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

For the year ended December 31st, 2023

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

2023

2022

Financial Assets

Cash and Cash Equivalents (Note 1)	\$ 29,723,700	\$ 29,652,557
Accounts Receivable (Note 2)	63,202	96,021
MFA Debt Reserve Cash (Note 3)	923,070	895,245
Accrued Interest	754,718	399,688
Investments (Note 4)	28,527,725	20,525,497
	59,992,415	51,569,008

Financial Liabilities

Accounts Payable (Note 5)	58,621	142,180
Debenture Debt (Note 6)	16,602,317	20,128,901
	16,660,938	20,271,081

Net Financial Assets

\$ 43,331,477 \$ 31,297,927

Non-financial Assets

Tangible Capital Assets (Note 7)	5,890,002	5,904,914
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Accumulated Surplus

\$ 49,221,479 \$ 37,202,841

Commitments (Note 10)

Chief Financial Officer

**Fraser Valley Regional Hospital District
Consolidated Statement of Operations and Surplus**

For the year ended December 31	Budget 2023	Actual 2023	Actual 2022
Revenues			
Requisition from members and participants	\$ 12,922,900	\$ 12,922,900	\$ 12,190,786
Investment income	1,310,700	2,543,582	1,077,297
Grants in place of taxes	130,000	136,441	128,757
Miscellaneous revenue	44,000	57,945	49,614
Interest on MFA cash reserve	-	27,825	19,559
Transfer from reserve funds	23,324,000	-	-
Total Revenue	37,731,600	15,688,693	13,466,013
Expenses:			
Transfer to Fraser Health Authority	23,324,000	3,224,000	1,800,000
Interest on long term debt (actuarial gain)	1,281,500	(241,160)	(329,669)
Administration charge	640,000	528,000	472,000
Operating expenses	234,000	144,303	46,515
Amortization	-	14,912	14,912
Total Expenses	25,479,500	3,670,055	2,003,758
Annual Surplus	\$ 12,252,100	\$ 12,018,638	\$ 11,462,255
Accumulated Surplus, beginning of year	\$ 37,202,841	\$ 37,202,841	\$ 25,740,586
Accumulated Surplus, end of year	\$ 49,454,941	\$ 49,221,479	\$ 37,202,841

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

For the year ended December 31	2023	2022
Annual Surplus	\$ 12,018,638	\$ 11,462,255
Amortization of tangible capital assets	14,912	14,912
Change in net financial assets	12,033,550	11,477,167
Net Financial Assets, beginning of year	\$ 31,297,927	\$ 19,820,760
Net Financial Assets, end of year	\$ 43,331,477	\$ 31,297,927

Represented by:

Current Fund (Note 8)	1,030,058	747,674
Reserve Funds (Note 9)	58,903,736	50,679,154
Amount to be recovered from future requisitions	(16,602,317)	(20,128,901)
	\$ 43,331,477	\$ 31,297,927

**Fraser Valley Regional District Hospital
Consolidated Statement of Cash Flows**

For the year ended December 31	2023	2022
Operations		
Annual Surplus	\$ 12,018,638	\$ 11,462,255
Items not involving cash		
Amortization of tangible capital assets	14,912	14,912
Change in non-cash operating items		
Accounts receivable and accrued interest	(350,036)	(106,462)
Accounts payable	(83,559)	(280,332)
	11,599,955	11,090,374
Financing		
Debt principal payments	(3,526,584)	(3,385,083)
	(3,526,584)	(3,385,083)
Investing		
Decrease/(Increase) in portfolio investments	(8,002,228)	1,782,597
	(8,002,228)	1,782,597
Increase in cash during the year	71,143	9,487,887
Cash and cash equivalents, beginning of year	29,652,557	20,164,670
Cash and cash equivalents, end of year	\$ 29,723,700	\$ 29,652,557

Fraser Valley Regional Hospital District Notes to Consolidated Financial Statements

