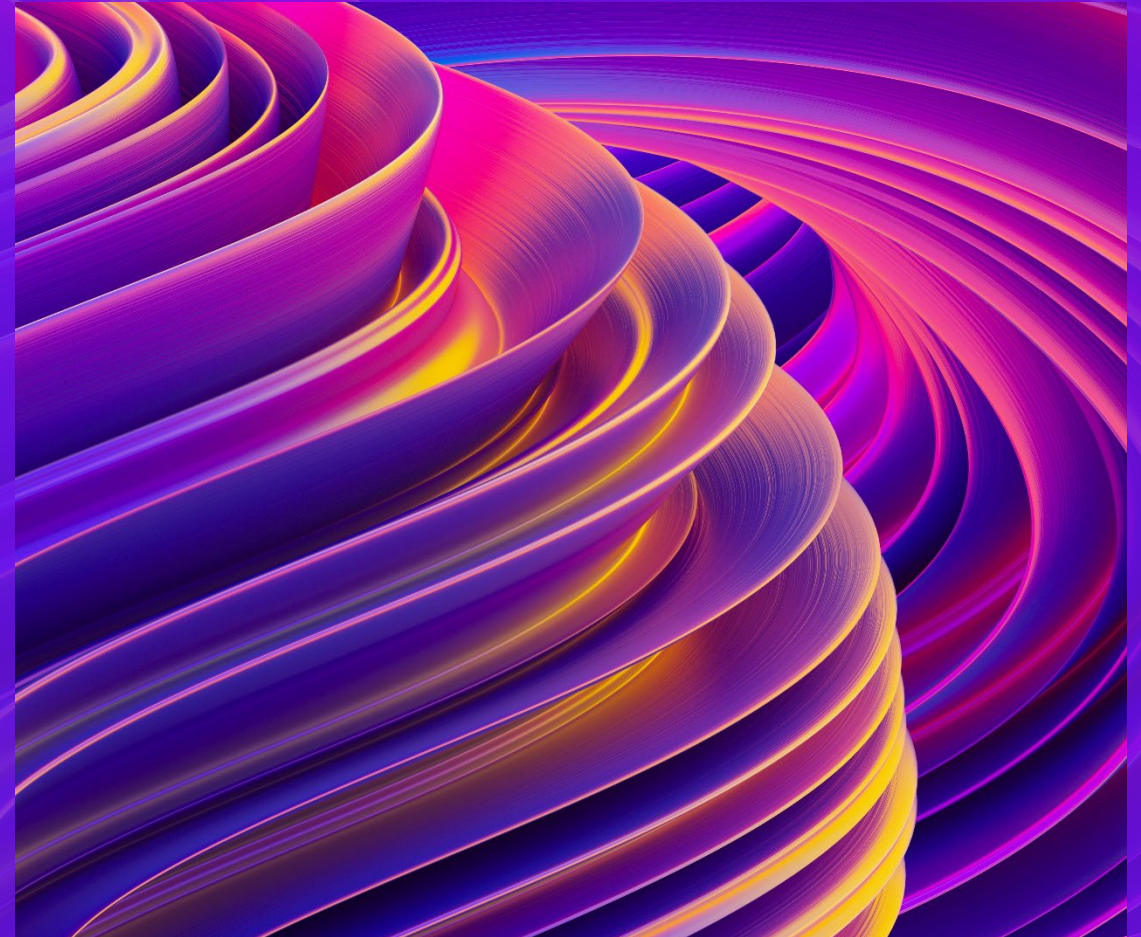
Fraser Valley Regional Hospital District

**Audit Findings Report
for the year ended
December 31, 2024**

KPMG LLP

Prepared as of April 16, 2025 for presentation to the Board of
Directors on April 24, 2025

