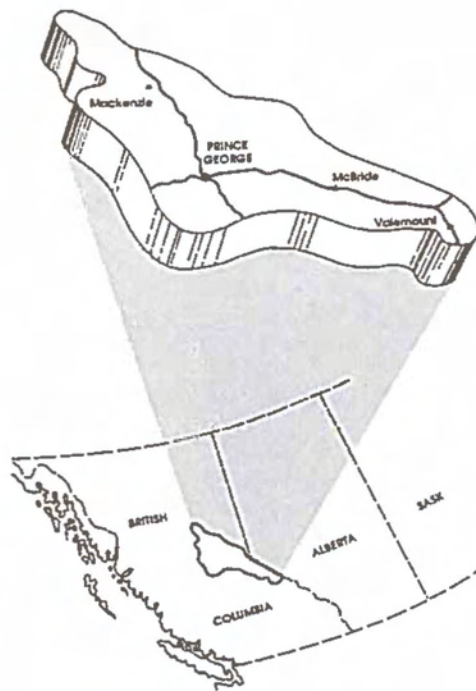




**Fraser-Fort George  
REGIONAL HOSPITAL  
DISTRICT**



# ***2014 FINANCIAL STATEMENTS***



Fraser-Fort George  
**REGIONAL HOSPITAL  
DISTRICT**

**2014 FINANCIAL STATEMENTS**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Fraser-Fort George Regional Hospital District, which comprise the statement of financial position as at December 31, 2014, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Fraser-Fort George Regional Hospital District as at December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

  
Chartered Accountants

Prince George, British Columbia  
March 30, 2015




Fraser-Fort George  
**REGIONAL HOSPITAL  
DISTRICT**

**Statement of Financial Position  
as at December 31, 2014**

**Exhibit A**

	2014	2013
<b>FINANCIAL ASSETS</b>		
Cash and Temporary Investments (Note 3)	\$ 10,786,122	\$ 9,549,616
Receivables		
- Accrued Interest	811	48
- City of Prince George	25,703	26,708
- District of Mackenzie	1,239	1,061
Capital Debt Recoverable ( Note 4)	<u>10,471,935</u>	<u>11,531,426</u>
	<u>21,285,810</u>	<u>21,108,859</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Interest	65,898	88,389
Due to Regional District of Fraser-Fort George	-	3,290
Debenture debt - Municipal Finance Authority (Note 4)	<u>10,471,935</u>	<u>11,531,426</u>
	<u>10,537,833</u>	<u>11,623,105</u>
<b>ACCUMULATED SURPLUS (Note 6)</b>	<u>\$ 10,747,977</u>	<u>\$ 9,485,754</u>

  
Natalie Wehner, CPA, CMA, General Manager of Financial Services

**Statement of Operations  
for the year ended December 31, 2014**

**Exhibit B**

	2014 Budget (Unaudited)	2014 (Actual)	2013 (Actual)
	Note 7		
<b>REVENUES</b>			
<b>Tax Levy</b>			
City of Prince George	\$ 3,949,076	\$ 3,949,076	\$ 3,935,254
District of Mackenzie	195,334	195,334	179,101
Villages of McBride and Valemount	78,138	78,138	77,912
Electoral areas A,C,D,E,F,G and H	<u>1,467,282</u>	<u>1,467,282</u>	<u>1,430,093</u>
	<u>5,689,830</u>	<u>5,689,830</u>	<u>5,622,360</u>
Grants - in lieu of taxes	15,000	27,976	28,823
Interest and miscellaneous	10,000	137,960	136,546
Debenture surplus refunds	-	236,449	168,357
	<u>5,714,830</u>	<u>6,092,215</u>	<u>5,956,086</u>
<b>EXPENSES</b>			
Directors' remuneration and benefits	7,940	7,534	7,735
Administrative overheads	242,270	242,270	239,510
Audit, legal and miscellaneous	11,730	5,500	5,000
Debt servicing costs	1,264,270	1,231,773	1,498,233
Section 20(2) Hospital District Equipment Grants Northern Health Authority	<u>1,860,100</u>	<u>3,342,915</u>	<u>2,196,711</u>
	<u>3,386,310</u>	<u>4,829,992</u>	<u>3,947,189</u>
<b>ANNUAL SURPLUS</b>	<b>2,328,520</b>	<b>1,262,223</b>	<b>2,008,897</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>9,485,754</b>	<b>9,485,754</b>	<b>7,476,857</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ <u>11,814,274</u></b>	<b>\$ <u>10,747,977</u></b>	<b>\$ <u>9,485,754</u></b>



