



Regional Hospital District Board Meeting Agenda

May 2, 2024, 10:00 a.m.

1981 Alaska Avenue, Dawson Creek, BC

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2. ADOPTION OF AGENDA	
3. GALLERY COMMENTS OR QUESTIONS	
4. ADOPTION OF MINUTES	
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12. CONSENT CALENDAR	
13. NOTICE OF MOTION	
14. MEDIA QUESTIONS	
15. RECESS TO CLOSED SESSION	
16. ADJOURNMENT	



REGIONAL HOSPITAL DISTRICT BOARD MEETING MINUTES

April 4, 2024, 10:00 a.m.
1981 Alaska Avenue, Dawson Creek, BC

Directors Present: Chair Sperling, Electoral Area C
Vice-Chair Hiebert, Electoral Area D
Director Courtoreille, District of Chetwynd
Director Dober, City of Dawson Creek
Director Hansen, City of Fort St. John
Director Kealy, Electoral Area B
Director Quibell, District of Hudson's Hope (Via Zoom)
Director Rose, Electoral Area E
Director Taillefer, District of Taylor (Via Zoom)
Director Veach, Village of Pouce Coupe
Director Zabinsky, City of Fort St. John

Directors Absent: Director Krakowka, District of Tumbler Ridge

Staff Present: Shawn Dahlen, Chief Administrative Officer
Tyra Henderson, Corporate Officer
Roxanne Shepherd, Chief Financial Officer
Joanne Caldecott, Deputy Corporate Officer
Kari Bondaroff, General Manager of Environmental Services
Kevin Clarkson, General Manager of Community Services
Ashley Murphey, General Manager of Development Services
Annette Andrews, Communications Manager
Trevor Ouellette, IT Manager
Carmen Willms, Recording Clerk

1. CALL TO ORDER

The Chair called the meeting to order at 12:59 p.m.

2. ADOPTION OF AGENDA

RHD/24/04/01

MOVED

Director Hiebert

SECONDED

Director Veach

That the Peace River Regional Hospital District Board adopt the April 4, 2024 meeting agenda:

1. CALL TO ORDER

2. ADOPTION OF AGENDA

(cont'd on next page)



3. GALLERY COMMENTS OR QUESTIONS

4. ADOPTION OF MINUTES

4.1 Regional District Hospital Draft Meeting Minutes of March 21, 2024

5. BUSINESS ARISING FROM THE MINUTES

6. DELEGATIONS

7. CORRESPONDENCE

7.1 Letter from Northern Health Re: Invitation to Meet with Northern Health Board on Monday April 15, 2024

8. REPORTS

9. BYLAWS

10. DIARY

11. NEW BUSINESS

12. CONSENT CALENDAR

13. NOTICE OF MOTION

14. MEDIA QUESTIONS

15. RECESS TO CLOSED SESSION

15.1 Notice of Closed Regional Hospital District Meeting – April 4, 2024, ADM-RHD-022

16. ADJOURNMENT

CARRIED

3. GALLERY COMMENTS OR QUESTIONS

4. ADOPTION OF MINUTES

4.1 Regional District Hospital Draft Meeting Minutes of March 21, 2024

RHD/24/04/02

MOVED

Director Hiebert

SECONDED

Director Dober

That the Regional Board adopt the Regional Hospital District Minutes of March 21, 2024.

CARRIED

5. BUSINESS ARISING FROM THE MINUTES

6. DELEGATIONS

7. CORRESPONDENCE

7.1 Letter from Northern Health Re: Invitation to Meet with Northern Health Board on Monday April 15, 2024

Directors discussed topics for the Chair and Vice Chair to bring forward to the April 15, 2024 meeting with the Northern Health Board. They included:

- Recruitment and retention.
- Diverting of Emergency services (from hospital closures).
- The Eljen Medical Clinic closure (in Dawson Creek) and Primary Care Networks.

8. REPORTS

9. BYLAWS

10. DIARY

11. NEW BUSINESS



12. CONSENT CALENDAR

13. NOTICE OF MOTION

The Chair provided notice of his intention to bring forward three motions for consideration at the next Regional Hospital District meeting.

14. MEDIA QUESTIONS

15. RECESS TO CLOSED SESSION

15.1 Notice of Closed Regional Hospital District Meeting – April 4, 2024, ADM-RHD-022

RHD/24/04/03

MOVED

Director Hiebert

SECONDED

Director Veach

That the Regional Board recess to a Closed Regional Hospital District Meeting at 1:15 p.m. for the purpose of discussing the following items:

Agenda Item	Description	Authority
3.1	Minutes	CC Section 97(1)(b) Closed Minutes (including items for release), access to records.
5.1 & 6.1	DC & District Hospital Replacement Project	CC Section 90(1)(j) Information Prohibited from Disclosure under Section 21 of FOIPPA.

CARRIED

16. ADJOURNMENT

The Chair reconvened the Regional Hospital District meeting open to the public and adjourned the meeting at 1:35 p.m.

CERTIFIED a true and correct copy of the Minutes of the Regional Hospital District Board of the Peace River Regional District from a meeting held on April 4, 2024 in the Regional District Office Board Room, 1981 Alaska Avenue, Dawson Creek, BC.

Brad Sperling, Chair

Tyra Henderson, Corporate Officer

**PEACE RIVER REGIONAL
HOSPITAL DISTRICT**

Financial Statements

December 31, 2023

DRAFT

PEACE RIVER REGIONAL HOSPITAL DISTRICT

FINANCIAL STATEMENTS

December 31, 2023

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Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of 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. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of 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

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

The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board. The Board reviews external audited financial statements yearly. The Board also discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, Beswick Hildebrandt Lund CPA, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Peace River Regional Hospital District and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of Peace River Regional Hospital District

Shawn Dahlen

Chief Administrative Officer

Roxanne Shepherd

Chief Financial Officer

diverse. vast. abundant.

PLEASE REPLY TO:

☒ Box 810, 1981 Alaska Ave, Dawson Creek, BC V1G 4H8 Tel: (250) 784-3200 or (800) 670-7773 Fax: (250) 784-3201 Email: prrd.dc@prrd.bc.ca
☐ 9505 100 St, Fort St. John, BC V1J 4N4 Tel: (250) 785-8084 Fax: (250) 785-1125 Email: prrd.fsj@prrd.bc.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Peace River Regional Hospital District

Opinion

We have audited the financial statements of Peace River Regional Hospital District (the Entity), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standard.

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 report. We are independent of the Entity 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 PSAS, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Partners

Allison Beswick CPA, CA
Norm Hildebrandt CPA, CA
Robin Lund CPA, CGA

Dane Soares CPA
Taylor Turkington CPA

Beswick Hildebrandt Lund CPA
556 North Nechako Road, Suite 10,
Prince George BC, Canada V2K 1A1
T: +1 250 564 2515, F: +1 250 562 8722

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 these 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 Entity'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 Entity 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.

We 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.

Chartered Professional Accountants

Prince George, British Columbia

March 14, 2024

DRAFT

PEACE RIVER REGIONAL HOSPITAL DISTRICT

STATEMENT OF FINANCIAL POSITION

December 31, 2023

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 9,356,648	\$ 6,646,660
Investments (Note 3)	126,988,536	112,287,685
Municipal Finance Authority debt reserve (Note 4, Note 7)	<u>1,211,185</u>	<u>1,174,675</u>
	<u>137,556,369</u>	<u>120,109,020</u>
FINANCIAL LIABILITIES		
Accounts payable	92,150	1,461,606
Accrued interest	255,989	255,989
Municipal Finance Authority debt reserve (Note 4)	1,211,185	1,174,675
Long-term debt (Note 5)	<u>54,266,310</u>	<u>57,252,458</u>
	<u>55,825,634</u>	<u>60,144,728</u>
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS (Note 6)	<u><u>\$ 81,730,735</u></u>	<u><u>\$ 59,964,292</u></u>
Accumulated surplus (deficit) is comprised of		
Accumulated operating surplus (deficit)	82,387,337	61,196,987
Accumulated remeasurement gains (losses)	<u>(656,602)</u>	<u>(1,232,695)</u>
	<u><u>\$ 81,730,735</u></u>	<u><u>\$ 59,964,292</u></u>
CONTINGENT LIABILITIES (Note 7)		

Approved by:

Chairperson

PEACE RIVER REGIONAL HOSPITAL DISTRICT

STATEMENT OF OPERATIONS

For the year ended December 31, 2023

	2023		2022
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Note 8)		
REVENUE			
Tax requisiton	\$ 20,722,318	\$ 20,722,319	\$ 19,523,503
Grants in lieu of taxes	10,000	27,721	25,933
Interest earned	300,000	5,901,513	2,803,528
Unrealized gain (loss)	-	166,753	(1,232,695)
Municipal Finance Authority	-	-	56,260
Grants	-	53,105	-
Actuarial adjustment on long-term debt	-	962,376	990,981
	<u>21,032,318</u>	<u>27,833,787</u>	<u>22,167,510</u>
EXPENSES			
Administrative	30,000	30,000	10,000
Interest expense	1,088,015	1,088,015	1,097,155
Grants to health care facilities	8,750,769	4,949,329	7,638,331
	<u>9,868,784</u>	<u>6,067,344</u>	<u>8,745,486</u>
EXCESS OF REVENUE OVER EXPENSES	11,163,534	21,766,443	13,422,024
ACCUMULATED SURPLUS AT BEGINNING OF THE YEAR	<u>59,964,292</u>	<u>59,964,292</u>	<u>46,542,268</u>
ACCUMULATED SURPLUS AT END OF THE YEAR (Note 6)	<u><u>\$ 71,127,826</u></u>	<u><u>\$ 81,730,735</u></u>	<u><u>\$ 59,964,292</u></u>

PEACE RIVER REGIONAL HOSPITAL DISTRICT
STATEMENT OF REMEASUREMENT GAINS AND LOSSES

December 31, 2023

	<u>2023</u>	<u>2022</u>
ACCUMULATED REMEASUREMENT GAINS (LOSSES)		
BEGINNING OF THE YEAR	\$ (1,232,695)	\$ -
Unrealized gains attributable to:		
Portfolio investments	166,753	(1,232,695)
Amounts reclassified to the statement of operations		
Portfolio investments	409,340	-
Change in remeasurement gains (losses) for the year	576,093	(1,232,695)
ACCUMULATED REMEASUREMENT GAINS (LOSSES)		
END OF THE YEAR	<u>\$ (656,602)</u>	<u>\$ (1,232,695)</u>

