

FRASER VALLEY REGIONAL HOSPITAL DISTRICT

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

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

For the year ended December 31st, 2025

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

Beth Klein, CPA
Controller/Deputy Chief Financial Officer



KPMG LLP
45890 Hocking Ave Suite 302
Chilliwack, BC V2P 1B4
Canada
Tel 604 793 4700
Fax 604 793 4747

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Fraser Valley Regional Hospital District

Opinion

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

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of financial activities for the year then ended
- the consolidated statement of changes in net financial 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, 2025, its consolidated results of financial activities, its consolidated changes in net financial assets, 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 “**Auditor’s Responsibilities for the Audit of the Financial Statements**” section of our auditor’s report.

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



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

DRAFT

Chartered Professional Accountants

Chilliwack, Canada

**Fraser Valley Regional Hospital District
Consolidated Statement of Financial Position**

For the year ended December 31 **2025** **2024**

Financial Assets

Cash and Cash Equivalents (Note 1)	\$	46,994,442	\$	39,217,599
Accounts Receivable (Note 2)		131,021		119,666
MFA Debt Reserve Cash (Note 3)		983,817		955,214
Accrued Interest		950,091		655,216
Investments (Note 4)		29,856,505		28,740,763
		78,915,876		69,688,458

Financial Liabilities

Accounts Payable (Note 5)		4,607,925		15,245
Debenture Debt (Note 6)		9,135,971		12,939,761
		13,743,896		12,955,006

Net Financial Assets	\$	65,171,980	\$	56,733,452
-----------------------------	-----------	-------------------	-----------	-------------------

Non-financial Assets

Tangible Capital Assets (Note 7)		5,860,180		5,875,091
----------------------------------	--	------------------	--	------------------

Accumulated Surplus	\$	71,032,160	\$	62,608,543
----------------------------	-----------	-------------------	-----------	-------------------

Commitments (Note 10)

Beth Klein, Controller/Deputy Chief Financial Officer

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

For the year ended December 31	Budget 2025	Actual 2025	Actual 2024
Revenues			
Requisition from members and participants	\$ 15,753,045	\$ 15,753,045	\$ 13,698,300
Investment income	2,190,000	2,540,074	3,028,279
Grants in lieu of taxes	130,000	159,973	145,197
Miscellaneous revenue	65,000	98,490	74,902
Interest on MFA cash reserve	-	28,603	32,143
Total Revenues	18,138,045	18,580,186	16,978,821
Expenses:			
Transfer to Fraser Health Authority	36,600,000	9,585,328	3,224,000
Interest on long term debt (actuarial gain)	1,325,400	(172,533)	(289,834)
Administration charge	790,000	672,300	594,500
Operating expenses	377,000	56,563	48,180
Amortization	-	14,911	14,911
Total Expenses	39,092,400	10,156,569	3,591,757
Annual Surplus (deficit)	\$ (20,954,355)	\$ 8,423,617	\$ 13,387,064
Accumulated Surplus, beginning of year	\$ 62,608,543	\$ 62,608,543	\$ 49,221,479
Accumulated Surplus, end of year	\$ 41,654,188	\$ 71,032,160	\$ 62,608,543

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

For the year ended December 31 **2025** 2024

Annual Surplus	\$ 8,423,617	\$ 13,387,064
Amortization of tangible capital assets (Note 7)	14,911	14,911
Change in net financial assets	8,438,528	13,401,975
Net Financial Assets, beginning of year	\$ 56,733,452	\$ 43,331,477
Net Financial Assets, end of year	\$ 65,171,980	\$ 56,733,452

Represented by:

Current Fund (Note 8)	2,086,477	2,150,730
Reserve Funds (Note 9)	72,221,474	67,522,483
Amount to be recovered from future requisitions	(9,135,971)	(12,939,761)
	\$ 65,171,980	\$ 56,733,452

Fraser Valley Regional District Hospital
Consolidated Statement of Cash Flows

For the year ended December 31	2025	2024
Operations		
Annual Surplus	\$ 8,423,617	\$ 13,387,064
Items not involving cash		
Amortization of tangible capital assets	14,911	14,911
Change in non-cash operating items		
Accounts receivable and accrued interest	(334,833)	10,894
Accounts payable	4,592,680	(43,376)
	12,696,375	13,369,493
Financing		
Debt principal payments	(3,803,790)	(3,662,556)
	(3,803,790)	(3,662,556)
Investing		
Increase in portfolio investments	(1,115,742)	(213,038)
	(1,115,742)	(213,038)
Increase in cash during the year	7,776,843	9,493,899
Cash and cash equivalents, beginning of year	39,217,599	29,723,700
Cash and cash equivalents, end of year	\$ 46,994,442	\$ 39,217,599

Fraser Valley Regional Hospital District Notes to Consolidated Financial Statements

For the year ended December 31st, 2025

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	Requisitions from members and participants are property taxes collected on behalf of the District and are recorded in the period the taxes are levied. Investment income, grants in lieu and other income are recorded on an accrual basis in the period they are earned.
Investments	Investment’s are portfolio investments recorded at cost.
Budget Amounts	Budget amounts reflect the statutory annual budget as adopted by the Board on March 27, 2025.
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 0087, 2025 and Section 17(2) of the Hospital District Act, administration fees of \$790,000 were budgeted to be paid by the Hospital District to the Fraser Valley Regional District. Actual values paid were reduced to \$672,300 (2024 - \$594,500).
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, 2025

Financial instruments (cont'd) 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, 2025 and December 31, 2024. 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, 2025

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.