**Statement of Cash Flows  
for the year ended December 31, 2013**

**Exhibit C**

	<b>2014</b>	<b>2013</b>
<b>OPERATING</b>		
Annual surplus	\$ 1,262,223	\$ 2,008,897
Increase/(decrease) in receivables	64	(4,084)
Decrease in accounts payable and accrued interest	(22,491)	(51,214)
Decrease/(increase) in due to Regional District of Fraser-Fort George	(3,290)	3,290
	<u>1,236,506</u>	<u>1,956,889</u>
<b>FINANCING</b>		
Repayment of debenture debt	(1,059,492)	(1,101,695)
decrease in capital debt recoverable	1,059,492	1,101,695
	<u>-</u>	<u>-</u>
<b>INVESTING</b>		
Increase in temporary investments	<u>(207,764)</u>	<u>(2,629,589)</u>
Net Increase/(decrease) in cash	1,028,742	(672,700)
Cash, beginning of year	(608,466)	64,234
Cash, end of year	<u>\$ 420,276</u>	<u>\$ (608,466)</u>

**Notes To The Financial Statements  
for the year ended December 31, 2014**

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**1. DESCRIPTION OF BUSINESS**

The Fraser-Fort George Regional Hospital District was incorporated by Letters Patent of the Province of British Columbia on July 11, 1967. It provides financing, and shares in the funding of hospital and health care facilities for Valemount, McBride, Mackenzie and Prince George, British Columbia.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statements** 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 Canadian Institute of Chartered Accountants.

**Financial Instruments** The Regional Hospital District's financial instruments consist of cash and temporary investments, receivables, debenture debt and accounts payable and accrued interest. Unless otherwise noted, it is management's opinion that the Regional Hospital District is not exposed to significant interest, currency or credit risks arising from these financial instruments.

**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. Grants in lieu of taxes are recorded on an accrual basis when it is possible to reasonably estimate the amounts receivable.

**Debenture Interest** Debenture interest expense is recorded on the accrual basis.

**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 expenditure 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 in operations in the period of settlement.

**3. CASH AND TEMPORARY INVESTMENTS**

Cash and temporary investments are comprised of cash balances plus temporary investments held with the Municipal Finance Authority in money market and intermediate pooled investment funds. These investments are carried at market value which approximates cost.

	<u>2014</u>	<u>2013</u>
Cash	\$ 420,276	(608,466)
Short Term Investments	10,365,846	10,158,082
Balance, End of Year	<u>\$ 10,786,122</u>	<u>\$ 9,549,616</u>

**Notes To The Financial Statements  
for the year ended December 31, 2014**

**4. CAPITAL DEBT RECOVERABLE**

These represent advances to hospitals in the district (for capital projects) which have been financed by debenture issues of the Hospital District. The advances will be eliminated when the related debenture debt is retired.

**5. CREDIT FACILITY**

The Fraser-Fort George 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, 2014 – 3%) and is secured by the current borrowing resolution.

**6. ACCUMULATED SURPLUS**

	<u>2014</u>	<u>2013</u>
Capital Reserve Fund	\$ 10,747,977	\$ 8,849,608
Operating Surplus	<u>-</u>	<u>636,146</u>
	<u>\$ 10,747,977</u>	<u>\$ 9,485,754</u>

The Capital Reserve Fund balance is comprised of:

	<u>2014</u>	<u>2013</u>
Balance, Beginning of Year	\$ 8,849,608	\$ 7,427,162
Transfer from General Operating	<u>1,898,369</u>	<u>1,422,446</u>
Balance, End of Year	<u>\$ 10,747,977</u>	<u>\$ 8,849,608</u>

The Operating Surplus balance is comprised of:

	<u>2014</u>	<u>2013</u>
Balance, Beginning of Year	\$ 636,146	\$ 49,695
Transfer to Capital Reserve Fund	(1,898,369)	(1,422,446)
Annual Surplus	<u>1,262,223</u>	<u>2,008,897</u>
Balance, End of Year	<u>\$ -</u>	<u>\$ 636,146</u>





**Notes To The Financial Statements  
for the year ended December 31, 2014**

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**7. RESTATEMENT OF 2014 BUDGET**

The budget amounts presented throughout these financial statements are unaudited and represent the budget bylaw approved by the Regional Hospital District Board on March 20, 2014. The budget anticipated use of surpluses accumulated in previous years to balance against current year expenditures in excess of current year revenues.

The summary below reconciles the 2014 adopted budget to the Statement of Operations.

Budget bylaw, surplus for the year	\$ -
Add:	
Transfers to reserve	2,871,290
Less:	
Transfer from previous year's surplus	<u>(542,770)</u>
<b>Budgeted Annual Surplus, as per Statement of Operations</b>	<b>\$ <u>2,328,520</u></b>

**8. STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**

A statement of changes in net financial assets has not been prepared as the Regional Hospital District does not have any non-financial assets therefore a reconciliation of annual surplus to net financial assets does not provide any further meaningful information.