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement

Sean Reid, CPA, CA

Lead Audit Engagement Partner

(604) 793-4708

srreid@kpmg.ca

Christina Miano, CPA

Senior Manager

604-527-3684

christinasantos@kpmg.ca

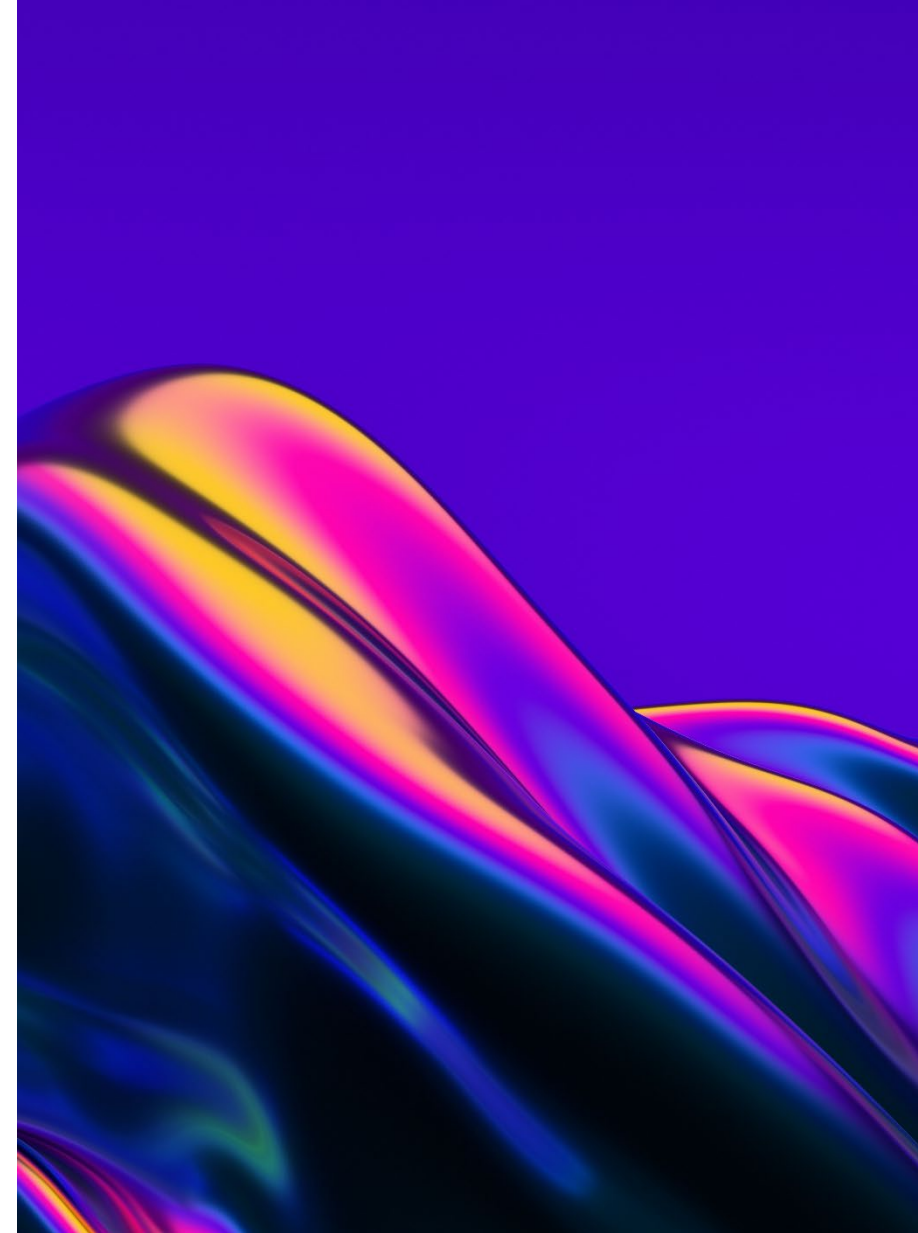


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Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

4	Audit highlights	6	Materiality	8	Risks and results
12	Control deficiencies	13	Policies and practices	14	Appendices

The purpose of this report is to assist you, as a member of the Board of Directors (“Board”) in your review of the results of our audit of the financial statements of the Fraser Valley Regional Hospital District for the year ended December 31, 2024. This report is intended solely for the information and use of management, the Board, and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report to the Board has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



Audit highlights



No matters to report



Matters to report – see link for details

Purpose of this report

The purpose of this Audit Findings Report is to assist you, as a member of the Board of Directors (the “Board”), in your review of the results of our audit of the consolidated financial statements (hereinafter referred to as the “financial statements”) of Fraser Valley Regional Hospital District (the “District”) as at and for the year ended December 31, 2024. Our audit has been performed in accordance with Canadian generally accepted auditing standards (CAS).

Status

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include:

- Completing our discussions with the Board;
- Obtaining the signed management representation letter;
- Obtaining evidence of the Board’s approval of the financial statements; and,
- Completing subsequent event review procedures up to the date of the Board of Directors’ approval of the financial statements.

We will update the Board on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditors’ report will be dated upon the completion of any remaining procedures. Our auditor’s report, a draft of which is attached to the enclosed financial statements, will be dated upon the completion of any remaining procedures.

Audit strategy

Materiality \$390,000



- Materiality has been determined based on total expenses
- Prior year materiality (2023) = \$370,000



Updates to our prior year audit plan

- There have been no significant changes to prior year audit plan



Required audit communications



Risk assessment and results

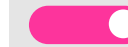


Risks of management override of controls



Other significant risks

- We have not identified any other significant audit risks in addition to the presumed risks required by the professional standards.



Other risks of material misstatement



- Revenue, including new accounting standard PS 3400
- Revenue
- Expenses



Audit highlights (continued)



No matters to report



Matters to report – see link for details

Uncorrected misstatements



Uncorrected misstatements

We did not identify any uncorrected audit misstatements

Corrected misstatements



Corrected misstatements

We did not identify any corrected audit misstatements

Control deficiencies



Significant deficiencies

We did not identify any control deficiencies that we determined to be a significant deficiency in internal control over financial reporting.



Other control deficiencies

We did not identify any other control deficiencies in the current year.

Policies and practices



Significant unusual transactions




Accounting policies and practices

Quality control and independence

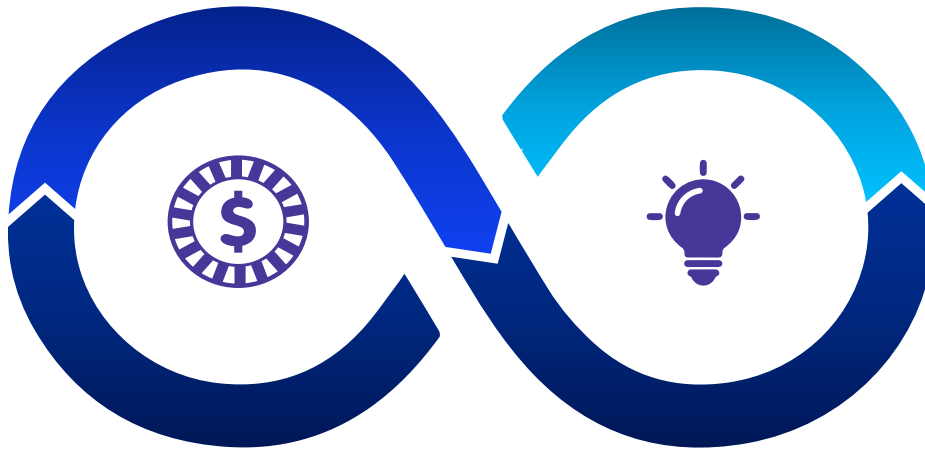
We confirm that we are independent with respect to the District within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation from January 1, 2024 up to the date of this report.

Current developments

Please refer to Appendix 4 and Appendix 5 for current development updates and thought leadership and insights. 



Materiality



We **initially determine materiality** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of **professional judgement**, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We **reassess materiality** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

Plan and perform the audit

We **initially determine materiality** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Evaluate the effect of misstatements

We also use materiality to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.



Materiality (continued)

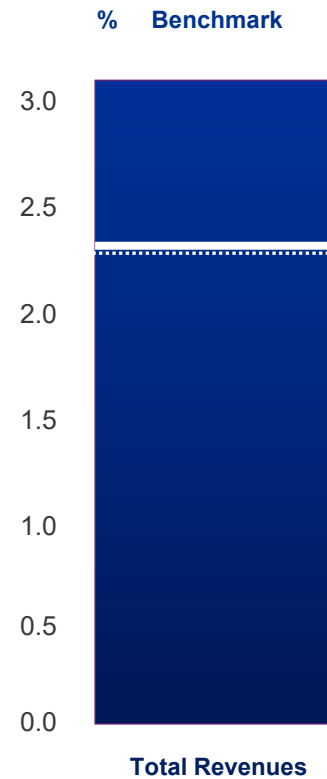


Materiality

\$390,000

(2023: \$370,000)

..... Prior year
— Current year



Total Revenue

\$16.979M

(2023: \$15.687M)





Significant risks and results



Management Override of Controls (non-rebuttable significant risk of material misstatement)

RISK OF**FRAUD**

This is a presumed fraud risk. Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities. We have not identified any specific additional risks of management override relating to this audit.