Approved by:

Chairperson

PEACE RIVER REGIONAL HOSPITAL DISTRICT

STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
OPERATING		
Annual surplus	\$ 21,766,443	\$ 13,422,024
Items not involving cash:		
Unrealized investment (gains)losses	<u>(166,753)</u>	<u>1,232,695</u>
	<u>21,599,690</u>	<u>14,654,719</u>
Changes in non-cash assets and liabilities:		
(Increase) decrease in accounts receivable	-	13,353
Increase (decrease) in accounts payable	<u>(1,369,456)</u>	<u>680,946</u>
Increase (decrease) in accrued interest	<u>-</u>	<u>(1,502)</u>
Total cash from operating activities	<u>20,230,234</u>	<u>15,347,516</u>
FINANCING		
Long-term debt principal repayments	<u>(2,023,772)</u>	<u>(2,108,829)</u>
Actuarial adjustments on long-term debt	<u>(962,376)</u>	<u>(990,981)</u>
	<u>(2,986,148)</u>	<u>(3,099,810)</u>
INVESTING		
Increase in investments	<u>(14,534,098)</u>	<u>(35,043,906)</u>
INCREASE(DECREASE) IN CASH	2,709,988	(22,796,200)
CASH BEGINNING OF YEAR	<u>6,646,660</u>	<u>29,442,860</u>
CASH END OF YEAR	<u><u>\$ 9,356,648</u></u>	<u><u>\$ 6,646,660</u></u>

PEACE RIVER REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

The Notes are an integral part of these financial statements. The following explains the significant accounting policies and reporting principles underlying these statements. The Notes also provide relevant supplementary information and explanations.

1. NATURE OF PEACE RIVER REGIONAL HOSPITAL DISTRICT OPERATIONS

The Peace River Regional Hospital District ("PRRHD") is incorporated under the Hospital District Act, a Statute of the Province of British Columbia. The PRRHD Board is comprised of municipal and electoral area directors who are members of the Regional District Board. In the Province of British Columbia, the Regional Hospital Districts (RHDs) exist for the purpose of raising capital funds for the hospital facilities in their areas.

The PRRHD provides the local share (typically 40%) of funding for capital costs associated with the construction, acquisition and maintenance of hospital facilities and other major tangible capital assets such as equipment. The capital costs are shared with the Northern Health Authority; and the ownership and management of all tangible capital assets are solely the responsibility of the Northern Health Authority. Therefore, the PRRHD does not record any tangible capital assets and does not report the Statement of Changes in Net Assets.

The principal activities of the PRRHD are to fund capital equipment purchases and finance capital construction projects for Health Care Facilities within the RHD. The PRRHD does not maintain government administration or operations, because this service is connected to the management of Regional District. The activities of the PRRHD are primarily recovered through property tax requisitions, but the PRRHD also earns interest income and receives grants in lieu.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards as developed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods and services and/or the creation of a legal obligation to pay.

Tax requisitions

Tax requisitions are recognized as revenue in the year that are levied because the tax revenues result from non-exchange transactions that are compulsorily paid to the government in accordance with the laws and regulations established to provide revenue to the PRRHD for the provision of public services. The property tax revenue relies on market assessments of land value that are subject to appeal. Through the British Columbia Assessments appeal process, taxes may be adjusted by way of supplementary roll adjustments. Estimates are made of potential adjustments to taxes. Any additional adjustments required over those estimates are recognized at the time they are awarded, in accordance with the Surveyor of Taxes.

PEACE RIVER REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Cash & cash equivalents

Cash and cash equivalents consist of monies held in the general bank, high-interest savings accounts and investments held with a maturity date of three months or less.

Investments

The investments are held by a fund manager in guaranteed investment certificates (GIC) or marketable securities with Canaccord and Bank of Montreal and Scotiabank. MFA investments consist of bond and intermediate funds recorded at fair value, which approximates cost. Investment income is reported in the period earned.

Deferred revenues

Funds from external parties (Government transfer, contributions and other amounts received from third parties) and earnings thereon restricted by legislation, regulation or agreement that may only be used in the conduct of certain programs or the completion of specific work are accounted for as deferred revenue until used for the purpose specified.

Surplus funds in Reserve

Funds raised for future operating and capital purposes, as approved by the Board of Directors and in accordance with Section 20(4) of the Hospital District Act, are set aside in reserves within accumulated surplus.

Debt

Debt is recorded net of principal repayments and actuarial adjustments, in accordance with the Municipal Finance Authority of British Columbia ("MFA"). Sinking fund balances, managed by MFA, are used to reduce municipal debt.

Actuarial adjustments

The actuarial adjustment is the anticipated earnings on principal payments received. Currently, it is first recognized 1 year after the receipt of the first principal payment on the loans and then recognized annually thereafter until expiry of the loans.

The debt is reduced by principal payments as well as actuarial adjustments which represent earnings on sinking funds. Actuarial adjustments represent interest earned on sinking funds held by the MFA. This interest is used to reduce the principal amount of the outstanding debt. In the year, the debt is reduced by the actuarial recognized by MFA, the PRRHD accounts for this as revenue on the statement of operations as actuarial contribution.

Revenue Recognition

Revenue generated by taxes is recognized in the period to which it is requisitioned. Grants in lieu of taxes are recognized in the period they pertain to. Interest revenue is recognized in the period it is earned.

PEACE RIVER REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Financial Instruments

The PRRHD's financial instruments consist of cash, accounts receivable, debt charges recoverable, reserve deposits, accounts payable and accrued liabilities, deposit liabilities, and long-term debt. It is management's opinion that the PRRHD is not exposed to significant credit, liquidity, interest, currency, or other price risks arising from these financial instruments. The financial instruments are recorded at book value with the exception of investments with MFA.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The impairment amount is written down to the net recoverable value and recognized in net income. The previously recognized impairment loss may be reversed to the extent of the impairment, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results will depend on future economic events and could differ from those estimates.

Budget

The budget amounts presented throughout these financial statements represent the 2023 Annual Operating Budget Bylaw No. 207, 2023, approved by the Regional Hospital District Board on March 9, 2023. The budget anticipates the use of capital reserve funds to balance against current year expenditures in excess of current year revenues.

Statement of Changes in Net Financial Assets

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

Related Party Transactions

The Peace River Regional District ("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, Regional Hospital District purchased, at a cost of \$30,000 (2022 - \$10,000), 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.

PEACE RIVER REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

3. INVESTMENTS

Canaccord Investments

<u>Institution</u>	<u>2023</u>	<u>2022</u>	<u>Effective Interest Rate</u>	<u>Maturity Date</u>
Blue Shore Financial	\$ 7,952,793	\$ -	5.75%	Jul. 14, 2025
Blue Shore Financial	7,506,668	-	5.75%	Jul. 17, 2025
Coast Capital Savings	-	4,111,036	5.00%	Sep. 11, 2023
Coast Capital Savings	5,027,868	-	6.00%	May 27, 2025
Connect First Credit Union	-	7,127,459	4.85%	Dec. 22, 2023
Connect First Credit Union	7,948,156	7,580,723	4.85%	Oct. 11, 2024
Connect First Credit Union	9,647,334	9,174,957	5.15%	May 27, 2025
DUCA Credit Union	-	5,295,055	4.20%	Jun. 8, 2023
First West Credit Union	4,583,323	-	5.45%	May 27, 2025
First West Credit Union	-	5,082,410	4.45%	Dec. 12, 2023
Haventree Bank	-	9,274,616	1.55%	Nov. 20, 2023
Haventree Bank	-	6,620,400	1.35%	Feb. 21, 2023
Kindred Credit Union	5,508,936	5,254,248	4.85%	Oct. 21, 2024
National Bank	-	4,116,883	4.15%	Feb. 20, 2023
Prospera Credit Union	5,416,111	-	5.90%	Sep. 8, 2025
Prospera Credit Union	4,318,618	-	5.60%	Mar. 27, 2025
Prospera Credit Union	-	5,158,800	4.40%	Sep. 5, 2023
Prospera Credit Union	-	7,573,233	4.40%	Jul. 10, 2023
TCU Financial	-	9,141,955	5.00%	Nov. 27, 2023
	<u>\$ 57,909,807</u>	<u>\$ 85,511,775</u>		

Municipal Finance Authority of BC Investments

	<u>2023</u>	<u>2022</u>
MFABC Short Term Bond	\$ 10,422,101	\$ 9,893,715
MFABC Money Market Fund	7,125	6,782
MFABC Fossil Fuel Free Bond Fund	606,912	4,841,634
	<u>\$ 11,036,138</u>	<u>\$ 14,742,131</u>

PEACE RIVER REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

3. INVESTMENTS, continued

GIC Investments

Institution	2023	2022	Effective Interest Rate	Maturity Date
BMO	\$ -	\$ 6,017,487	5.91%	Dec. 14, 2023
BMO	6,373,126	-	5.60%	Jul. 31, 2025
BMO	10,491,507	-	5.75%	Feb. 22, 2024
BMO	5,200,219	-	5.60%	Apr. 15, 2024
BMO	5,164,281	-	5.85%	Jun. 10, 2024
BMO	5,121,514	-	5.65%	Jul. 28, 2025
Scotiabank	6,365,622	-	5.35%	Aug. 1, 2025
Scotiabank	5,134,408	-	6.21%	Jul. 28, 2025
Scotiabank	5,134,408	-	6.21%	Jul. 28, 2025
Scotiabank	9,057,506	-	5.98%	Aug. 1, 2025
Scotiabank	-	6,016,292	5.83%	Dec. 15, 2023
	\$ 58,042,591	\$ 12,033,779		

Total Investments

	2023	2022
Canaccord	\$ 57,909,807	\$ 85,511,775
Municipal Finance Authority	11,036,138	14,742,131
BMO and Scotiabank	58,042,591	12,033,779
	\$ 126,988,536	\$ 112,287,685

4. MUNICIPAL FINANCE AUTHORITY DEBT RESERVE

With respect to amounts financed through the Authority, the Regional Hospital District is required to pay into a Debt Reserve Fund administered by the Authority, an amount equal to one-half the average annual installment of principal and interest relative to any borrowing for its own purposes. This amount may be paid either in full or in an amount of cash equal to 1% of the principal amount borrowed together with a non-interest-bearing demand note for the balance. If, at any time, the Regional Hospital District does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions shall be made from the Debt Reserve Fund. The demand notes payable to the Authority are callable only if there are additional requirements to be met to maintain the level of the Debt Reserve Fund.

