



Fraser-Fort George
**REGIONAL HOSPITAL
DISTRICT**

FRASER-FORT GEORGE REGIONAL HOSPITAL DISTRICT

FINANCIAL STATEMENTS

2023

Front cover picture of Morfee Lake in Mackenzie, BC

UHNBC Lab Services Chemistry Automation Project



McBride Nursing Station Renovation



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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Regional District of Fraser-Fort George (the "Regional District") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Regional District's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Regional District. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Regional District's consolidated financial statements.

"Chris Calder"

Chris Calder, CPA, CA
Chief Administrative Officer



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Prince George BC V2L 5R8
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INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Directors of the Fraser-Fort George Regional Hospital District

Opinion

We have audited the financial statements of Fraser-Fort George Regional Hospital District (the "Regional Hospital District"), which comprise:

- the statement of financial position as at December 31, 2023
 - the statement of operations and accumulated surplus for the year then ended
 - the statement of change in net financial assets for the year then ended
 - the statement of remeasurement gains and losses for the year then ended
 - the statement of cash flows for the year then ended
 - and notes to the 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 financial position of the Regional Hospital District as at December 31, 2023 and its results of operations; change in net financial assets; its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 Regional Hospital District's internal control.



Fraser-Fort George Regional Hospital District

December 31, 2023

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- 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 Regional Hospital District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Regional Hospital District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Prince George, Canada

April 30, 2024

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 25,299,786	\$ 21,119,143
Portfolio investments (Note 4)	45,542,308	36,888,688
Accounts receivable (Note 5)	409,957	249,308
Restricted cash - MFA debt reserve fund (Note 6)	11,472	85,402
	<u>71,263,524</u>	<u>58,342,541</u>
LIABILITIES		
Accounts payable and accrued interest (Note 7)	\$ 7,028	\$ 555,363
Debt, net of sinking funds (Note 8)	123,717	432,936
	<u>130,745</u>	<u>988,299</u>
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS	\$ <u>71,132,779</u>	\$ <u>57,354,242</u>
Net Financial Assets and Accumulated Surplus consists of:		
Accumulated surplus (Note 9)	72,097,349	58,769,109
Accumulated remeasurement losses	(964,570)	(1,414,867)
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS (Note 9)	\$ <u>71,132,779</u>	\$ <u>57,354,242</u>

Commitments (Note 10)

The accompanying notes are an integral part of these financial statements.

"Chris Calder"

Chris Calder, CPA, CA, Chief Administrative Officer

"Joan Atkinson"

Joan Atkinson, Chair

Statement of Operations and Accumulated Surplus

For the year ended December 31, 2023, with comparative information for 2022

	2023 Budget (Note 11)	2023 Actual	2022 Actual
REVENUE			
Tax requisition			
City of Prince George	\$ 15,122,779	\$ 15,122,779	\$ 12,730,948
District of Mackenzie	498,624	498,624	433,317
Village of McBride	78,699	78,699	62,109
Village of Valemount	274,184	274,184	210,492
Electoral areas A, C, D, E, F, G and H	<u>5,295,714</u>	<u>5,295,714</u>	<u>4,332,134</u>
	<u>21,270,000</u>	<u>21,270,000</u>	<u>17,769,000</u>
Payments in lieu of taxes	40,000	108,795	101,094
Investment income	100,000	2,680,772	1,235,593
Debenture refunds	-	-	102,000
Actuarial adjustment on debt, net of sinking funds (Note 8)	<u>-</u>	<u>163,258</u>	<u>511,770</u>
TOTAL REVENUE	<u>21,410,000</u>	<u>24,222,824</u>	<u>19,719,457</u>
EXPENSES			
Directors' remuneration	\$ 10,950	\$ 9,902	\$ 8,871
Administration (Note 13)	295,000	295,000	287,805
Audit, legal and miscellaneous	14,230	6,810	6,285
Interest on debt, net of sinking funds (Note 8)	137,935	98,143	246,232
Grants to Northern Health Authority	<u>24,430,580</u>	<u>10,484,730</u>	<u>6,649,135</u>
TOTAL EXPENSES	<u>24,888,695</u>	<u>10,894,585</u>	<u>7,198,328</u>
ANNUAL (DEFICIT) SURPLUS	<u>\$ (3,478,695)</u>	<u>\$ 13,328,240</u>	<u>\$ 12,521,129</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	\$ 58,769,109	\$ 58,769,109	\$ 46,247,980
ACCUMULATED SURPLUS, END OF YEAR	<u><u>\$ 55,290,414</u></u>	<u><u>\$ 72,097,349</u></u>	<u><u>\$ 58,769,109</u></u>