Our response

As the risk is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- Testing of journal entries and other adjustments.
- Performing a retrospective review of significant estimates and evaluating the business rationale of significant unusual transactions.
- Utilizing application software to evaluate the completeness of the journal entry population through a roll-forward of all accounts.

Significant findings

There were no issues noted in our testing described above.



Required inquiries of the Board



Inquiries regarding risk assessment, including fraud risks

- What are the Board's views about fraud risks, including management override of controls, in the District? And have you taken any actions to respond to any identified fraud risks?
- Is the Board aware of, or has the Board identified, any instances of actual, suspected, or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets? If so, have the instances been appropriately addressed and how have they been addressed?
- How does the Board exercise oversight of the District's fraud risks and the establishment of controls to address fraud risks?



Inquiries regarding the District's processes

- Is the Board aware of tips or complaints regarding the District's financial reporting (including those received through the Board's internal whistleblower program, if such programs exist)? If so, the Board's responses to such tips and complaints?




Inquires regarding related parties and significant unusual transactions

- Is the Board aware of any instances where the District entered into any significant unusual transactions?
- What is the Board's understanding of the District's relationships and transactions with related parties that are significant to the District?
- Is the Board concerned about those relationships or transactions with related parties? If so, the substance of those concerns?



Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.

 Revenue and Deferred Revenue, including new accounting standard PS 3400 Revenue	
Other risk of material misstatement	Estimate?
<p>Revenue is recorded on an accrual basis and is recognized when it is earned and measurable. Revenue relating to future periods, are reported as deferred revenue and recognized when earned. There is a risk that revenue is not completely identified and recorded for arrangements that do not exist and trade receivables are recorded inappropriately when they do not meet the recognized requirements or they do not exist.</p> <p>PS 3400 Revenue (“PS 3400”) is a new accounting standard effective for the District’s 2024 fiscal year. The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement.</p>	No
Our response	
<p>The District’s main sources of revenue are from member requisitions, sale of services, other income. We obtained satisfactory audit evidence over revenue and performed the following procedures:</p> <ul style="list-style-type: none">• We tested all municipal requisitions, and agreed the balances recorded to amounts deposited in the bank and to other supporting documentation• We performed a reasonability calculation for interest income using rates from investment confirmations received directly investment corporations.• We assessed the impact of the new PS3400 Revenue standard on timing, measurement, recognition, and presentation of revenue. The adoption of this standard did not have an impact of on the amounts presented in the District’s financial statements.	
Our findings	

There were no issues noted in our audit testing described above.



Other risks of material misstatement and results (continued)

We highlight our significant findings in respect of **other risks of material misstatement**.



Expenses

Other risk of material misstatement

Estimate?

The District incurs significant operating expenses. There is a need to ensure that the expenses recognized are appropriate.

No

Our response

The District's expenses are closely monitored against the approved budget by the Board. We obtained satisfactory audit evidence over accounts payable and expenses and performed the following procedures:

- We updated our understanding of the processes over authorizations and approvals of expenses.
- We selected a sample of payments made, invoices received and amounts recorded subsequent to year-end to ensure expenses are recorded in the appropriate fiscal year.

Our findings

There were no issues noted in our audit testing described above.



Control deficiencies

Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the District's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

We did not identify any control deficiencies that we determined to be significant deficiencies in ICFR.



Accounting policies and practices



Significant accounting policies

- There have been no initial selections of, or changes to, significant accounting policies and practices, except for the adoption of new accounting standards – PS 3400 Revenue, PS 3160 Public Private Partnerships, and PSG 8 Purchased Intangibles. There were no issues noted as a result of adoption.
- There were no significant accounting policies in controversial or emerging areas.
- There were no issues noted with the timing of the District's transactions in relation to the period in which they were recorded, other than the items previously described.
- There were no issues noted with the extent to which the financial statements are affected by a significant unusual transaction and extent of disclosure of such transactions.
- There were no issues noted with the extent to which the financial statements are affected by non-recurring amounts recognized during the period and extent of disclosure of such transactions.



Significant accounting estimates

- There were no issues noted with management's identification of accounting estimates.
- There were no issues noted with management's process for making accounting estimates.
- There were no indicators of possible management bias.
- There were no significant factors affecting the District's asset and liability carrying values



Significant disclosures and financial statement presentation

- There were no issues noted with the judgments made, in formulating particularly sensitive financial statement disclosures.
- There were no issues noted with the overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- There were no significant potential effects on the financial statements of significant risks, exposures, and uncertainties.



Appendices

1

Required
communications

2

Management
representation letter

3

Audit quality

4

Current
developments

5

Thought leadership
and insights

6

Financial statement
trend analysis



Appendix 1: Required communications



Auditor's report

The conclusion of our audit is set out in the draft auditor's report attached to the draft financial statements.

Engagement letter

The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter, copy of which has been provided to management.



Audit findings report

Represented by this report.

Management representation letter

In accordance with professional standards, copy of the management representation letter is included in Appendix 2.



Independence

We have confirmed our independence to the Board on page 5 of this report.

Internal control deficiencies

We did not identify any control deficiencies.



Appendix 2: Management representation letter

FRASER VALLEY REGIONAL DISTRICT
45950 CHEAM AVENUE
CHILLIWACK, BC V2P 1N6

KPMG LLP
200-9123 Mary Street
Chilliwack, BC V2P 4H7
Canada

Date of Board Acceptance of the Financial Statements

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of Fraser Valley Regional Hospital District ("the District") as at and for the period ended December 31, 2024.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated March 6, 2023 including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
 - c) providing you with unrestricted access to such relevant information.
 - d) providing you with complete responses to all enquiries made by you during the engagement.
 - e) providing you with additional information that you may request from us for the purpose of the engagement.
 - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.

- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, short sellers, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment, or disclosure, in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for, and disclosed, in accordance with the relevant financial reporting framework.

Estimates:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Non-SEC registrants or non-reporting issuers:

- 11) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 12) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Other:

- 13) We confirm that we have provided you with a complete list of service organizations (SO) and sub-service organizations (SSO) and that the relevant complementary user entity controls (CUECs) related to each SO/SSO have been designed and implemented. For the purpose of this representation, a service organization is one as defined in CAS 402.

Yours very truly,

By: Ms. Kelly Lownsbrough, CFO/Director of Corporate Services

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.