For the year ended December 31st, 2023

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 covers 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 23, 2023.
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 0081,2023 and Section 17(2) of the Hospital District Act, administration fees of \$528,000 (2022 - \$472,000) were paid by the Hospital District to the Fraser Valley Regional District.
Financial instruments	<p>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.</p> <p>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.</p>

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

For the year ended December 31st, 2023

Financial instruments (con't)

Unrealized changes in fair value would be recognized on the consolidated statement of remeasurement 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, 2023 and December 31, 2022. As a result, the Hospital District does not have a consolidated statement of remeasurement 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

Adoption of new accounting standards

PS 3450 Financial Instruments and related standards:

On January 1, 2023, the the Hospital District adopted Canadian public sector accounting standard PS 3450 Financial Instruments, PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation and PS 3041 Portfolio Investments. Under PS 3450 Financial Instruments, all financial instruments are included on the statement of financial position and are measured at either fair value or cost or amortized cost based on the characteristics of the instrument and the Hospital District's accounting policy choices (see note 4).

The adoption of these standards did not have an impact on the amounts presented in these financial statements.

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

For the year ended December 31st, 2023

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.

	<u>2023</u>	<u>2022</u>
Cash	\$ 29,723,700	\$ 29,652,557
	<u>\$ 29,723,700</u>	<u>\$ 29,652,557</u>

2 Accounts Receivable

	<u>2023</u>	<u>2022</u>
Provincial/Municipal Government	\$ 60,877	\$ 95,914
Goods & Services Tax Rebates	\$ 2,235	\$ 107
Due from Fraser Valley Regional District	\$ 90	\$ -
	<u>\$ 63,202</u>	<u>\$ 96,021</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 annual 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:

	<u>2023</u>	<u>2022</u>
Cash Deposits	\$ 923,070	\$ 895,245
Demand Notes	1,721,541	1,721,541
	<u>\$ 2,644,611</u>	<u>\$ 2,616,786</u>

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

For the year ended December 31st, 2023

4 Investments

	Amount	Effective Interest rate	Maturity Date
GICs			
Royal Bank of Canada GIC	2,000,000	3.80%	May 30, 2024
Scotia Bank GIC	1,000,000	5.20%	June 24, 2024
Bank of Montreal GIC	1,007,600	4.47%	June 24, 2024
Envision GIC	5,000,000	5.85%	December 20, 2024
Coast Capital Savings GIC	1,600,000	5.40%	February 10, 2025
Coast Capital Savings GIC	1,335,200	5.25%	April 25, 2025
Coast Capital Savings GIC	3,400,000	5.20%	May 8, 2025
Bank of Montreal GIC	1,500,000	5.00%	May 29, 2025
Bank of Montreal GIC	2,300,000	5.35%	July 4, 2025
Envision GIC	1,500,000	5.75%	December 22, 2025
Coast Capital Savings GIC	1,500,000	5.70%	November 30, 2026
Prospera CU GIC	1,500,000	5.45%	December 22, 2026
Bonds			
Bank of Montreal Stp	900,000	1.25%	November 6, 2028
Bank of Montreal Ext Stp	4,000,000	1.55%	December 30, 2030
Discount on purchase of deposit note	(15,075)		
	\$ 28,527,725		

Investments at December 31st, 2023 have a total carrying value of \$29,082,570 (2022 - \$20,757,823), consisting of investments of \$28,527,725 (2022 - \$20,525,497) and related accrued interest of \$554,845 (2022 - \$232,326). The market value of these investments at December 31st, 2023 is \$28,329,759 (2022 - \$19,782,793).

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.