This change is supported by the definition of sections PS 3300.03 *Contingent Liability*, which suggests that when the existence of a contingent liability at financial statement date is unlikely to occur, it would be accounted for in accordance with section PS 2120 *Accounting Changes* in the current period and not with a retrospective treatment.

PEACE RIVER REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

5. LONG-TERM DEBT

	Interest Rate	Maturity Date	2023	2022
UGrant (MFA 112) - New FSJ Hospital	1.28%	Oct. 6, 2037	\$ 54,243,947	\$ 57,208,798
UGrant (MFA 81/165) - FSJ Hosp Redevelop	2.85%	Apr. 22, 2024	13,320	26,005
UGrant (MFA 81/159) -DS+ Food Serv Cons	2.85%	Apr. 22, 2024	9,043	17,655
			<u>\$ 54,266,310</u>	<u>\$ 57,252,458</u>

Principal payment commitments for the next five years, assuming no change in the terms or interest rates as follows:

2024	\$ 2,023,772
2025	2,014,922
2026	2,014,922
2027	2,014,922
2028	2,014,922
2029& Thereafter	<u>44,182,850</u>
	<u>\$ 54,266,310</u>

As of December 31, 2023, the accrued interest totaled \$255,989 (2022 - \$255,989).

6. ACCUMULATED SURPLUS (DEFICIT)

	2023	2022
Unrestricted Surplus	\$ 3,883,121	\$ 2,441,281
Capital Reserve Fund (Schedule 1)	130,657,786	113,199,156
Grant Reserve Fund (Schedule 1)	1,456,139	1,576,313
	135,997,046	117,216,750
Temporary borrowing and debenture debt to be recovered from future requisitions (Note 5)	<u>(54,266,311)</u>	<u>(57,252,458)</u>
	<u>\$ 81,730,735</u>	<u>\$ 59,964,292</u>

The unappropriated surplus is the amount of accumulated surplus remaining after deducting the other accumulated surplus components. Where this amount is supported by cash and net short-term receivables, it is available to temporarily finance operations until planned revenues (i.e. property taxes, grants, etc.) are received, or for other operating or capital purposes as determined by the Board.

Appropriated surplus is the amount of accumulated surplus, supported by a portion of the PRRHD's cash and receivables, set-aside by decision of the Board for a specified purpose as per section 20(4) of the Hospital District Act. In the normal course of operations, these funds will be used to finance the future services or capital works for which they have been appropriated.

PEACE RIVER REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

7. CONTINGENT LIABILITIES

The District has a contingent liability with respect to the Municipal Finance Authority of BC (MFA) Debt Reserve Fund Demand Note. As a condition of the borrowing undertaken by the Hospital District, the Hospital District was required to contribute to the MFA Debt Reserve through a demand note. The demand note will only be recorded as an asset and liability if a local government defaults on the loan obligation. Upon this action of the default, the MFA may call the outstanding demand notes, at which point the demand notes then become an asset and a liability.

Once the defaulting local government repays in full the defaulted position, the MFA will return all called demand notes. It is generally unlikely that the funds will be demanded by the MFA; therefore, the contingent liability has not been recorded in the financial statements. As of December 31, 2023, the demand notes total \$1,633,965 (2022 - \$1,633,965).

8. BUDGET

The PRRHD budget is publicly available at www.prrd.bc.ca. PRRHD prepares its budget with consideration of revenues and expenditures without accrual adjustments. Given the PRRHD does not hold any tangible capital assets there are no other adjustments to the budget for financial statement reporting purposes.

	<u>2023</u>
Budgeted surplus per statement of operations	\$ 11,163,534
Add: Transfer from Future Hospital Reserve	2,500,000
Transfer from surplus	2,350,000
Transfer from reserve (from NH for "old Hospital Debt")	<u>10,238</u>
	<u>16,023,772</u>
Less: Debenture - principal	(2,023,772)
Transfer to capital reserve	<u>(14,000,000)</u>
	<u>(16,023,772)</u>
	<u>\$ -</u>

9. COMPARATIVE FIGURES

Certain prior year figures, presented for comparative purposes, have been reclassified to conform to the current year's financial statement presentation.

PEACE RIVER REGIONAL HOSPITAL DISTRICT

SCHEDULE 1 - SCHEDULE OF RESERVES

For the year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
GRANT RESERVE FUND		
Appr Surp - NH Funds for Future Requests	<u>\$ 1,456,139</u>	<u>\$ 1,576,313</u>
	<u><u>\$ 1,456,139</u></u>	<u><u>\$ 1,576,313</u></u>
CAPITAL RESERVE FUND		
Future Capital Reserve	<u>\$ 128,224,642</u>	<u>\$ 110,872,491</u>
Old FSJ Hospital Debenture Reserve	<u>2,433,144</u>	<u>2,326,665</u>
	<u><u>\$ 130,657,786</u></u>	<u><u>\$ 113,199,156</u></u>

Peace River Regional Hospital District

Year-End Audit Findings Report to Board of Directors

**For the year ending
December 31, 2023**

Prepared as of April 22, 2024

April 22, 2024

Board of Directors
Peace River Regional Hospital District
1981 Alaska Avenue
Dawson Creek, British Columbia
V1G4H8

Dear Board of Directors:

Re: Audit Findings

We prepared the accompanying report to assist you in your review of the financial statements of Peace River Regional Hospital District for the year ending December 31, 2023. The report includes a discussion on the significant accounting and financial reporting matters dealt with during the audit process as well as communications required by Canadian generally accepted auditing standards.

We have substantially completed our audit of the financial statements of Peace River Regional Hospital District (the entity) prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) for the year ended December 31, 2023. We propose to issue our auditor's report on those financial statements, pending resolution of outstanding items outlined on page 1. Our draft auditor's report is included as Appendix A.

We look forward to meeting with you and discussing the matters outlined below.

We would like to express our sincere thanks to the management and staff of the entity who have assisted us in carrying out our work. If you have any questions or concerns, please do not hesitate to contact us.

Yours very truly,

Taylor Turkington CPA
Partner

c.c: Roxanne Shepherd, Chief Financial Officer

Partners

Allison Beswick CPA, CA
Norm Hildebrandt CPA, CA
Robin Lund CPA, CGA

Dane Soares CPA
Taylor Turkington CPA

Beswick Hildebrandt Lund CPA
556 North Nechako Road, Suite 10,
Prince George BC, Canada V2K 1A1
T: +1 250 564 2515, F: +1 250 562 8722

Audit Status

We have completed the audit of the financial statements, with the exception of the following items:

- Receipt of a signed management representation letter by management;
- Completing our discussions with the Board of Directors;
- Obtaining evidence of the Board's approval of the financial statements;

Once these items have been completed, we will date and sign our auditor's report.

Significant Risks

We identified the following significant risks in our planning letter dated February 13, 2024:

- Revenue recognition
- Management Override of Controls

We executed the proposed audit responses to the significant risks identified above, as noted in our planning letter, and we have no issues to report.

Significant Matters Arising

Changes to Audit Plan

There were no changes to the audit plan (as previously presented to you).

Other Matters

We have not identified any other significant matters that we wish to bring to your attention at this time.

Significant Difficulties Encountered

There were no significant difficulties encountered during our audit.

Comments on Accounting Practices

Accounting Policies

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review the appropriateness and application as part of our audit. The significant accounting policies used by the entity are outlined in Note 2 to the financial statements.

- There were no significant changes in accounting policies.
- We did not identify any alternative accounting policies that would have been more appropriate in the circumstances.
- We did not identify any significant accounting policies in controversial or emerging areas.

Significant Accounting Estimates

Management is responsible for the accounting estimates included in financial statements. Estimates and the related judgments and assumptions are based on management's knowledge of the business and past experience about current and future events.

Our responsibility as auditors is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the financial statements as a whole. An audit includes performing appropriate procedures to verify the:

- Calculation of accounting estimates;
- Analyzing of key factors such as underlying management assumptions;
- Materiality of estimates individually and in the aggregate in relation to the financial statements as a whole;
- Estimate's sensitivity to variation and deviation from historical patterns;
- Estimate's consistency with the entity's business plans; and
- Other audit evidence.

Based on audit work performed, there were no significant estimates made by management

Significant Financial Statement Disclosures

We did not identify any financial statement disclosures that are particularly significant, sensitive or require significant judgments, that we believe should be specifically drawn to your attention.

Uncorrected Misstatements

We did not identify or detect any uncorrected misstatements for the current year during our audit.

Significant Deficiencies in Internal Control

A deficiency in internal control exists when a control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis, or when a control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing.

A significant deficiency in internal control is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the of those charged with governance.

To identify and assess the risks of material misstatement in the financial statements, we are required to obtain an understanding of internal control relevant to the audit. This understanding is used for the limited purpose of designing appropriate audit procedures. It is not used for the purpose of expressing an opinion on the effectiveness of internal control and, as a result, we do not express any such

opinion. The limited purpose also means that there can be no assurance that all significant deficiencies in internal control, or any other control deficiencies, will be identified during our audit.

We did not identify any control deficiencies that, in our judgment, would be considered significant deficiencies.

Written Representations

In a separate communication, as attached in Appendix B, we have requested a number of written representations from management in respect to their responsibility for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards (PSAS).

Disagreements with Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to the entity's financial statements or auditor's report. Disagreements may arise over:

- Selection or application of accounting principles;
- Assumptions and related judgments for accounting estimates;
- Financial statement disclosures;
- Scope of the audit; or
- Wording of the auditor's report.

We are pleased to inform you that we had no disagreements with management during the course of our audit.

Consultation with Other Accountants (Second Opinions)

Management may consult with other accountants about auditing and accounting matters to obtain a "second opinion". When an entity requests that another accountant provide a written report or oral advice on the application of accounting principles to a specific transaction or the type of opinion that may be rendered on the entity's financial statements, we are required to ensure that the accountant has ensured that the reporting accountant has knowledge of all facts and circumstances and has conducted the engagement in accordance with Canadian generally accepted auditing standards on the Reports on the Application of Accounting Principles.

We are not aware of any consultations that have taken place with other accountants.

Independence

We confirm our independence with respect to the entity as of the date of this report.

Other Audit Matters of Governance Interest

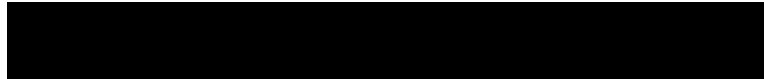
We did not identify any other matters to bring to your attention at this time and would be pleased to discuss with you further any matters mentioned above, at your convenience.