Appendix 3: Audit quality - How do we deliver audit quality?

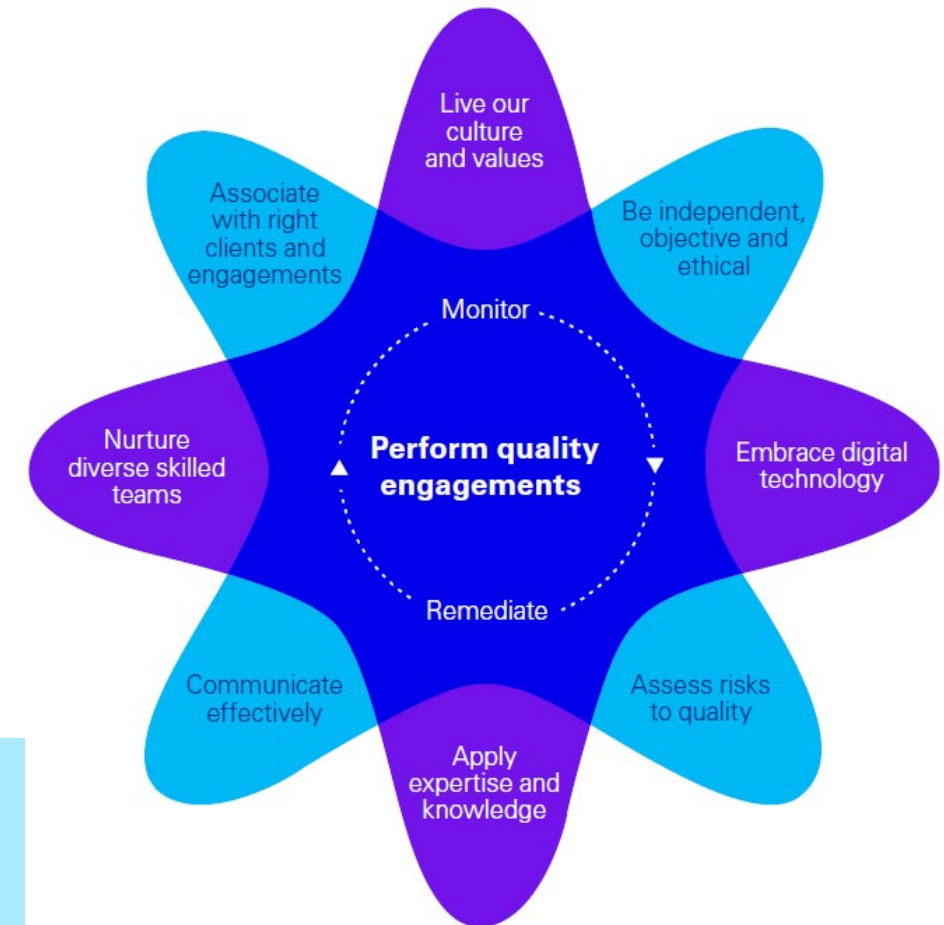
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Learn more about our system of quality management and our firm's statement on the effectiveness of our SoQM:

 [KPMG Canada Transparency Report](#)

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



Doing the right thing. Always.



Appendix 4: Current developments

Changes in accounting standards

Standard	Summary and implications
Employee Future benefits <i>Proposed 2027</i>	<ul style="list-style-type: none"> The Public Sector Accounting Board has initiated a review of sections PS 3250 <i>Retirement benefits</i> and PS 3255 <i>Post-employment benefits, compensated absences and termination benefits</i>. The intention is to use principles from International Public Sector Accounting Standard 39 <i>Employee benefits</i> as a starting point to develop the Canadian standard. Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, the new standards will be implemented in a multi-release strategy. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues. The proposed section PS 3251 <i>Employee benefits</i> will replace the current sections PS 3250 <i>Retirement benefits</i> and PS 3255 <i>Post-employment benefits, compensated absences and termination benefits</i>. It will apply to fiscal years beginning on or after April 1, 2026. Early adoption will be permitted and guidance applied retroactively. This proposed section would result in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. Organizations would also assess the funding status of their post-employment benefit plans to determine the appropriate rate for discounting post-employment benefit obligations. The Public Sector Accounting Board is in the process of evaluating comments received from stakeholders on the exposure draft.



Appendix 4: Current developments (continued)

Changes in accounting standards (continued)

Standard	Summary and implications
Concepts Underlying Financial Performance <i>Proposed 2027</i>	<ul style="list-style-type: none"> The revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026 with earlier adoption permitted. The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.
Financial Statement Presentation <i>Proposed 2027</i>	<ul style="list-style-type: none"> The proposed section PS 1202 <i>Financial statement presentation</i> will replace the current section PS 1201 <i>Financial statement presentation</i>. PS 1202 <i>Financial statement presentation</i> will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted. The proposed section includes the following: <ul style="list-style-type: none"> Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained. Separating liabilities into financial liabilities and non-financial liabilities. Restructuring the statement of financial position to present total assets followed by total liabilities. Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”. A new provision whereby an entity can use an amended budget in certain circumstances. Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position. The Public Sector Accounting Board is currently deliberating on feedback received on exposure drafts related to the reporting model.



Appendix 3: Current developments

Changes to auditing standards

For more information on newly effective and upcoming changes to auditing standards - see Current Developments



Effective for periods beginning on or after December 15, 2023

ISA 600/CAS 600

.....
Revised special considerations – Audits of group financial statements

Click here for information about CAS 600 from CPA Canada:

[Revised CAS 600](#)

Effective for periods beginning on or after December 15, 2024

ISA 260/CAS 260

.....
Communications with those charged with governance

ISA 700/CAS 700

.....
Forming an opinion and reporting on the financial statements

Click here for information about CAS 260 and CAS 700 from CPA Canada:

[Amended CAS 260 and CAS 700](#)



Appendix 5: Thought leadership and insights

2024 Canadian CEO Outlook

KPMG interviewed more than 800 business owners and C-suite leaders across Canada on a variety of topics ranging from their top-of-mind concerns to their acquisition plans, the risks and rewards of artificial intelligence (AI), productivity, the omnipresent threat of cybercrime, and the impact of aging demographics on the workforce.

[Click here](#) to access KPMG's portal.

Future of Risk

Enterprises are facing an array of reputational, environmental, regulatory and societal forces. To navigate this complex landscape, the C-suite should seek to embrace risk as an enabler of value and fundamentally transform their approach. KPMG's global survey of 400 executives reveals that their top priorities for the next few years are adapting to new risk types and adopting advanced analytics and AI. As organizations align risk management with strategic objectives, closer collaboration across the enterprise will be essential.