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Financial Assets

For the year ended December 31, 2023, with comparative information for 2022

	2023 Budget (Note 11)	2023	2022
ANNUAL (DEFICIT) SURPLUS	\$ (3,478,695)	\$ 13,328,240	\$ 12,521,129
Remeasurement losses realized and reclassified to the Statement of Operations and Accumulated Surplus	-	-	-
Change in unrealized loss on portfolio investments	-	<u>450,297</u>	<u>(834,121)</u>
CHANGE IN NET FINANCIAL ASSETS	(3,478,695)	13,778,536	11,687,008
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>57,354,242</u>	<u>57,354,242</u>	<u>45,667,234</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>53,875,547</u>	\$ <u>71,132,779</u>	\$ <u>57,354,242</u>

The accompanying notes are an integral part of these financial statements.

Statement of Remeasurement Gains and Losses

For the year ended December 31, 2023, with comparative information for 2022

	2023	2022
ACCUMULATED REMEASUREMENT LOSS, BEGINNING OF YEAR	\$ (1,414,867)	\$ (580,746)
Remeasurement losses realized and reclassified to the Statement of Operations and Accumulated Surplus	-	-
Change in unrealized loss on portfolio investments	<u>450,297</u>	<u>(834,121)</u>
ACCUMULATED REMEASUREMENT LOSS, END OF YEAR	\$ <u>(964,570)</u>	\$ <u>(1,414,867)</u>

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

For the year ended December 31, 2023, with comparative information for 2022

	2023	2022
OPERATING		
Annual surplus	\$ 13,328,240	\$ 12,521,129
<i>Items not involving cash:</i>		
Actuarial adjustment on debt, net of sinking funds	(163,258)	(511,770)
(Increase) decrease in accumulated remeasurement loss	450,297	(834,121)
<i>Change in non-cash assets and liabilities:</i>		
(Increase) in accounts receivable	(160,649)	(184,977)
Increase (decrease) in accounts payable and accrued interest	(548,334)	511,963
Decrease in restricted cash - MFA debt reserve fund	73,930	193,440
Net change in cash from operating activities	12,980,225	11,695,665
INVESTING		
Increase in portfolio investments	(8,653,620)	(13,537,554)
FINANCING		
Repayment of debt, net of sinking funds	(145,961)	(454,436)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ 4,180,644	\$ (2,296,326)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 21,119,143	\$ 23,415,469
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 25,299,787	\$ 21,119,143

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended December 31, 2023

1. DESCRIPTION OF BUSINESS

The Fraser-Fort George Regional Hospital District ("Regional Hospital District") was incorporated by Letters Patent of the Province of British Columbia on July 11, 1967 and operates under the authority of the *Hospital District Act* of British Columbia. Its principal activities are to provide funding to the Northern Health Authority ("NHA") for capital construction projects and equipment purchases for hospital and health care facilities in Valemount, McBride, Mackenzie and Prince George, British Columbia.

2. SIGNIFICANT ACCOUNTING POLICIES

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

- | | |
|--------------------------------------|---|
| a) Basis of accounting | The Regional Hospital District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay. |
| b) Revenue recognition | Taxation revenues in the form of local government requisitions are recognized when received from the Province of British Columbia and member municipalities in August of each year. Interest revenue is recorded when earned. Payments in lieu of taxes are recorded on an accrual basis when it is possible to reasonably estimate the amounts receivable. |
| c) Cash and cash equivalents | Cash and cash equivalents include short-term highly liquid investments with a term to maturity of thirty (30) days or less at acquisition. |
| d) Capital project expenses | The Regional Hospital District has no claim on the assets purchased as part of capital project expenses and, as such, has adopted the policy of expensing these amounts. The debenture debt interest expense associated with these capital projects is considered to be a normal operating cost. |
| e) Debt, net of sinking funds | Debt is presented net of sinking funds and actuarial adjustments to debt. Debt charges, including interest and debt issuance charges, are recognized as an expense in the periods in which they are accrued. |
| f) Reserved surplus funds | Funds raised for future operating and capital purposes, as approved by the Board of Directors and in accordance with Section 20(4) of the <i>Hospital District Act</i> , are set aside in reserves within accumulated surplus. |