We would like to thank management and staff for the assistance they provided to us during the audit.

We hope the information in this audit findings letter will be useful. Should any member of the Board of Directors wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time. We would be pleased to discuss them with you and respond to any questions you may have.

This letter was prepared for the sole use of those charged with governance of Peace River Regional Hospital District to carry out and discharge their responsibilities and is not intended for any other purpose. The content should not be disclosed to any third party without our prior written consent, and we assume no responsibility to a third party who uses this communication.

Yours very truly,



Beswick Hildebrandt Lund Chartered Professional Accountants

Appendix A: Audit Report

Please see attached report.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Peace River Regional Hospital District

Opinion

We have audited the financial statements of Peace River Regional Hospital District (the Entity), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standard.

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 report. We are independent of the Entity 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 PSAS, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Partners

Allison Beswick CPA, CA
Norm Hildebrandt CPA, CA
Robin Lund CPA, CGA

Dane Soares CPA
Taylor Turkington CPA

Beswick Hildebrandt Lund CPA
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T: +1 250 564 2515, F: +1 250 562 8722

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 these 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 Entity'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 Entity 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.

We 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.

Chartered Professional Accountants

Prince George, British Columbia

May 2, 2024

DRAFT

Appendix B: Management Representation Letter

Please see attached letter.



May 2, 2024

Beswick Hildebrandt Lund Chartered Professional Accountants
556 North Nechako Road, Suite 10
Prince George, British Columbia,
V2K 1A1

Dear Sir/Madame:

This representation letter is provided in connection with your audit of the financial statements of Peace River Regional Hospital District for the year ended December 31, 2023, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards (PSAS).

In making the representations outlined below, we took the time necessary to appropriately inform ourselves on the subject matter through inquiries of entity personnel with relevant knowledge and experience, and, where appropriate, by inspecting supporting documentation.

We confirm that (to the best of our knowledge and belief):

Financial Statements

We have fulfilled our responsibilities as set out in the terms of the audit engagement letter dated February 13, 2024 for:

- a. Preparing and fairly presenting the financial statements in accordance with PSAS ;
- b. Providing you with:
 - i. Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as:
 - A. Accounting records, supporting data and other relevant documentation,
 - B. Minutes of meetings (such as shareholders, board of directors and audit committees) or summaries of actions taken for which minutes have not yet been prepared, and
 - C. Information on any other matters, of which we are aware, that is relevant to the preparation of the financial statements;
 - ii. Additional information that you have requested from us for the purpose of the audit; and
 - iii. Unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
- c. Ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements; and
- d. Designing and implementing 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 have also communicated to you any deficiencies in the design and implementation or the maintenance of internal control over financial reporting of which management is aware.

Preparation of Financial Statements

The financial statements are fairly presented in accordance with PSAS. and include all

disclosures necessary for such fair presentation and disclosures otherwise required to be included therein by the laws and regulations to which Peace River Regional Hospital District is subject. We have prepared the Peace River Regional Hospital District's financial statements on the basis that the Peace River Regional Hospital District is able to continue as a going concern.

We have appropriately reconciled our books and records (e.g. general ledger accounts) underlying the financial statements to their related supporting information (e.g. subledger or third party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a statement of financial position account, which should have been written off to a revenue and expense account and vice versa. All intra entity accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

Fraud

We have disclosed to you:

- a. All of our knowledge in relation to actual, alleged or suspected fraud affecting the entity's financial statements involving:
 - i. Management;
 - ii Employees who have significant roles in internal control; or
 - iii. Others where the fraud could have a material effect on the financial statements;
- b. All of our knowledge in relation to allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others; and
- c. The results of our risk assessments regarding possible fraud or error in the financial statements.

Compliance with Laws and Regulations

We have disclosed all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements that should be considered when preparing the financial statements

There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices. We are up to date with all corporate filings and annual returns. This includes all Canada Revenue Agency GST returns.

Litigation and Claims

All known actual or possible litigation and claims, which existed as at December 31, 2023 or exist now, have been disclosed to you and accounted for and disclosed in accordance with PSAS, whether or not they have been discussed with legal counsel.

Related Parties

We have disclosed to you the identity of all of the entity's related-party relationships and transactions of which we are aware. This includes sales, purchases, loans, transfers of assets, liabilities and services, leasing agreements, guarantees, non-monetary transactions, and transactions for no consideration for the year ended as well as related balances due to or from such parties at the year end. All related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of CPA Canada Public Sector Accounting Handbook, Section PS 2200 (Related Party Disclosures) and we confirm our belief that any receivable balances are fully collectable. The list of related parties attached to this letter as Appendix A accurately and

completely describes the Peace River Regional Hospital District's related parties and the relationships with such parties.

Estimates

We acknowledge our responsibility for determining the accounting estimates required for the preparation of the financial statements in accordance with PSAS. Those estimates reflect our judgment based on our knowledge and experience of past and current events, and on our assumptions about conditions we expect to exist and courses of action we expect to take. In particular, we confirm the following:

- The measurement methods are appropriate and consistently applied;
- The significant assumptions used in determining fair value measurements represent our best estimates, are reasonable, appropriate and have been consistently applied;
- No subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements; and
- The significant assumptions used in determining fair value measurements are consistent with the Peace River Regional Hospital District's planned courses of action. We have no plans or intentions that have not been disclosed to you, which may materially affect the recorded or disclosed fair values of assets or liabilities.

Significant estimates and measurement uncertainties known to management that are required to be disclosed in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 2130 (Measurement Uncertainty) have been appropriately disclosed, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

Subsequent Events

We have identified all events that occurred between December 31, 2023 and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and have effected such adjustment or disclosure as per the requirements of PSAS.

Going Concern

There are no events or conditions that, individually or collectively, may cast significant doubt on the Peace River Regional Hospital District's ability to continue as a going concern.

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements (e.g. to dispose of the business or to cease operations).

Commitments and Contingencies

All contractual arrangements entered into by Peace River Regional Hospital District with third parties have been properly reflected in the accounting records or/and, where material (or potentially material) to the financial statements, have been disclosed to you. Peace River Regional Hospital District has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There are no side agreements or other arrangements (either written or oral) undisclosed to you.

There are no commitments, contingent liabilities/assets or guarantees (written or oral) that should be disclosed in the financial statements but have not been disclosed. This includes liabilities arising from contract terms, illegal acts or possible illegal acts, and environmental matters that would have an impact on the financial statements.

Misstatements and Adjustments

Certain representations in this letter are described as being limited to those matters that are material. Items are also considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

We confirm that the are free from material misstatements, including omissions.

We confirm there are no uncorrected misstatements in the financial statements.

Other Representations

Accounting Policies

We confirm that we have reviewed the Peace River Regional Hospital District's accounting policies and, having regard to the possible alternative policies, our selection and application of accounting policies and estimation techniques used for the preparation and presentation of the financial statements is appropriate in the Peace River Regional Hospital District's particular circumstances.

All significant accounting policies are disclosed in the financial statements and are consistent with those used in the previous year (except as disclosed in the financial statements).

Internal Control Over Financial Reporting

We have disclosed to you all deficiencies in the design or operation of disclosure controls and procedures and internal control over financial reporting that we are aware.

Minutes

All matters requiring disclosure to or approval of Board of Directors the have been brought before them at appropriate meetings and are reflected in the minutes.

Other Information

We confirm to you that we are not required by law, regulation or custom and do not intend to issue a document (which would include or accompany the financial statements and our auditor's report thereon) with information on Peace River Regional Hospital District's operations and the Peace River Regional Hospital District's financial results and financial position as set out in the financial statements.

Assets and Liabilities

We have satisfactory title or control over all assets. We have recorded or disclosed, as appropriate, all liabilities, in accordance with PSAS.

For the following specific representations, the terms "year end" and "year" are defined as each year end and each year respectively, covered by the audit of the financial statements as stated above.

Cash and Banks

The books and records properly reflect and record all transactions affecting cash funds, bank accounts and bank indebtedness of the Peace River Regional Hospital District.

All cash balances are under the control of the Peace River Regional Hospital District, free from assignment or other charges, and unrestricted as to use, except as disclosed to you.

The amount shown for cash on hand or in bank accounts excludes trust or other amounts, which are not the property of the Peace River Regional Hospital District.

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line(s) of credit, or similar

arrangements have been properly disclosed.

All cash and bank accounts and all other properties and assets of the Peace River Regional Hospital District are included in the financial statements.

Financial Instruments

We have properly recorded all financial assets of equity instruments quoted on an active market at fair value.

We have evaluated whether there are indicators of impairment for all financial assets measured at cost or amortized cost, and where there has been a significant adverse change in the expected timing or amount of future cash flows from a financial asset or group of similar financial assets, we have assessed whether a reduction in the carrying value is necessary.

Marketable Securities

All marketable securities owned by us are recorded in the accounts. The marketable securities are measured at fair value.

All income earned for the year ended December 31, 2023 on these securities has been recognized in earnings along with any transaction costs incurred and changes in fair value.

Accounts Payable

Accounts payable that are non-interest bearing and are expected to be paid more than a year after the initial recognition date have been classified as long term in the financial statements, initially recognized at fair value, using an appropriate discount rate, and subsequently measured at amortized cost.

Long-term Debt

All borrowings and financial obligations of the Peace River Regional Hospital District of which we are aware are included in the financial statements as at year end, as appropriate. We have fully disclosed to you all borrowing arrangements of which we are aware.

Peace River Regional Hospital District has not violated any covenants on its debt during the year. We have fully disclosed to you all covenants and information related to how we determined our compliance with the terms of the covenants.

Revenue Recognition

We have recorded all revenue that met the following criteria:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred, or services have been rendered;
- Price is fixed or determinable; and
- Collectability is reasonably assured.

Government Transfers

Transferring organization

Transfers have only been recognized as an expense in the year the transfer has been authorized and all eligibility criteria have been met by the recipient.

Recipient organization

We have disclosed all significant terms and agreements in respect of transfers received from governments.

Transfers without eligibility criteria or stipulations have been recognized as revenue once

the transfer has been authorized.

Transfers with eligibility criteria but without stipulations have been recognized as revenue once the transfer has been authorized and all eligibility criteria have been met.