[Click here](#) to access KPMG's portal.

Resilience Amid Complexity

In today's rapidly evolving and interconnected business landscape, organizations face unprecedented challenges and an increasingly complex and volatile risk landscape that can threaten their competitiveness and future survival. We share revealing real-world examples of how companies have overcome their challenges and emerged stronger as the rapid pace of change accelerates and look at the key components of KPMG's enterprise resilience framework and how it is helping these businesses build resilience and achieve their strategic objectives in an increasingly uncertain world.

[Click here](#) to access KPMG's portal.

Future of Procurement

Procurement is at an exciting point where leaders have the opportunity to recast their functions as strategic powerhouses. In this global report we examine how these forces may affect procurement teams and discuss how procurement leaders can respond – and the capabilities they will need to thrive. Our insights are augmented by findings from the KPMG 2023 Global Procurement Survey, which captured the perspectives of 400 senior procurement professionals around the globe, representing a range of industries.

[Click here](#) to access KPMG's portal.



Appendix 5: Thought leadership and insights (continued)

Artificial Intelligence in Financial Reporting and Audit

Artificial intelligence (AI) is transforming the financial reporting and auditing landscape, and is set to dramatically grow across organizations and industries. In our new report, KPMG surveyed 1,800 senior executives across 10 countries, including Canada, confirming the importance of AI in financial reporting and auditing. This report highlights how organizations expect their auditors to lead the AI transformation and drive the transformation of financial reporting. They see a key role for auditors in supporting the safe and responsible rollout of AI, including assurance and attestation over the governance and controls in place to mitigate risks.

[Click here](#) to access KPMG's portal.

Control System Cybersecurity Annual Report 2024

Based on a survey of more than 630 industry members (13% from government organizations), this report reveals that while the increase in cyberattacks is concerning, organizations have become more proactive in their cybersecurity budgets, focused on prevention, and acknowledging the threat of supply chain attacks. Furthermore, the report highlights a pressing need for skilled cybersecurity professionals in the face of escalating cyber threats. Explore the full report to help gain a clearer understanding of the growing cyber threat landscape and learn how to overcome the roadblocks to progress.

[Click here](#) to access KPMG's portal.

Cybersecurity Considerations 2024: Government and Public Sector

In every industry, cybersecurity stands as a paramount concern for leaders. Yet, for government and public sector organizations, the game of digital defense takes on a whole new level of intensity. The reason? The sheer volume and sensitivity of data they manage, which can amplify the potential fallout from any breach. These agencies are the custodians of a vast array of personal and critical data, spanning from citizen welfare to public safety and national security. This article delves into the pivotal cybersecurity considerations for the government and public sector. It offers valuable perspectives on critical focus areas and provides actionable strategies for leaders and their security teams to fortify resilience, drive innovation, and uphold trust in an ever-changing environment.

[Click here](#) to access KPMG's portal.



Appendix 5: Thought leadership and insights (continued)

Why the Public Sector Must Take the Lead in Sustainability Reporting

As the world prepares for the implementation of sustainability reporting standards from the International Sustainability Board (ISSB), the need for public sector leadership is pronounced. While governments around the world have collaborated on vital policy and regulatory solutions, they have yet to provide sustainability reporting for their own government reporting entities. This presents a major obstacle to global sustainability ambitions, particularly considering the vast physical infrastructure, non-renewable resources, rare earth elements, water and natural assets controlled by governments around the world. .

[Click here](#) to access KPMG's portal.

Fighting Modern Slavery in Canadian Supply Chain

The deadline for the first year of reporting under Canada's Fighting Forced Labour and Child Labour in Supply Chains Act (the Act) was May 31, 2024. Under the Act, eligible entities are required to publicly report on steps taken to reduce the risk of forced labour and child labour in their business and supply chain. KPMG in Canada reviewed 5,794 report submissions for the act to identify key takeaways.

[Click here](#) to access KPMG's portal.

ESG for Cities Webinar Series

Cities and municipalities play a crucial role to drive climate action and resilience measures, acting as stewards for the communities they serve – including their constituents, and public, private and non-profit organizations. With the physical impacts of climate changes – including floods, wildfires and droughts – accelerating in terms of both increased frequency and severity, city and municipal leaders are increasingly considering how they can tackle the multifaceted challenge of achieving net zero greenhouse gas (GHG) emissions by 2050. KPMG in Canada's Public Sector and ESG practices completed a three-part national webinar series focusing on the journey to net zero – from strategic planning and stakeholder engagement to the implementation at the asset and operational level, and subsequent reporting obligations.

[Click here](#) to access KPMG's portal.



Appendix 5: Thought leadership and insights (cont'd)

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

KPMG Audit & Assurance Insights

Curated research and insights for audit committees and boards.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

Audit Committee Guide – Canadian Edition

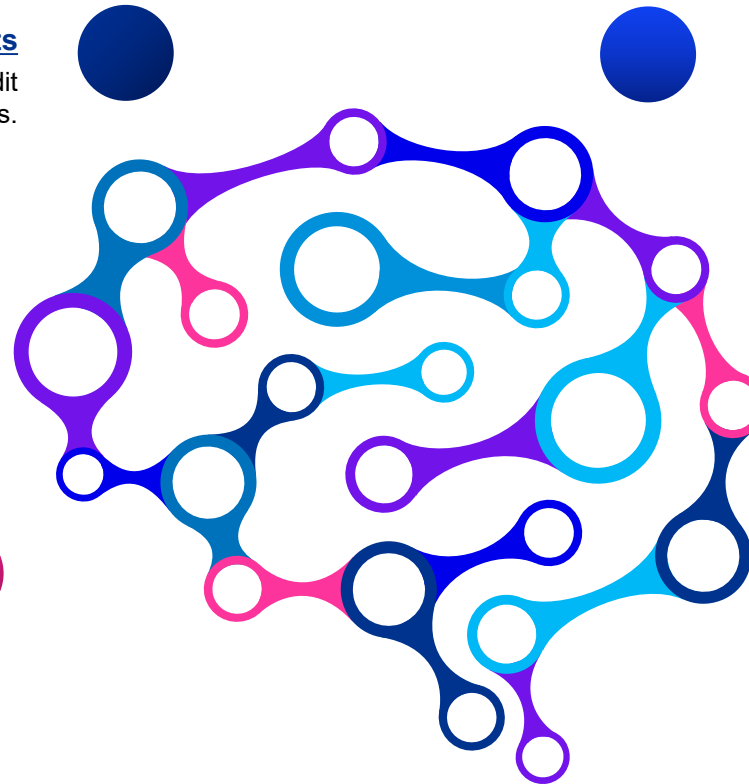
A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

Sustainability Reporting

Resource centre on implementing the new Canadian reporting standards

Accelerate

Our annual article series, developed by KPMG subject matter experts, which tackles the most pressing risks and opportunities that face audit committees, boards and management teams across the country.