	2025	2024
Cash	\$ 24,133,084	\$ 17,031,044
Short Term Deposits	22,861,358	22,186,555
	\$ 46,994,442	\$ 39,217,599

2 Accounts Receivable

	2025	2024
Provincial/Municipal Government	\$ 131,021	\$ 67,442
Goods & Services Tax Rebates	-	701
Due from Fraser Valley Regional District	-	51,523
	\$ 131,021	\$ 119,666

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:

	2025	2024
Cash Deposits	\$ 983,817	\$ 955,214
Demand Notes	1,721,541	1,721,541
	\$ 2,705,358	\$ 2,676,755

Fraser Valley Regional Hospital District
Notes to Consolidated Financial Statements

For the year ended December 31st, 2025

4 Investments

	Amount	Effective Interest rate	Maturity Date
GICs			
BMO GIC	1,079,277	4.90%	June 25, 2026
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
CCS GIC	1,600,000	3.6%	February 10, 2027
CCS GIC	1,335,200	3.7%	April 26, 2027
BMO GIC	2,000,000	4.91%	May 31, 2027
Scotia Bank GIC	1,052,639	4.61%	June 25, 2027
CCS GIC	3,400,000	3.6%	May 8, 2028
VANCITY CIG	1,500,000	3.25%	May 29, 2029
MERIDIAN GIC	5,000,000	3.7%	July 16, 2029
Bonds			
BMO EXT STP	900,000	1.51%	November 6, 2028
BMO EXT STP	4,000,000	1.27%	December 21, 2030
Discount on purchase of deposit note	(10,611)		
	\$ 29,856,505		

Investments at December 31st, 2025 have a total carrying value of \$30,605,518 (2024 - \$29,206,954), consisting of investments of \$29,856,505 (2024 - \$28,740,763) and related accrued interest of \$749,013 (2024 - \$466,192). The market value of these investments at December 31st, 2025, is \$30,156,077 (2024 - \$28,667,070).

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.

	2025	2024
Trades Payable	\$ 8,816	\$ 1,464
Due to Fraser Health Authority	4,585,328	-
Tenant Deposit	13,781	13,781
	\$ 4,607,925	\$ 15,245

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

For the year ended December 31st, 2025

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:

	2025	2024
Debentures, fixed interest at 1.53% to 4.10% due in various years through 2030.	\$ 58,725,071	\$ 58,725,071
Less sinking fund reserve	(49,589,100)	(45,785,310)
	\$ 9,135,971	\$ 12,939,761

Sinking fund instalments and interest for the next five years for debentures outstanding at December 31st, 2025 are as follows:

	Sinking Fund	Actuarial Adjustment	Total
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
2030	183,809	162,866	346,675
	\$ 4,716,046	\$ 4,419,924	\$9,135,971

Debt Servicing Schedule

Issue No.	Bylaw No.	Year of Maturity	Original Issue	Balance at December 31, 2024	Annual Debt Charges			Balance at December 31, 2025	
					Principal	Interest	Actuarial Earnings		
99	21	2027	\$ 26,768,448	\$ 3,714,984	\$ 898,930	\$ 409,557	\$ 922,139	\$ 1,893,915	
102	21	2027	12,206,623	2,481,148	458,374	476,058	340,392	1,682,382	
105	42	2029	4,750,000	1,555,971	159,514	194,750	127,761	1,268,696	
106	42	2029	10,000,000	3,275,729	335,818	410,000	268,971	2,670,940	
110	42	2030	5,000,000	1,911,929	183,809	116,500	108,082	1,620,038	
				\$58,725,071	\$12,939,761	\$2,036,445	\$1,606,865	\$1,767,345	\$9,135,971

Fraser Valley Regional Hospital District
Notes to Consolidated Financial Statements

For the year ended December 31st, 2025

7 Tangible Capital Assets

Cost	Balance at December 31, 2024	Additions	Transfers and disposals	Balance at December 31, 2025
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, 2024	Disposals	Amortization expense	Balance at December 31, 2025
Land Improvements	\$ 119,292	\$ -	\$ 14,911	\$ 134,203
Total	\$ 119,292	\$ -	\$ 14,911	\$ 134,203

Net Book Value	Net book value December 31, 2024	Net book value December 31, 2025
Land	\$ 5,586,001	\$ 5,586,001
Land Improvements	178,938	164,027
Assets under Construction	110,152	110,152
Total	\$ 5,875,091	\$ 5,860,180

Assets under construction having a value of \$110,152 (2024 - \$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, 2025

8 Restricted Assets

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

	2025	2024
Cash and Cash Equivalents	\$46,994,442	\$39,217,599
Investments	29,856,505	28,740,763
Accrued Interest Receivable	950,091	655,216
Accounts Receivable	131,021	119,666
MFA Debt Reserve Cash receivable	983,817	955,214
	78,915,876	69,688,458
Less restrictions for reserve fund (Note 9)	(72,221,474)	(67,522,483)
Accounts Payable	(4,594,144)	(1,464)
Owing to Tenant Deposit	(13,781)	(13,781)
Funds available for operational use	\$ 2,086,477	\$ 2,150,730

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:

	2025	2024
Appropriated		
Minor/Medium Equipment	\$ 856,152	\$ 215,994
Major Capital Projects	71,365,322	67,306,489
	\$ 72,221,474	\$ 67,522,483

10 Commitments

The Regional Hospital District has entered into a commitment for funding to the Fraser Health Authority in the amount of \$59.6M 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.