Transfers with or without eligibility criteria but with stipulations have been recognized as revenue in the year the transfer has been authorized and all eligibility criteria have been met, except when, and to the extent that, the transfer gives rise to an obligation that meets the definition of a liability for the recipient government in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3200 (Liabilities).

Disclosure

The major kinds of transfers recognized have all been disclosed in the financial statements as well as the nature and terms of liabilities arising from government transfers received.

Budgetary Data

We have included budgetary data in our financial statements, which is relevant to the users of financial statements and consistent with that originally planned and approved by Board of Directors on March 9, 2023. Planned results were presented for the same scope of activities and on a basis consistent with that used for actual results.

Yours truly,

Roxanne Shepherd, Chief Financial Officer

Appendix A: Related Parties

See attached proposed related parties summary.

DRAFT

Appendix A: Related parties listing

Board of Directors and their immediate family members:

- Brad Sperling, Chair
- Leonard Hiebert, Vice Chair
- Jordan Kealy Director
- Allen Courtoreille, Director
- Darcy Dober, Director
- Lilia Hansen, Director
- Tony Zabinsky, Director
- Dan Rose, Director
- Travous Quibell, Director
- Marcel Woodill, Director
- Brent Taillefer, Director
- Darryl Krakowka, Director

Finance Department and their immediate family members:

- Roxanne Shepherd, Chief Financial Officer

Peace River Regional District



REPORT

To: Peace River Regional Hospital District Board

Report Number: FN-RHD-031

From: Roxanne Shepherd, Chief Financial Officer

Date: May 2, 2024

Subject: 2023 Peace River Regional Hospital District Financial Statements

RECOMMENDATION #1: [Corporate Unweighted]

That the Peace River Regional Hospital District Board accept the Draft 2023 Peace River Regional Hospital District Financial Statements effective May 2, 2024.

RECOMMENDATION #2: [Corporate Unweighted]

That the Peace River Regional Hospital District Board approve the Draft 2023 Financial Statements as presented as the final Financial Statements for the year ended December 31, 2023 effective May 2, 2024; further, that the Chair and Chief Financial Officer be authorized to sign the 2023 Peace River Regional Hospital District Financial Statements.

BACKGROUND/RATIONALE:

The Canadian Auditing Standards (CAS) require that financial statements of an organization be approved by the Board of Directors prior to the signing of the Auditor's report. The format and presentation of the Financial Statements is dictated by the Chartered Professional Accountants of Canada. The Chartered Professional Accountants of Canada also require that audit firms communicate their role and responsibility; their method of performing the audit, and their findings to the Board of Directors and Management.

The Peace River Regional Hospital District (PRRHD) 2023 Financial Statements were audited by Beswick Hilderbrandt Lund (BHL) Chartered Professional Accountants. The Auditor has advised that they did not encounter any significant items to bring to management's attention during the 2023 audit.

The Financial Statements for the PRRHD are comprised of the following:

- Statement of Financial Position
- Statement of Operations
- Statement of Remeasurement Gains and Losses
- Statement of Cash Flow
- Schedule of Reserves
- Notes to the Financial Statements

The Financial Statements are prepared using the accounting standards and reporting model prescribed by the Public Sector Accounting Board (PSAB), which requires the elimination of Transfer to/from Reserves. Additionally, the Hospital District only provides for contributions to Health Care Facilities for capital expenditures; it does not participate in the operating or wage costs of Health Care Facilities

ALTERNATIVE OPTIONS:

1. That the Peace River Regional Hospital District Board provide further direction.

STRATEGIC PLAN RELEVANCE:

- ☒ Not Applicable to Strategic Plan

FINANCIAL CONSIDERATION(S):

On December 31, the Hospital District had \$128M (2022 - \$110M) in Reserves for funding the new Dawson Creek and District Hospital. The long-term outstanding debt is \$54.27M (2022 - \$57.25M), details of which can be found in Note 5 of the Financial Statements.

With the reduction of outstanding debt and an increase in Capital Reserves, the PRRHD has improved its financial position to a \$81.73M Accumulated Surplus (2022 - \$59.96M).

COMMUNICATIONS CONSIDERATION(S):

Once approved, the Audited Financial Statements will be submitted to the Province and published to the PRRD Website.

OTHER CONSIDERATION(S):

None at this time.

Attachments:

1. 2023 Draft Peace River Regional Hospital District Financial Statements
2. 2023 PRRHD Audit Findings Letter

**PEACE RIVER REGIONAL
HOSPITAL DISTRICT**

Financial Statements

December 31, 2023

DRAFT

PEACE RIVER REGIONAL HOSPITAL DISTRICT

FINANCIAL STATEMENTS

December 31, 2023

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Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of 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. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of 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

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

The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board. The Board reviews external audited financial statements yearly. The Board also discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, Beswick Hildebrandt Lund CPA, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Peace River Regional Hospital District and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of Peace River Regional Hospital District

Shawn Dahlen

Chief Administrative Officer

Roxanne Shepherd

Chief Financial Officer

diverse. vast. abundant.

PLEASE REPLY TO:

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☐ 9505 100 St, Fort St. John, BC V1J 4N4 Tel: (250) 785-8088 Fax: (250) 785-1125 Email: prrd.fsj@prrd.bc.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Peace River Regional Hospital District

Opinion

We have audited the financial statements of Peace River Regional Hospital District (the Entity), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standard.

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 report. We are independent of the Entity 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 PSAS, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Partners

Allison Beswick CPA, CA
Norm Hildebrandt CPA, CA
Robin Lund CPA, CGA

Dane Soares CPA
Taylor Turkington CPA

Beswick Hildebrandt Lund CPA
556 North Nechako Road, Suite 10,
Prince George BC, Canada V2K 1A1
T: +1 250 564 2515, F: +1 250 562 8722

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 these 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 Entity'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 Entity 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.

We 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.

Chartered Professional Accountants

Prince George, British Columbia

March 14, 2024

DRAFT

PEACE RIVER REGIONAL HOSPITAL DISTRICT

STATEMENT OF FINANCIAL POSITION

December 31, 2023

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 9,356,648	\$ 6,646,660
Investments (Note 3)	126,988,536	112,287,685
Municipal Finance Authority debt reserve (Note 4, Note 7)	<u>1,211,185</u>	<u>1,174,675</u>
	<u>137,556,369</u>	<u>120,109,020</u>
FINANCIAL LIABILITIES		
Accounts payable	92,150	1,461,606
Accrued interest	255,989	255,989
Municipal Finance Authority debt reserve (Note 4)	1,211,185	1,174,675
Long-term debt (Note 5)	<u>54,266,310</u>	<u>57,252,458</u>
	<u>55,825,634</u>	<u>60,144,728</u>
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS (Note 6)	<u><u>\$ 81,730,735</u></u>	<u><u>\$ 59,964,292</u></u>
Accumulated surplus (deficit) is comprised of		
Accumulated operating surplus (deficit)	82,387,337	61,196,987
Accumulated remeasurement gains (losses)	<u>(656,602)</u>	<u>(1,232,695)</u>
	<u><u>\$ 81,730,735</u></u>	<u><u>\$ 59,964,292</u></u>
CONTINGENT LIABILITIES (Note 7)		

Approved by:

Chairperson

PEACE RIVER REGIONAL HOSPITAL DISTRICT

STATEMENT OF OPERATIONS

For the year ended December 31, 2023

	2023		2022
	<u>Budget</u> (Note 8)	<u>Actual</u>	<u>Actual</u>
REVENUE			
Tax requisiton	\$ 20,722,318	\$ 20,722,319	\$ 19,523,503
Grants in lieu of taxes	10,000	27,721	25,933
Interest earned	300,000	5,901,513	2,803,528
Unrealized gain (loss)	-	166,753	(1,232,695)
Municipal Finance Authority	-	-	56,260
Grants	-	53,105	-
Actuarial adjustment on long-term debt	-	962,376	990,981
	<u>21,032,318</u>	<u>27,833,787</u>	<u>22,167,510</u>
EXPENSES			
Administrative	30,000	30,000	10,000
Interest expense	1,088,015	1,088,015	1,097,155
Grants to health care facilities	8,750,769	4,949,329	7,638,331
	<u>9,868,784</u>	<u>6,067,344</u>	<u>8,745,486</u>
EXCESS OF REVENUE OVER EXPENSES	11,163,534	21,766,443	13,422,024
ACCUMULATED SURPLUS AT BEGINNING OF THE YEAR	<u>59,964,292</u>	<u>59,964,292</u>	<u>46,542,268</u>
ACCUMULATED SURPLUS AT END OF THE YEAR (Note 6)	<u><u>\$ 71,127,826</u></u>	<u><u>\$ 81,730,735</u></u>	<u><u>\$ 59,964,292</u></u>

PEACE RIVER REGIONAL HOSPITAL DISTRICT
STATEMENT OF REMEASUREMENT GAINS AND LOSSES

December 31, 2023

	<u>2023</u>	<u>2022</u>
ACCUMULATED REMEASUREMENT GAINS (LOSSES)		
BEGINNING OF THE YEAR	\$ (1,232,695)	\$ -
Unrealized gains attributable to:		
Portfolio investments	166,753	(1,232,695)
Amounts reclassified to the statement of operations		
Portfolio investments	409,340	-
	<u>576,093</u>	<u>(1,232,695)</u>
Change in remeasurement gains (losses) for the year		
ACCUMULATED REMEASUREMENT GAINS (LOSSES)		
END OF THE YEAR	<u>\$ (656,602)</u>	<u>\$ (1,232,695)</u>

Approved by:

Chairperson

PEACE RIVER REGIONAL HOSPITAL DISTRICT

STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
OPERATING		
Annual surplus	\$ 21,766,443	\$ 13,422,024
Items not involving cash:		
Unrealized investment (gains)losses	<u>(166,753)</u>	<u>1,232,695</u>
	<u>21,599,690</u>	<u>14,654,719</u>
Changes in non-cash assets and liabilities:		
(Increase) decrease in accounts receivable	-	13,353
Increase (decrease) in accounts payable	<u>(1,369,456)</u>	<u>680,946</u>
Increase (decrease) in accrued interest	<u>-</u>	<u>(1,502)</u>
Total cash from operating activities	<u>20,230,234</u>	<u>15,347,516</u>
FINANCING		
Long-term debt principal repayments	<u>(2,023,772)</u>	<u>(2,108,829)</u>
Actuarial adjustments on long-term debt	<u>(962,376)</u>	<u>(990,981)</u>
	<u>(2,986,148)</u>	<u>(3,099,810)</u>
INVESTING		
Increase in investments	<u>(14,534,098)</u>	<u>(35,043,906)</u>
INCREASE(DECREASE) IN CASH	2,709,988	(22,796,200)
CASH BEGINNING OF YEAR	<u>6,646,660</u>	<u>29,442,860</u>
CASH END OF YEAR	<u><u>\$ 9,356,648</u></u>	<u><u>\$ 6,646,660</u></u>

PEACE RIVER REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

The Notes are an integral part of these financial statements. The following explains the significant accounting policies and reporting principles underlying these statements. The Notes also provide relevant supplementary information and explanations.