Appendix 5: Thought leadership and insights (continued)



KPMG research shows that:

Eighty-seven percent of IT decision makers believe that technologies powered by AI should be subject to regulation.

- Of that group, 32 percent believe that regulation should come from a combination of both government and industry.
- Twenty-five percent believe that regulation should be the responsibility of an independent industry consortium.

Ninety-four percent of IT decision makers feel that firms need to focus more on corporate responsibility and ethics while developing AI solutions.

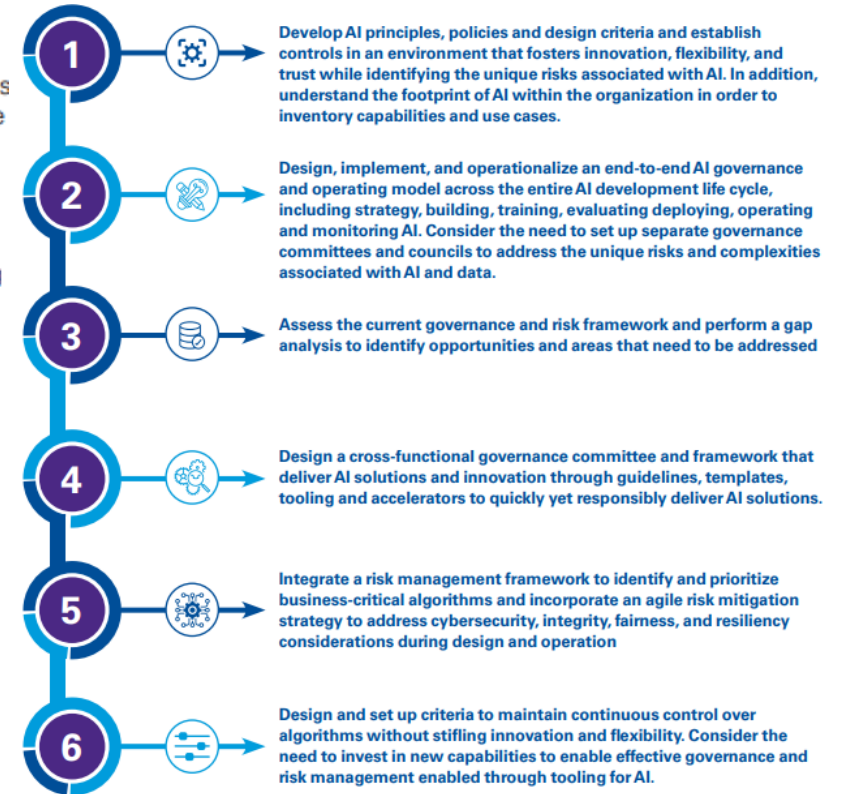
Source:

Per a study of 300 ITDMs from the UK and the US, conducted by Vanson Bourne on behalf of SnapLogic:

<https://www.businesswire.com/news/home/20190326005362/en/AI-Ethics-Deficit-%E2%80%9494-Leaders-Call>

For AI solutions to be transformative, trust is imperative. This trust rests on four main anchors: integrity, explainability, fairness, and resilience. These four principles (enabled through governance) will help organizations drive greater trust, transparency, and accountability.

- 1. Integrity** — algorithm integrity and data validity including lineage and appropriateness of how data is used
- 2. Explainability** — transparency through understanding the algorithmic decision-making process in simple terms
- 3. Fairness** — ensuring AI systems are ethical, free from bias, free from prejudice and that protected attributes are not being used
- 4. Resilience** — technical robustness and compliance of your AI and its agility across platforms and resistance against bad actors



home.kpmg/ShapeofAIGovernance



Appendix 5: Thought leadership and insights (continued)

Current trends in internal audit

Organizations continually face a wide spectrum of risks beyond the already complex financial and regulatory compliance risks. Many organizations are recognizing the impact and benefit of internal audit activity that is agile, properly resourced, effectively managed, and aligned with strategic priorities, which can improve risk management and control processes and drive better efficiencies.

Examples of internal audits are noted below.

Cost reduction / efficiency planning

Review the governance arrangements for the monitoring and efficiency delivery of programs / services as required. This includes considering how efficiency requirements have been apportioned and communicated to support planning.

Fraud risk management

Internal Audit assesses whether a fraud risk management framework exists and whether fraud risk assessment is performed at these levels. Internal Audit reviews the overall governance surrounding this process and review the communication and reporting protocols in place.

Staff inclusion and diversity

Assess the strategy and plan in place for inclusion and diversity amongst staff, the governance of them and the measures in place to measure achievement of the goals. Training and awareness programs are offered to staff and faculty to provide understanding of roles and responsibilities and material is updated on a regular basis.

Asset management / maintenance

Review the processes and controls in place to ensure assets are adequately managed based on an appropriate schedule.

Well being (staff)

Review processes in place to develop and promote employee wellness programs and mental health strategies for staff. Areas of focus include overall program framework, communication to faculty and staff, feedback mechanisms and management's approach to assessing the suitability of the current wellness offerings version faculty and staff needs.