Notes to the Financial Statements

For the year ended December 31, 2023

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|---------------------------------|--|
| g) Government transfers | Government transfers including grants to the NHA are recognized as an expense in the period the transfer is authorized and all eligibility criteria have been met by the recipient. |
| h) Portfolio investments | Portfolio investments include investments with a term to maturity greater than thirty (30) days and are recorded at market value. Investment income is reported in the period earned. |
| i) Financial instruments | <p>Financial instruments are classified into two categories: fair value or cost.</p> <p>i. Fair value category: portfolio investments quoted in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.</p> <p>ii. Cost category: portfolio investments not quoted in an active market, financial assets and liabilities are recorded at cost or amortized cost. Gains and losses are recognized in the Statement of Operations and Accumulated Surplus when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of financial assets are included in the cost of the related instrument.</p> <p>Financial assets are assessed for impairment on an annual basis. If there is an indicator of impairment, the Regional Hospital District determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Regional Hospital District expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.</p> |
| j) Use of estimates | The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenditures during the reporting period. The items requiring the use of significant estimates include the collectability of accounts receivable. Actual results could differ from the estimates. Adjustments, if any, will be reflected on the Statement of Operations and Accumulated Surplus in the period of settlement. |

Notes to the Financial Statements

For the year ended December 31, 2023

k) Financial Risks and Concentration of Risk The Regional Hospital District is potentially exposed to credit risk, market and interest rate risk, liquidity risk and foreign exchange risk from the entity's financial instruments. Qualitative and quantitative analysis of the significant risks from the Regional Hospital District's financial instruments is provided below by type of risk.

i. Credit Risk

Credit risk primarily arises from the Regional Hospital District's cash and cash equivalents, portfolio investments and accounts receivable. The risk exposure is limited to their carrying amounts at the date of the Statement of Financial Position. Accounts receivable primarily consist of amounts receivable from government organizations. To reduce the risk, the Regional Hospital District regularly reviews the collectability of its accounts receivable and if needed, will establish an allowance based on its best estimate of potentially uncollectible amounts. As at December 31, 2023, the amount of allowance for doubtful debts was nil (2022 - nil). The Regional Hospital District historically has not had difficulty collecting receivables, nor have counterparties defaulted on any payments.

ii. Market and Interest Rate Risk

Market risk is the risk that changes in market prices and inputs, such as interest rates, will affect the Regional Hospital District's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk. The Regional Hospital District manages market risk by holding cash balances with top rated Canadian Schedule I financial institutions and local credit unions. The portfolio investments are managed following the investment policy which is approved by the Regional Hospital District's Board of Directors. The Regional Hospital District periodically reviews its investments and is satisfied that the portfolio investments are being managed in accordance with the investment policy. Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Regional Hospital District's portfolio investments are disclosed in Note 4 and changes in the fair value of portfolio investments have parallel changes in unrealized gains or losses until realized on disposal. There has been a significant increase in market interest rates during 2023, resulting in a significant increase in investment income and an increase in market prices, resulting in a decrease in remeasurement losses on the Statement of Remeasurement Gains and Losses.

iii. Liquidity Risk

Liquidity risk is the risk that the Regional Hospital District will not be able to meet its financial obligations as they become due. The Regional Hospital District manages liquidity risk by continually monitoring actual and forecasted cash flows from operations, anticipated investing, and financial activities to ensure that its financial obligations are met.

iv. Foreign Exchange Risk

The Regional Hospital District has not entered into any agreements or purchased any foreign currency hedging arrangements to hedge possible currency risks, as management believes that the foreign exchange risk derived from currency conversions is not significant.

Notes to the Financial Statements

For the year ended December 31, 2023

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of cash deposits held in a general operating account, two high interest savings accounts and a notice plan savings account.