1. NATURE OF PEACE RIVER REGIONAL HOSPITAL DISTRICT OPERATIONS

The Peace River Regional Hospital District ("PRRHD") is incorporated under the Hospital District Act, a Statute of the Province of British Columbia. The PRRHD Board is comprised of municipal and electoral area directors who are members of the Regional District Board. In the Province of British Columbia, the Regional Hospital Districts (RHDs) exist for the purpose of raising capital funds for the hospital facilities in their areas.

The PRRHD provides the local share (typically 40%) of funding for capital costs associated with the construction, acquisition and maintenance of hospital facilities and other major tangible capital assets such as equipment. The capital costs are shared with the Northern Health Authority; and the ownership and management of all tangible capital assets are solely the responsibility of the Northern Health Authority. Therefore, the PRRHD does not record any tangible capital assets and does not report the Statement of Changes in Net Assets.

The principal activities of the PRRHD are to fund capital equipment purchases and finance capital construction projects for Health Care Facilities within the RHD. The PRRHD does not maintain government administration or operations, because this service is connected to the management of Regional District. The activities of the PRRHD are primarily recovered through property tax requisitions, but the PRRHD also earns interest income and receives grants in lieu.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards as developed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods and services and/or the creation of a legal obligation to pay.

Tax requisitions

Tax requisitions are recognized as revenue in the year that are levied because the tax revenues result from non-exchange transactions that are compulsorily paid to the government in accordance with the laws and regulations established to provide revenue to the PRRHD for the provision of public services. The property tax revenue relies on market assessments of land value that are subject to appeal. Through the British Columbia Assessments appeal process, taxes may be adjusted by way of supplementary roll adjustments. Estimates are made of potential adjustments to taxes. Any additional adjustments required over those estimates are recognized at the time they are awarded, in accordance with the Surveyor of Taxes.

PEACE RIVER REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Cash & cash equivalents

Cash and cash equivalents consist of monies held in the general bank, high-interest savings accounts and investments held with a maturity date of three months or less.

Investments

The investments are held by a fund manager in guaranteed investment certificates (GIC) or marketable securities with Canaccord and Bank of Montreal and Scotiabank. MFA investments consist of bond and intermediate funds recorded at fair value, which approximates cost. Investment income is reported in the period earned.

Deferred revenues

Funds from external parties (Government transfer, contributions and other amounts received from third parties) and earnings thereon restricted by legislation, regulation or agreement that may only be used in the conduct of certain programs or the completion of specific work are accounted for as deferred revenue until used for the purpose specified.

Surplus funds in Reserve

Funds raised for future operating and capital purposes, as approved by the Board of Directors and in accordance with Section 20(4) of the Hospital District Act, are set aside in reserves within accumulated surplus.

Debt

Debt is recorded net of principal repayments and actuarial adjustments, in accordance with the Municipal Finance Authority of British Columbia ("MFA"). Sinking fund balances, managed by MFA, are used to reduce municipal debt.

Actuarial adjustments

The actuarial adjustment is the anticipated earnings on principal payments received. Currently, it is first recognized 1 year after the receipt of the first principal payment on the loans and then recognized annually thereafter until expiry of the loans.

The debt is reduced by principal payments as well as actuarial adjustments which represent earnings on sinking funds. Actuarial adjustments represent interest earned on sinking funds held by the MFA. This interest is used to reduce the principal amount of the outstanding debt. In the year, the debt is reduced by the actuarial recognized by MFA, the PRRHD accounts for this as revenue on the statement of operations as actuarial contribution.

Revenue Recognition

Revenue generated by taxes is recognized in the period to which it is requisitioned. Grants in lieu of taxes are recognized in the period they pertain to. Interest revenue is recognized in the period it is earned.

PEACE RIVER REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Financial Instruments

The PRRHD's financial instruments consist of cash, accounts receivable, debt charges recoverable, reserve deposits, accounts payable and accrued liabilities, deposit liabilities, and long-term debt. It is management's opinion that the PRRHD is not exposed to significant credit, liquidity, interest, currency, or other price risks arising from these financial instruments. The financial instruments are recorded at book value with the exception of investments with MFA.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The impairment amount is written down to the net recoverable value and recognized in net income. The previously recognized impairment loss may be reversed to the extent of the impairment, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results will depend on future economic events and could differ from those estimates.

Budget

The budget amounts presented throughout these financial statements represent the 2023 Annual Operating Budget Bylaw No. 207, 2023, approved by the Regional Hospital District Board on March 9, 2023. The budget anticipates the use of capital reserve funds to balance against current year expenditures in excess of current year revenues.

Statement of Changes in Net Financial Assets

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

Related Party Transactions

The Peace River Regional District ("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, Regional Hospital District purchased, at a cost of \$30,000 (2022 - \$10,000), 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.

PEACE RIVER REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

3. INVESTMENTS

Canaccord Investments

<u>Institution</u>	<u>2023</u>	<u>2022</u>	<u>Effective Interest Rate</u>	<u>Maturity Date</u>
Blue Shore Financial	\$ 7,952,793	\$ -	5.75%	Jul. 14, 2025
Blue Shore Financial	7,506,668	-	5.75%	Jul. 17, 2025
Coast Capital Savings	-	4,111,036	5.00%	Sep. 11, 2023
Coast Capital Savings	5,027,868	-	6.00%	May 27, 2025
Connect First Credit Union	-	7,127,459	4.85%	Dec. 22, 2023
Connect First Credit Union	7,948,156	7,580,723	4.85%	Oct. 11, 2024
Connect First Credit Union	9,647,334	9,174,957	5.15%	May 27, 2025
DUCA Credit Union	-	5,295,055	4.20%	Jun. 8, 2023
First West Credit Union	4,583,323	-	5.45%	May 27, 2025
First West Credit Union	-	5,082,410	4.45%	Dec. 12, 2023
Haventree Bank	-	9,274,616	1.55%	Nov. 20, 2023
Haventree Bank	-	6,620,400	1.35%	Feb. 21, 2023
Kindred Credit Union	5,508,936	5,254,248	4.85%	Oct. 21, 2024
National Bank	-	4,116,883	4.15%	Feb. 20, 2023
Prospera Credit Union	5,416,111	-	5.90%	Sep. 8, 2025
Prospera Credit Union	4,318,618	-	5.60%	Mar. 27, 2025
Prospera Credit Union	-	5,158,800	4.40%	Sep. 5, 2023
Prospera Credit Union	-	7,573,233	4.40%	Jul. 10, 2023
TCU Financial	-	9,141,955	5.00%	Nov. 27, 2023
	<u>\$ 57,909,807</u>	<u>\$ 85,511,775</u>		

Municipal Finance Authority of BC Investments

	<u>2023</u>	<u>2022</u>
MFABC Short Term Bond	\$ 10,422,101	\$ 9,893,715
MFABC Money Market Fund	7,125	6,782
MFABC Fossil Fuel Free Bond Fund	606,912	4,841,634
	<u>\$ 11,036,138</u>	<u>\$ 14,742,131</u>

PEACE RIVER REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

3. INVESTMENTS, continued

GIC Investments

Institution	2023	2022	Effective Interest Rate	Maturity Date
BMO	\$ -	\$ 6,017,487	5.91%	Dec. 14, 2023
BMO	6,373,126	-	5.60%	Jul. 31, 2025
BMO	10,491,507	-	5.75%	Feb. 22, 2024
BMO	5,200,219	-	5.60%	Apr. 15, 2024
BMO	5,164,281	-	5.85%	Jun. 10, 2024
BMO	5,121,514	-	5.65%	Jul. 28, 2025
Scotiabank	6,365,622	-	5.35%	Aug. 1, 2025
Scotiabank	5,134,408	-	6.21%	Jul. 28, 2025
Scotiabank	5,134,408	-	6.21%	Jul. 28, 2025
Scotiabank	9,057,506	-	5.98%	Aug. 1, 2025
Scotiabank	-	6,016,292	5.83%	Dec. 15, 2023
	\$ 58,042,591	\$ 12,033,779		

Total Investments

	2023	2022
Canaccord	\$ 57,909,807	\$ 85,511,775
Municipal Finance Authority	11,036,138	14,742,131
BMO and Scotiabank	58,042,591	12,033,779
	\$ 126,988,536	\$ 112,287,685

4. MUNICIPAL FINANCE AUTHORITY DEBT RESERVE

With respect to amounts financed through the Authority, the Regional Hospital District is required to pay into a Debt Reserve Fund administered by the Authority, an amount equal to one-half the average annual installment of principal and interest relative to any borrowing for its own purposes. This amount may be paid either in full or in an amount of cash equal to 1% of the principal amount borrowed together with a non-interest-bearing demand note for the balance. If, at any time, the Regional Hospital District does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions shall be made from the Debt Reserve Fund. The demand notes payable to the Authority are callable only if there are additional requirements to be met to maintain the level of the Debt Reserve Fund.

This change is supported by the definition of sections PS 3300.03 *Contingent Liability*, which suggests that when the existence of a contingent liability at financial statement date is unlikely to occur, it would be accounted for in accordance with section PS 2120 *Accounting Changes* in the current period and not with a retrospective treatment.

PEACE RIVER REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

5. LONG-TERM DEBT

	Interest Rate	Maturity Date	2023	2022
UGrant (MFA 112) - New FSJ Hospital	1.28%	Oct. 6, 2037	\$ 54,243,947	\$ 57,208,798
UGrant (MFA 81/165) - FSJ Hosp Redevelop	2.85%	Apr. 22, 2024	13,320	26,005
UGrant (MFA 81/159) -DS+ Food Serv Cons	2.85%	Apr. 22, 2024	9,043	17,655
			<u>\$ 54,266,310</u>	<u>\$ 57,252,458</u>

Principal payment commitments for the next five years, assuming no change in the terms or interest rates as follows:

2024	\$ 2,023,772
2025	2,014,922
2026	2,014,922
2027	2,014,922
2028	2,014,922
2029& Thereafter	<u>44,182,850</u>
	<u>\$ 54,266,310</u>

As of December 31, 2023, the accrued interest totaled \$255,989 (2022 - \$255,989).