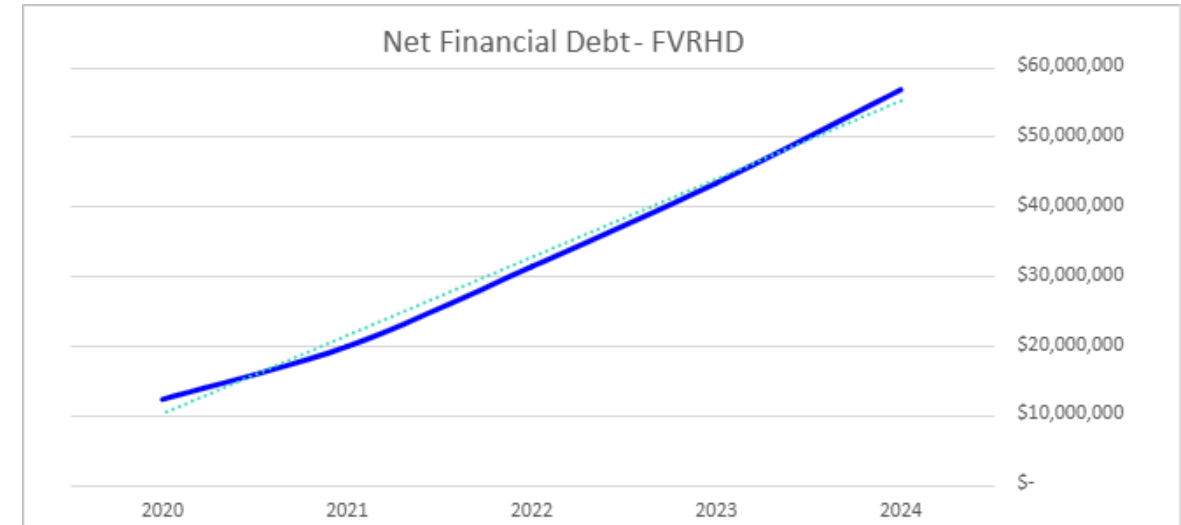


Appendix 6: Financial statement trend analysis

Fraser Valley Regional Hospital District

Net financial assets is a measurement of the available financial resources that the Hospital District has to finance future operations.

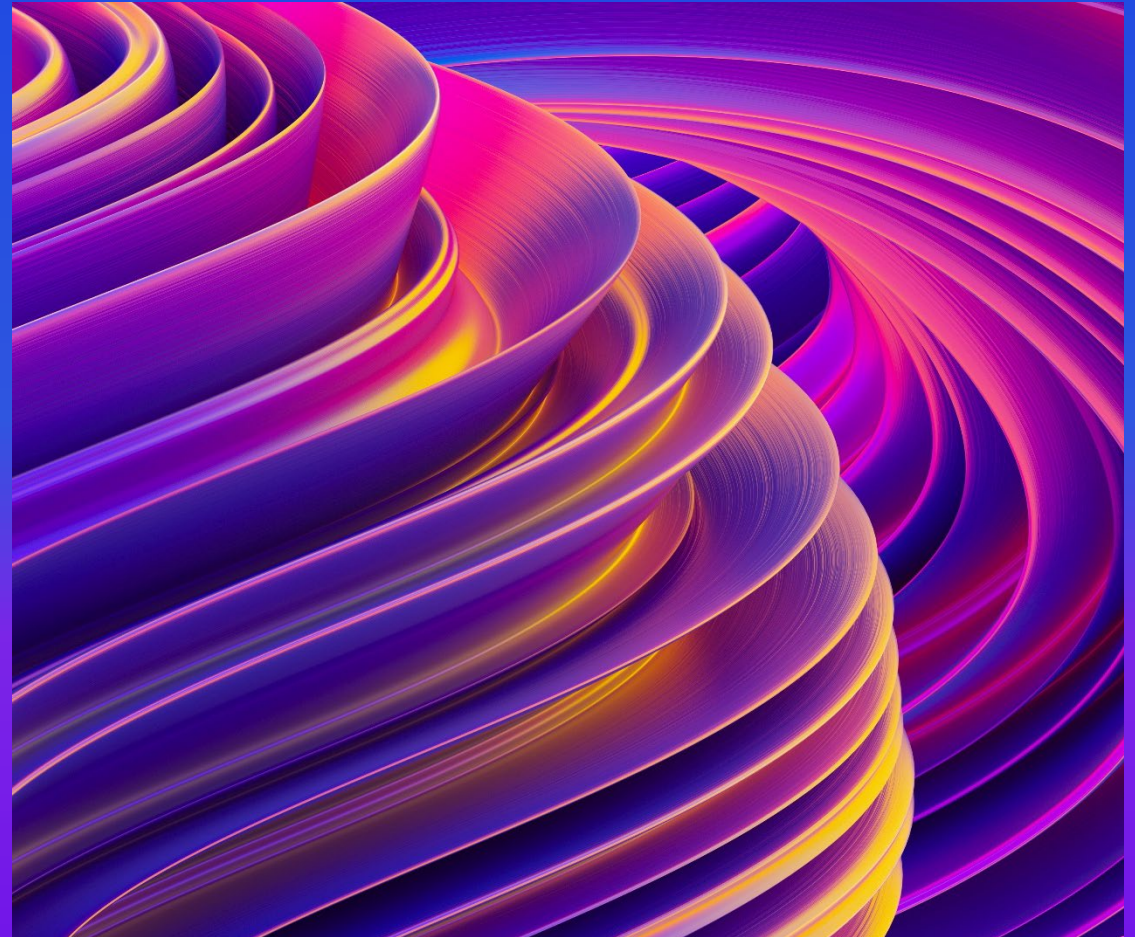
The net financial assets have been increasing at an average rate of 35.9% per year with an increase of 31% when compared to 2023. This represents an increasing accumulation of financial assets. Specifically, cash has increased by \$9.5 million and debenture debt has decreased \$3.6 million compared to 2023.





<https://kpmg.com/ca/en/home.html>

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FRASER VALLEY REGIONAL DISTRICT
45950 CHEAM AVENUE
CHILLIWACK, BC V2P 1N6

KPMG LLP
200-9123 Mary Street
Chilliwack, BC V2P 4H7
Canada

Date of Board Acceptance of the Financial Statements

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of Fraser Valley Regional Hospital District ("the District") as at and for the period ended December 31, 2024.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated March 6, 2023 including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
 - c) providing you with unrestricted access to such relevant information.
 - d) providing you with complete responses to all enquiries made by you during the engagement.
 - e) providing you with additional information that you may request from us for the purpose of the engagement.
 - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.

- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - others
 where such fraud or suspected fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, short sellers, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment, or disclosure, in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for, and disclosed, in accordance with the relevant financial reporting framework.

Estimates:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition,

measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Non-SEC registrants or non-reporting issuers:

- 11) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 12) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Other:

- 13) We confirm that we have provided you with a complete list of service organizations (SO) and sub-service organizations (SSO) and that the relevant complementary user entity controls (CUECs) related to each SO/SSO have been designed and implemented. For the purpose of this representation, a service organization is one as defined in CAS 402.

Yours very truly,

By: Ms. Kelly Lownsbrough, CFO/Director of Corporate Services

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.