	2023	2022
Cash	\$ 3,985,365	\$ 892,110
CIBC Pooled High Interest Savings Account	20,680,557	19,631,608
Scotiabank Notice Plan	56,077	53,166
Scotiabank High Interest Savings Account	577,787	542,259
Total cash and cash equivalents	\$ 25,299,786	\$ 21,119,143

4. PORTFOLIO INVESTMENTS

Portfolio investments are comprised of investments held with the Municipal Finance Authority ("MFA") in money market, government focused ultra-short bond and short-term bond pooled investment funds, along with term deposits of varying maturities held with Canadian Schedule I financial institutions and a local credit union. MFA Government Focused Ultra-Short Bond Fund (formerly MFA Intermediate Fund) and MFA Short-Term Bond Fund investments are quoted in an active market and therefore are recorded at fair market value. Term deposits are recorded at cost and interest is accrued as earned.

The portfolio investments measured at fair value held within each investment are classified according to a hierarchy which includes three levels, reflecting the reliability of the inputs involved in the fair value determination.

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair Value Hierarchy	2023	2022
Scotiabank - GIC - June 2023 - 3.70%	Level 1	\$ -	\$ 2,500,000
Interior Savings CU - GIC - October 2023 - 1.25%	Level 1	-	1,000,000
Interior Savings CU - GIC - October 2023 - 4.80%	Level 1	-	1,010,507
Scotiabank - GIC - October 2023 - 5.10%	Level 1	-	2,012,329
Scotiabank - GIC - June 2024 - 4.10%	Level 1	2,000,000	2,000,000
Interior Savings CU - GIC - October 2024 - 1.30%	Level 1	1,000,000	1,000,000
Scotiabank - GIC - October 2024 - 6.06%	Level 1	2,114,958	-
Interior Savings CU - GIC - October 2024 - 5.55%	Level 1	1,025,191	-
Interior Savings CU - GIC - October 2024 - 5.55%	Level 1	1,059,011	-
Coast Capital Savings - GIC - November 2024 - 6.55%	Level 1	2,000,000	-
Scotiabank - GIC - July 2025 - 5.95%	Level 1	2,592,500	-
Coast Capital Savings - GIC - November 2025 - 6.30%	Level 1	2,000,000	-
MFA Money Market Fund	Level 1	7,151,393	7,867,100
MFA Government Focused Ultra-Short Bond Fund	Level 2	12,837,468	9,318,861
MFA Short-Term Bond Fund	Level 2	11,761,788	10,179,891
Total portfolio investments		\$ 45,542,308	\$ 36,888,688

Notes to the Financial Statements

For the year ended December 31, 2023

5. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following amounts:

	2023	2022
City of Prince George	\$ 97,126	\$ 90,808
District of Mackenzie	2,217	2,844
Province of BC	3,382	2,779
Village of Valemount	3,020	-
Accrued interest - GICs	304,212	152,877
Total accounts receivable	\$ 409,957	\$ 249,308

6. RESTRICTED CASH - MUNICIPAL FINANCE AUTHORITY DEBT RESERVE FUND

The Regional Hospital District issues debt instruments through MFA. As a condition of these borrowings, the MFA has established a debt reserve fund as security held in trust by the MFA against loan default that is equal to one half the annual instalment of principal and interest on debentures issued. The cash portion is equal to 1% of the total principal value of debt when issued and is withheld from the proceeds at the time of issue. Interest earnings are attributed to these funds while they are held in trust by the MFA over the term of the loan. The remainder of the fund consists of demand notes in connection with each debenture which are contingent in nature, and therefore, are not recorded as a liability in the financial statements.

Details of the cash deposits and contingent demand notes as at December 31, 2023 are as follows:

	2023	2022
Cash deposits	\$ 11,472	\$ 85,402
Contingent demand notes	20,463	138,514
	\$ 31,935	\$ 223,916

7. ACCOUNTS PAYABLE AND ACCRUED INTEREST

Accounts payable and accrued interest is comprised of the following amounts:

	2023	2022
Trade payables	\$ -	\$ 521,905
Regional District of Fraser-Fort George	4,947	3,085
Accrued interest	2,081	30,373
Total accounts payable and accrued interest	\$ 7,028	\$ 555,363