6. ACCUMULATED SURPLUS (DEFICIT)

	2023	2022
Unrestricted Surplus	\$ 3,883,121	\$ 2,441,281
Capital Reserve Fund (Schedule 1)	130,657,786	113,199,156
Grant Reserve Fund (Schedule 1)	1,456,139	1,576,313
	135,997,046	117,216,750
Temporary borrowing and debenture debt to be recovered from future requisitions (Note 5)	<u>(54,266,311)</u>	<u>(57,252,458)</u>
	<u>\$ 81,730,735</u>	<u>\$ 59,964,292</u>

The unappropriated surplus is the amount of accumulated surplus remaining after deducting the other accumulated surplus components. Where this amount is supported by cash and net short-term receivables, it is available to temporarily finance operations until planned revenues (i.e. property taxes, grants, etc.) are received, or for other operating or capital purposes as determined by the Board.

Appropriated surplus is the amount of accumulated surplus, supported by a portion of the PRRHD's cash and receivables, set-aside by decision of the Board for a specified purpose as per section 20(4) of the Hospital District Act. In the normal course of operations, these funds will be used to finance the future services or capital works for which they have been appropriated.

PEACE RIVER REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

7. CONTINGENT LIABILITIES

The District has a contingent liability with respect to the Municipal Finance Authority of BC (MFA) Debt Reserve Fund Demand Note. As a condition of the borrowing undertaken by the Hospital District, the Hospital District was required to contribute to the MFA Debt Reserve through a demand note. The demand note will only be recorded as an asset and liability if a local government defaults on the loan obligation. Upon this action of the default, the MFA may call the outstanding demand notes, at which point the demand notes then become an asset and a liability.

Once the defaulting local government repays in full the defaulted position, the MFA will return all called demand notes. It is generally unlikely that the funds will be demanded by the MFA; therefore, the contingent liability has not been recorded in the financial statements. As of December 31, 2023, the demand notes total \$1,633,965 (2022 - \$1,633,965).

8. BUDGET

The PRRHD budget is publicly available at www.prrd.bc.ca. PRRHD prepares its budget with consideration of revenues and expenditures without accrual adjustments. Given the PRRHD does not hold any tangible capital assets there are no other adjustments to the budget for financial statement reporting purposes.

	<u>2023</u>
Budgeted surplus per statement of operations	\$ 11,163,534
Add: Transfer from Future Hospital Reserve	2,500,000
Transfer from surplus	2,350,000
Transfer from reserve (from NH for "old Hospital Debt")	<u>10,238</u>
	<u>16,023,772</u>
Less: Debenture - principal	(2,023,772)
Transfer to capital reserve	<u>(14,000,000)</u>
	<u>(16,023,772)</u>
	<u>\$ -</u>

9. COMPARATIVE FIGURES

Certain prior year figures, presented for comparative purposes, have been reclassified to conform to the current year's financial statement presentation.

PEACE RIVER REGIONAL HOSPITAL DISTRICT

SCHEDULE 1 - SCHEDULE OF RESERVES

For the year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
GRANT RESERVE FUND		
Appr Surp - NH Funds for Future Requests	<u>\$ 1,456,139</u>	<u>\$ 1,576,313</u>
	<u><u>\$ 1,456,139</u></u>	<u><u>\$ 1,576,313</u></u>
CAPITAL RESERVE FUND		
Future Capital Reserve	<u>\$ 128,224,642</u>	<u>\$ 110,872,491</u>
Old FSJ Hospital Debenture Reserve	<u>2,433,144</u>	<u>2,326,665</u>
	<u><u>\$ 130,657,786</u></u>	<u><u>\$ 113,199,156</u></u>

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Peace River Regional Hospital District

Year-End Audit Findings Report to Board of Directors

**For the year ending
December 31, 2023**

Prepared as of April 22, 2024

April 22, 2024

Board of Directors
Peace River Regional Hospital District
1981 Alaska Avenue
Dawson Creek, British Columbia
V1G4H8

Dear Board of Directors:

Re: Audit Findings

We prepared the accompanying report to assist you in your review of the financial statements of Peace River Regional Hospital District for the year ending December 31, 2023. The report includes a discussion on the significant accounting and financial reporting matters dealt with during the audit process as well as communications required by Canadian generally accepted auditing standards.

We have substantially completed our audit of the financial statements of Peace River Regional Hospital District (the entity) prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) for the year ended December 31, 2023. We propose to issue our auditor's report on those financial statements, pending resolution of outstanding items outlined on page 1. Our draft auditor's report is included as Appendix A.

We look forward to meeting with you and discussing the matters outlined below.

We would like to express our sincere thanks to the management and staff of the entity who have assisted us in carrying out our work. If you have any questions or concerns, please do not hesitate to contact us.

Yours very truly,

Taylor Turkington CPA
Partner

c.c: Roxanne Shepherd, Chief Financial Officer

Partners

Allison Beswick CPA, CA
Norm Hildebrandt CPA, CA
Robin Lund CPA, CGA

Dane Soares CPA
Taylor Turkington CPA

Beswick Hildebrandt Lund CPA
556 North Nechako Road, Suite 10,
Prince George BC, Canada V2K 1A1
T: +1 250 564 2515, F: +1 250 562 8722

Audit Status

We have completed the audit of the financial statements, with the exception of the following items:

- Receipt of a signed management representation letter by management;
- Completing our discussions with the Board of Directors;
- Obtaining evidence of the Board's approval of the financial statements;

Once these items have been completed, we will date and sign our auditor's report.

Significant Risks

We identified the following significant risks in our planning letter dated February 13, 2024:

- Revenue recognition
- Management Override of Controls

We executed the proposed audit responses to the significant risks identified above, as noted in our planning letter, and we have no issues to report.

Significant Matters Arising

Changes to Audit Plan

There were no changes to the audit plan (as previously presented to you).

Other Matters

We have not identified any other significant matters that we wish to bring to your attention at this time.

Significant Difficulties Encountered

There were no significant difficulties encountered during our audit.

Comments on Accounting Practices

Accounting Policies

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review the appropriateness and application as part of our audit. The significant accounting policies used by the entity are outlined in Note 2 to the financial statements.

- There were no significant changes in accounting policies.
- We did not identify any alternative accounting policies that would have been more appropriate in the circumstances.
- We did not identify any significant accounting policies in controversial or emerging areas.

Significant Accounting Estimates

Management is responsible for the accounting estimates included in financial statements. Estimates and the related judgments and assumptions are based on management's knowledge of the business and past experience about current and future events.

Our responsibility as auditors is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the financial statements as a whole. An audit includes performing appropriate procedures to verify the:

- Calculation of accounting estimates;
- Analyzing of key factors such as underlying management assumptions;
- Materiality of estimates individually and in the aggregate in relation to the financial statements as a whole;
- Estimate's sensitivity to variation and deviation from historical patterns;
- Estimate's consistency with the entity's business plans; and
- Other audit evidence.

Based on audit work performed, there were no significant estimates made by management

Significant Financial Statement Disclosures

We did not identify any financial statement disclosures that are particularly significant, sensitive or require significant judgments, that we believe should be specifically drawn to your attention.

Uncorrected Misstatements

We did not identify or detect any uncorrected misstatements for the current year during our audit.

Significant Deficiencies in Internal Control

A deficiency in internal control exists when a control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis, or when a control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing.

A significant deficiency in internal control is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the of those charged with governance.

To identify and assess the risks of material misstatement in the financial statements, we are required to obtain an understanding of internal control relevant to the audit. This understanding is used for the limited purpose of designing appropriate audit procedures. It is not used for the purpose of expressing an opinion on the effectiveness of internal control and, as a result, we do not express any such

opinion. The limited purpose also means that there can be no assurance that all significant deficiencies in internal control, or any other control deficiencies, will be identified during our audit.

We did not identify any control deficiencies that, in our judgment, would be considered significant deficiencies.

Written Representations

In a separate communication, as attached in Appendix B, we have requested a number of written representations from management in respect to their responsibility for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards (PSAS).

Disagreements with Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to the entity's financial statements or auditor's report. Disagreements may arise over:

- Selection or application of accounting principles;
- Assumptions and related judgments for accounting estimates;
- Financial statement disclosures;
- Scope of the audit; or
- Wording of the auditor's report.

We are pleased to inform you that we had no disagreements with management during the course of our audit.

Consultation with Other Accountants (Second Opinions)

Management may consult with other accountants about auditing and accounting matters to obtain a "second opinion". When an entity requests that another accountant provide a written report or oral advice on the application of accounting principles to a specific transaction or the type of opinion that may be rendered on the entity's financial statements, we are required to ensure that the accountant has ensured that the reporting accountant has knowledge of all facts and circumstances and has conducted the engagement in accordance with Canadian generally accepted auditing standards on the Reports on the Application of Accounting Principles.

We are not aware of any consultations that have taken place with other accountants.

Independence

We confirm our independence with respect to the entity as of the date of this report.

Other Audit Matters of Governance Interest

We did not identify any other matters to bring to your attention at this time and would be pleased to discuss with you further any matters mentioned above, at your convenience.

We would like to thank management and staff for the assistance they provided to us during the audit.

We hope the information in this audit findings letter will be useful. Should any member of the Board of Directors wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time. We would be pleased to discuss them with you and respond to any questions you may have.

This letter was prepared for the sole use of those charged with governance of Peace River Regional Hospital District to carry out and discharge their responsibilities and is not intended for any other purpose. The content should not be disclosed to any third party without our prior written consent, and we assume no responsibility to a third party who uses this communication.

Yours very truly,

Beswick Hildebrandt Lund

Beswick Hildebrandt Lund Chartered Professional Accountants

Appendix A: Audit Report

Please see attached report.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Peace River Regional Hospital District

Opinion

We have audited the financial statements of Peace River Regional Hospital District (the Entity), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standard.

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 report. We are independent of the Entity 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 PSAS, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Partners

Allison Beswick CPA, CA
Norm Hildebrandt CPA, CA
Robin Lund CPA, CGA

Dane Soares CPA
Taylor Turkington CPA

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T: +1 250 564 2515, F: +1 250 562 8722

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 these 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 Entity'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 Entity 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.