	2023	2022
Trades Payable	\$ 44,840	\$ 17,584
Tenant Deposit	13,781	13,781
Due to Fraser Valley Regional District	-	110,815
	\$ 58,621	\$ 142,180

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

For the year ended December 31st, 2023

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:

	<u>2023</u>	<u>2022</u>
Debentures, fixed interest at 1.28% to 3.90% due in various years through 2030.	\$ 58,725,070	\$ 58,725,070
Less sinking fund reserve	(42,122,753)	(38,596,169)
	<u>\$ 16,602,317</u>	<u>\$ 20,128,901</u>

Sinking fund instalments and interest for the next five years for debentures outstanding at December 31st, 2023 are as follows:

	Sinking Fund	Actuarial Adjustment	Total
2024	2,036,445	1,626,111	3,662,556
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
2028 and beyond	862,949	862,266	1,725,215
	<u>\$ 8,788,9367</u>	<u>\$ 7,813,380</u>	<u>\$ 16,602,317</u>

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

For the year ended December 31st, 2023

7 Tangible Capital Assets

	Balance at December 31,		Transfers and		Balance at December 31,
	2022	Additions	Disposals	2023	
Cost					
Land	\$ 5,586,001	\$ -	\$ -	\$ 5,586,001	
Land Improvements	298,230	-	-	298,230	
Assets under Constr.	110,152	-	-	110,152	
Total	\$ 5,994,383	\$ -	\$ -	\$ 5,994,383	

	Balance at December 31,		Amortization		Balance at December 31,
	2022	Disposals	expense	2023	
Accumulated Amortization					
Land Improvements	\$ 89,469	\$ -	\$ 14,912	\$ 104,381	
Total	\$ 89,469	\$ -	\$ 14,912	\$ 104,381	

	Net book value December 31,		Net book value December 31,	
	2022		2023	
Land	\$ 5,586,001		\$ 5,586,001	
Land Improvements	208,761		193,849	
Assets under Constr.	110,152		110,152	
Total	\$ 5,904,914		\$ 5,890,002	

Assets under Construction

Assets under construction having a value of \$110,152 (2022 - \$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, 2023

8 Restricted Assets

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

	2023	2022
Cash and Cash Equivalents	\$29,723,700	\$ 29,652,557
Investments	28,527,725	20,525,497
Accrued Interest Receivable	754,718	399,688
Accounts Receivable	63,202	96,021
MFA Debt Reserve Cash receivable	923,070	895,245
	59,992,415	51,569,008
Less restrictions for reserve fund (note 9)	(58,903,736)	(50,679,154)
Trades Payable	(44,840)	(17,584)
Owing to Fraser Valley Regional District	-	(110,815)
Owing to Tenant Deposit	(13,781)	(13,781)
Funds available for operational use	\$ 1,030,058	\$ 747,674

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:

	2023	2022
Appropriated		
Early Debt Retirement	\$ 5,538,765	\$ 4,056,265
Minor/Medium Equipment	215,994	215,994
Major Capital Projects	53,148,977	46,406,895
	\$ 58,903,736	\$ 50,679,154

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
DEBT SERVICING SCHEDULE
Year ended December 31, 2023**

MFA Issue No.	RHD Bylaw No.	Term (years)	Year of Maturity	Original Issue	Outstanding		Annual Debt Charges			Balance at December 31, 2023	
					Balance December 31, 2022	New Debt 2023	Principal	Interest	Actuarial Earnings		
99	21	20	2027	26,768,448	7,149,693	-	898,931	409,557	784,750	5,466,012	
102	21	20	2027	12,206,623	3,998,559	-	458,374	476,058	287,283	3,252,902	
105	42	20	2029	4,750,000	2,097,798	-	159,513	106,875	106,088	1,832,197	
106	42	20	2029	10,000,000	4,416,417	-	335,818	225,000	223,343	3,857,256	
110	42	20	2030	5,000,000	2,466,434	-	183,809	64,000	88,675	2,193,950	
					<u>\$58,725,071</u>	<u>\$20,128,901</u>	<u>\$0</u>	<u>\$2,036,445</u>	<u>\$1,281,490</u>	<u>\$1,490,139</u>	<u>\$16,602,317</u>