Notes to the Financial Statements

For the year ended December 31, 2023

8. DEBT, NET OF SINKING FUNDS

MFA Issue No.	Interest Rate	Maturity Date	Original Debt Amount	2023 Net Debt	2022 Net Debt
97	1.53%	April 19, 2026	\$ 680,024	\$ 123,717	\$ 167,648
80	2.85%	October 3, 2023	4,071,247	-	265,288
Total debt, net of sinking funds			<u>\$ 4,751,271</u>	<u>\$ 123,717</u>	<u>\$ 432,936</u>

Estimated principal payment commitments and sinking fund contributions to be received for the next three years are as follows:

Year	Principal Payments	Sinking Fund Contribution	Total
2024	22,836	21,647	44,483
2025	22,836	23,426	46,262
2026	22,836	10,136	32,972
Total	<u>\$ 68,508</u>	<u>\$ 55,209</u>	<u>\$ 123,717</u>

Debt is recorded net of any sinking fund balances. Actuarial sinking fund earnings recognized in 2023 totalled \$163,257 (2022 - \$511,770). Interest on long-term debt recorded on the Statement of Operations and Accumulated Surplus in 2023 is \$98,143 (2022 - \$246,232).

9. ACCUMULATED SURPLUS

	2023	2022
Capital Reserve	\$ 71,256,495	\$ 57,787,178
Operating Surplus	840,854	981,931
Total accumulated surplus	<u>\$ 72,097,349</u>	<u>\$ 58,769,109</u>

The Capital Reserve Fund balance is comprised of:

Balance, Beginning of Year	\$ 57,787,178	\$ 47,066,375
Transfer from General Operating	13,469,317	10,720,803
Capital Reserve Fund balance, end of year	<u>\$ 71,256,495</u>	<u>\$ 57,787,178</u>

The Operating Surplus (Deficit) balance is comprised of:

Balance, Beginning of Year	\$ 981,931	\$ (818,395)
Transfer to Capital Reserve Fund	(13,469,317)	(10,720,803)
Annual Surplus	13,328,240	12,521,129
Operating Surplus (Deficit) balance, end of year	<u>\$ 840,854</u>	<u>\$ 981,931</u>

Notes to the Financial Statements

For the year ended December 31, 2023

10. COMMITMENTS

As at December 31, 2023, the Regional Hospital District has outstanding commitments in connection with various capital grants totaling \$7,313,671 to the NHA. This represents the difference between approved bylaws for various projects and the amounts paid out based on claims submitted by the NHA to December 31, 2023.

The MFA holds demand notes related to the Regional Hospital District's debentures in the amount of \$20,463 (2022 - \$138,514) (see note 6). The demand notes are not recorded in the financial statements as they will only be called upon if the MFA does not have sufficient funds to meet its payment obligations.

11. BUDGET DATA

The budget amounts presented throughout these financial statements represent the 2023 Annual Operating Budget Bylaw No. 327, 2023, approved by the Regional Hospital District Board on March 23, 2023. The summary below reconciles the 2023 adopted budget to the Statement of Operations and Accumulated Surplus.

Budget bylaw, surplus for the year	\$ -
Add:	
Transfer to reserve	8,331,480
Long-term debt principal	145,965
Less:	
Transfer from previous year's surplus	<u>(11,956,140)</u>
Budgeted Annual Deficit, as per Statement of Operations and Accumulated Surplus	\$ <u>(3,478,695)</u>

12. CREDIT FACILITY

The Regional Hospital District has available an authorized operating line of credit to a maximum of \$750,000. This facility bears interest at prime rate (December 31, 2023 – 7.20%) and is secured by the current borrowing resolution. This facility remained unused at year end.

13. RELATED PARTY TRANSACTIONS

The Regional District of Fraser-Fort George ("Regional District") is related to the Regional Hospital District since the same individuals are members of the Board of Directors of both organizations. As legislated by the *Hospital District Act*, the officers and employees of the Regional Hospital District are corresponding officers and employees of the Regional District. Each of the Regional Hospital District and Regional District are separate legal entities as defined by separate Letters Patent and authorized by separate legislation. During the year, the Regional Hospital District purchased, at a cost of \$295,000 (2022 - \$287,805), administrative support services from the Regional District. These transactions are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

14. COMPARATIVE INFORMATION

Certain 2022 comparative information has been reclassified to conform with the financial statement presentation adopted for the current year. The changes had no impact on prior year annual surplus.



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