We 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.

Chartered Professional Accountants

Prince George, British Columbia

May 2, 2024

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Appendix B: Management Representation Letter

Please see attached letter.



May 2, 2024

Beswick Hildebrandt Lund Chartered Professional Accountants
556 North Nechako Road, Suite 10
Prince George, British Columbia,
V2K 1A1

Dear Sir/Madame:

This representation letter is provided in connection with your audit of the financial statements of Peace River Regional Hospital District for the year ended December 31, 2023, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards (PSAS).

In making the representations outlined below, we took the time necessary to appropriately inform ourselves on the subject matter through inquiries of entity personnel with relevant knowledge and experience, and, where appropriate, by inspecting supporting documentation.

We confirm that (to the best of our knowledge and belief):

Financial Statements

We have fulfilled our responsibilities as set out in the terms of the audit engagement letter dated February 13, 2024 for:

- a. Preparing and fairly presenting the financial statements in accordance with PSAS ;
- b. Providing you with:
 - i. Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as:
 - A. Accounting records, supporting data and other relevant documentation,
 - B. Minutes of meetings (such as shareholders, board of directors and audit committees) or summaries of actions taken for which minutes have not yet been prepared, and
 - C. Information on any other matters, of which we are aware, that is relevant to the preparation of the financial statements;
 - ii. Additional information that you have requested from us for the purpose of the audit; and
 - iii. Unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
- c. Ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements; and
- d. Designing and implementing 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 have also communicated to you any deficiencies in the design and implementation or the maintenance of internal control over financial reporting of which management is aware.

Preparation of Financial Statements

The financial statements are fairly presented in accordance with PSAS. and include all

disclosures necessary for such fair presentation and disclosures otherwise required to be included therein by the laws and regulations to which Peace River Regional Hospital District is subject. We have prepared the Peace River Regional Hospital District's financial statements on the basis that the Peace River Regional Hospital District is able to continue as a going concern.

We have appropriately reconciled our books and records (e.g. general ledger accounts) underlying the financial statements to their related supporting information (e.g. subledger or third party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a statement of financial position account, which should have been written off to a revenue and expense account and vice versa. All intra entity accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

Fraud

We have disclosed to you:

- a. All of our knowledge in relation to actual, alleged or suspected fraud affecting the entity's financial statements involving:
 - i. Management;
 - ii Employees who have significant roles in internal control; or
 - iii. Others where the fraud could have a material effect on the financial statements;
- b. All of our knowledge in relation to allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others; and
- c. The results of our risk assessments regarding possible fraud or error in the financial statements.

Compliance with Laws and Regulations

We have disclosed all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements that should be considered when preparing the financial statements

There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices. We are up to date with all corporate filings and annual returns. This includes all Canada Revenue Agency GST returns.

Litigation and Claims

All known actual or possible litigation and claims, which existed as at December 31, 2023 or exist now, have been disclosed to you and accounted for and disclosed in accordance with PSAS, whether or not they have been discussed with legal counsel.

Related Parties

We have disclosed to you the identity of all of the entity's related-party relationships and transactions of which we are aware. This includes sales, purchases, loans, transfers of assets, liabilities and services, leasing agreements, guarantees, non-monetary transactions, and transactions for no consideration for the year ended as well as related balances due to or from such parties at the year end. All related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of CPA Canada Public Sector Accounting Handbook, Section PS 2200 (Related Party Disclosures) and we confirm our belief that any receivable balances are fully collectable. The list of related parties attached to this letter as Appendix A accurately and

completely describes the Peace River Regional Hospital District's related parties and the relationships with such parties.

Estimates

We acknowledge our responsibility for determining the accounting estimates required for the preparation of the financial statements in accordance with PSAS. Those estimates reflect our judgment based on our knowledge and experience of past and current events, and on our assumptions about conditions we expect to exist and courses of action we expect to take. In particular, we confirm the following:

- The measurement methods are appropriate and consistently applied;
- The significant assumptions used in determining fair value measurements represent our best estimates, are reasonable, appropriate and have been consistently applied;
- No subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements; and
- The significant assumptions used in determining fair value measurements are consistent with the Peace River Regional Hospital District's planned courses of action. We have no plans or intentions that have not been disclosed to you, which may materially affect the recorded or disclosed fair values of assets or liabilities.

Significant estimates and measurement uncertainties known to management that are required to be disclosed in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 2130 (Measurement Uncertainty) have been appropriately disclosed, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

Subsequent Events

We have identified all events that occurred between December 31, 2023 and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and have effected such adjustment or disclosure as per the requirements of PSAS.

Going Concern

There are no events or conditions that, individually or collectively, may cast significant doubt on the Peace River Regional Hospital District's ability to continue as a going concern.

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements (e.g. to dispose of the business or to cease operations).

Commitments and Contingencies

All contractual arrangements entered into by Peace River Regional Hospital District with third parties have been properly reflected in the accounting records or/and, where material (or potentially material) to the financial statements, have been disclosed to you. Peace River Regional Hospital District has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There are no side agreements or other arrangements (either written or oral) undisclosed to you.

There are no commitments, contingent liabilities/assets or guarantees (written or oral) that should be disclosed in the financial statements but have not been disclosed. This includes liabilities arising from contract terms, illegal acts or possible illegal acts, and environmental matters that would have an impact on the financial statements.

Misstatements and Adjustments

Certain representations in this letter are described as being limited to those matters that are material. Items are also considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

We confirm that the are free from material misstatements, including omissions.

We confirm there are no uncorrected misstatements in the financial statements.

Other Representations

Accounting Policies

We confirm that we have reviewed the Peace River Regional Hospital District's accounting policies and, having regard to the possible alternative policies, our selection and application of accounting policies and estimation techniques used for the preparation and presentation of the financial statements is appropriate in the Peace River Regional Hospital District's particular circumstances.

All significant accounting policies are disclosed in the financial statements and are consistent with those used in the previous year (except as disclosed in the financial statements).

Internal Control Over Financial Reporting

We have disclosed to you all deficiencies in the design or operation of disclosure controls and procedures and internal control over financial reporting that we are aware.

Minutes

All matters requiring disclosure to or approval of Board of Directors the have been brought before them at appropriate meetings and are reflected in the minutes.

Other Information

We confirm to you that we are not required by law, regulation or custom and do not intend to issue a document (which would include or accompany the financial statements and our auditor's report thereon) with information on Peace River Regional Hospital District's operations and the Peace River Regional Hospital District's financial results and financial position as set out in the financial statements.

Assets and Liabilities

We have satisfactory title or control over all assets. We have recorded or disclosed, as appropriate, all liabilities, in accordance with PSAS.

For the following specific representations, the terms "year end" and "year" are defined as each year end and each year respectively, covered by the audit of the financial statements as stated above.

Cash and Banks

The books and records properly reflect and record all transactions affecting cash funds, bank accounts and bank indebtedness of the Peace River Regional Hospital District.

All cash balances are under the control of the Peace River Regional Hospital District, free from assignment or other charges, and unrestricted as to use, except as disclosed to you.

The amount shown for cash on hand or in bank accounts excludes trust or other amounts, which are not the property of the Peace River Regional Hospital District.

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line(s) of credit, or similar

arrangements have been properly disclosed.

All cash and bank accounts and all other properties and assets of the Peace River Regional Hospital District are included in the financial statements.

Financial Instruments

We have properly recorded all financial assets of equity instruments quoted on an active market at fair value.

We have evaluated whether there are indicators of impairment for all financial assets measured at cost or amortized cost, and where there has been a significant adverse change in the expected timing or amount of future cash flows from a financial asset or group of similar financial assets, we have assessed whether a reduction in the carrying value is necessary.

Marketable Securities

All marketable securities owned by us are recorded in the accounts. The marketable securities are measured at fair value.

All income earned for the year ended December 31, 2023 on these securities has been recognized in earnings along with any transaction costs incurred and changes in fair value.

Accounts Payable

Accounts payable that are non-interest bearing and are expected to be paid more than a year after the initial recognition date have been classified as long term in the financial statements, initially recognized at fair value, using an appropriate discount rate, and subsequently measured at amortized cost.

Long-term Debt

All borrowings and financial obligations of the Peace River Regional Hospital District of which we are aware are included in the financial statements as at year end, as appropriate. We have fully disclosed to you all borrowing arrangements of which we are aware.

Peace River Regional Hospital District has not violated any covenants on its debt during the year. We have fully disclosed to you all covenants and information related to how we determined our compliance with the terms of the covenants.

Revenue Recognition

We have recorded all revenue that met the following criteria:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred, or services have been rendered;
- Price is fixed or determinable; and
- Collectability is reasonably assured.

Government Transfers

Transferring organization

Transfers have only been recognized as an expense in the year the transfer has been authorized and all eligibility criteria have been met by the recipient.

Recipient organization

We have disclosed all significant terms and agreements in respect of transfers received from governments.

Transfers without eligibility criteria or stipulations have been recognized as revenue once

the transfer has been authorized.

Transfers with eligibility criteria but without stipulations have been recognized as revenue once the transfer has been authorized and all eligibility criteria have been met.

Transfers with or without eligibility criteria but with stipulations have been recognized as revenue in the year the transfer has been authorized and all eligibility criteria have been met, except when, and to the extent that, the transfer gives rise to an obligation that meets the definition of a liability for the recipient government in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3200 (Liabilities).

Disclosure

The major kinds of transfers recognized have all been disclosed in the financial statements as well as the nature and terms of liabilities arising from government transfers received.

Budgetary Data

We have included budgetary data in our financial statements, which is relevant to the users of financial statements and consistent with that originally planned and approved by Board of Directors on March 9, 2023. Planned results were presented for the same scope of activities and on a basis consistent with that used for actual results.

Yours truly,

Roxanne Shepherd, Chief Financial Officer

Appendix A: Related Parties

See attached proposed related parties summary.

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Appendix A: Related parties listing

Board of Directors and their immediate family members:

- Brad Sperling, Chair
- Leonard Hiebert, Vice Chair
- Jordan Kealy Director
- Allen Courtoreille, Director
- Darcy Dober, Director
- Lilia Hansen, Director
- Tony Zabinsky, Director
- Dan Rose, Director
- Travous Quibell, Director
- Marcel Woodill, Director
- Brent Taillefer, Director
- Darryl Krakowka, Director

Finance Department and their immediate family members:

- Roxanne Shepherd, Chief Financial Officer

Peace River Regional District