KPMG LLP
Suite 200 - 9123 Mary Street
Chilliwack BC V2P 4H7
Canada
Telephone (604) 793-4700
Fax (604) 793-4747

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Fraser Valley Regional Hospital District

Opinion

We have audited the accompanying consolidated financial statements of Fraser Valley Regional Hospital District (the "District") which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statements of operations and surplus for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated 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 consolidated financial position of the District as at December 31, 2024, and its consolidated results of operations and deficit, its consolidated changes in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DRAFT

Chartered Professional Accountants

Chilliwack, Canada

April 24, 2025

FRASER VALLEY REGIONAL HOSPITAL DISTRICT

BOARD MEETING

OPEN MEETING MINUTES

Thursday, March 27, 2025

6:00 pm

In person at FVRD Boardroom, 4th Floor, or by Zoom Conference Call
45950 Cheam Avenue, Chilliwack, BC V2P 1N6

Members Present: Director Sylvia Pranger, District of Kent, Chair
Director Peter Adamo, Electoral Area B
Director Les Barkman, City of Abbotsford
Director Cory Cassel, Electoral Area G
Director Kelly Chahal, City of Abbotsford
Director Hugh Davidson, Electoral Area F (Zoom)
Director Bill Dickey, Electoral Area D
Director Taryn Dixon, Electoral Area H
Director Patricia Driessen, City of Abbotsford
Director Leo Facio, Village of Harrison Hot Springs
Director Jag Gill, City of Mission
Director Diane Johnson, Electoral Area A
Director Chris Kloot, City of Chilliwack
Director Dave Loewen, City of Abbotsford
Director Jason Lum, City of Chilliwack
Director Patti MacAhonic, Electoral Area E
Director Ken Popove, City of Chilliwack
Director Nicole Read, City of Chilliwack
Director Patricia Ross, City of Abbotsford
Director Ross Siemens, City of Abbotsford
Director Victor Smith, District of Hope
Director Mel Waardenburg, Electoral Area C
Alt. Director Mark Warkentin, City of Abbotsford

Regrets: Director Paul Horn, City of Mission, Acting Chair
Director Simon Gibson, City of Abbotsford

Staff Present: Jennifer Kinneman, Chief Administrative Officer
Kelly Lownsbrough, Director of Corporate Services & CFO
Jaime Van Nes, Director of Legislative Services/Corporate Officer
Stacey Barker, Deputy CAO/Director of Regional Services
Graham Daneluz, Director of Planning & Development
Tareq Islam, Director of Engineering Services

Lauren Olynick, Deputy Corporate Officer
Beth Klein, Controller
Katelyn Hipwell, Manager of Planning
Alison Stewart, Manager of Strategic Planning (Zoom)
Sam Piper, Manager of Communications (Zoom)
Dave Driediger, Manager of Facilities (Zoom)
Tarina Colledge, Manager of Emergency Management
Joel Niezen, Support Technician
Amanda Molloy, Administrative Manager (*recording secretary*)

Also Present: Three members of the public online.

1. LAND ACKNOWLEDGEMENT

Chair Sylvia Pranger recognized the homeland of the 31 First Nation communities of the area now called the Fraser Valley Regional District.

2. CALL TO ORDER

The Chair called the open meeting to order at 6:02pm.

3. APPROVAL OF AGENDA, ADDENDA AND LATE ITEMS

Moved By FACIO
Seconded By ROSS

THAT the Agenda, Addenda and Late Items for the Fraser Valley Regional Hospital District Board Open Meeting of March 27, 2025 be approved:

AND THAT all delegations, reports, correspondence, minutes, and other information set to the Agenda be received for information.

CARRIED
All/Unweighted

4. MINUTES / MATTERS ARISING

4.1 Draft Fraser Valley Regional Hospital District Board Meeting Minutes - February 27, 2025

Moved By GILL
Seconded By SMITH

THAT the Minutes of the Fraser Valley Regional Hospital District Board Open Meeting held February 27, 2025 be adopted.

CARRIED
All/Unweighted

5. NEW BUSINESS

5.1 2025 Capital Expenditure Bylaw

Moved By POPOVE
Seconded By MACAHONIC

THAT the Fraser Valley Regional Hospital District give first reading of the bylaw cited as *Fraser Valley Regional Hospital District Capital Expenditure Bylaw No. 0088, 2025*.

CARRIED
All/Weighted

Moved By FACIO
Seconded By KLOOT

THAT the Fraser Valley Regional Hospital District give second and third reading of the bylaw cited as *Fraser Valley Regional Hospital District Capital Expenditure Bylaw No. 0088, 2025*.

CARRIED
All/Weighted

Moved By CASSEL
Seconded By BARKMAN

THAT the Fraser Valley Regional Hospital District adopt the bylaw cited as *Fraser Valley Regional Hospital District Capital Expenditure Bylaw No. 0088, 2025*.

CARRIED
All/Weighted (2/3 Votes Cast)

5.2 2025 Hospital District Annual Budget

Moved By DIXON
Seconded By CHAHAL

THAT the Fraser Valley Regional Hospital District give first reading to the bylaw cited as *Fraser Valley Regional Hospital District 2025 Annual Budget Bylaw No. 0087, 2025*.

CARRIED
All/Weighted

Moved By ROSS
Seconded By ADAMO

THAT the Fraser Valley Regional Hospital District give second and third reading to the bylaw cited as *Fraser Valley Regional Hospital District 2025 Annual Budget Bylaw No. 0087, 2025*.

CARRIED
All/Weighted

Moved By JOHNSON
Seconded By DICKEY

THAT the Fraser Valley Regional Hospital District adopt the bylaw cited as *Fraser Valley Regional Hospital District 2025 Annual Budget Bylaw No. 0087, 2025*.

CARRIED
All/Weighted (2/3 Votes Cast)

6. **REPORTS FROM BOARD DIRECTORS**

No items.

7. **ADDENDA ITEMS/LATE ITEMS**

No items.

8. **PUBLIC QUESTION PERIOD FOR ITEMS RELEVANT TO AGENDA**

No questions were asked online or in person, and no written correspondence was received.

9. ADJOURNMENT

Moved By FACIO
Seconded By WARKENTIN

THAT the Fraser Valley Regional Hospital District Board Open Meeting of March 27, 2025 be adjourned.

CARRIED
All/Unweighted

The Fraser Valley Regional Hospital District Board Open Meeting of March 27, 2025 adjourned at 6:06pm.

MINUTES CERTIFIED CORRECT:

.....
Director Sylvia Pranger, Chair

.....
Corporate Officer/Deputy