



Regional Hospital District Board Report

TO: Regional Board

FROM: Marilyn Rilkoff
Director of Financial Services

DATE: April 19, 2019

SUBJECT: Guide to Understanding the Financial Statements

- The Financial Reporting Model:
 - Statements (the purpose of each is described on the next page):
 - Statement of Financial Position
 - Statement of Operations
 - Statement of Cash Flows
 - Summary of Significant Accounting Policies
 - Notes to Financial Statements & Schedules
 - Exhibits

- What does PSAB Do?
 - Serves the public interest by setting standards and providing guidance for financial and other performance information reported in the public sector
 - All governments in Canada are required, by legislation, to comply with PSA financial reporting requirements

- PSAB Vision & Goal:
 - Vision: “The public understands and has confidence in public sector accounting”
 - Goal: “The public sector produces a decision-useful, multi-dimensional accountability report”. (This is a little trickier for Regional Districts because of all the separate service areas, however, these statements do give an overall net picture of the organization – Decision making is typically required for each individual service).

Respectfully Submitted,

Marilyn Rilkoff, Director of Financial Services

The underlying goal of the Financial Reporting Model is to identify the net economic resources available, their make-up and nature, and changes to them in the reporting period.

Economic Resources are the means to provide services or satisfy liabilities.

- Assets & Liabilities describe the net economic resources available at a point in time
- Revenues and Expenses explain the change in the net economic resources in the period

Reporting Statements - Purpose of Each Report Explained:

Statement of Financial Position (Pg 6)

- **Most important statement – all others tie into numbers on this statement.**
- *Shows details of, and changes in, net economic resources. Definitions:*
 - o *Net Financial Assets/Debt are resources available to finance future operations, “prepaid service potential”*
 - o *Accumulated Surplus*
 - o *The sum of Net Financial Assets or liabilities & Non-Financial Assets.*

Statement of Financial Operations (Pg 7)

- *Shows the extent to which revenues recognized were sufficient to offset the cost of the services provided for the fiscal year.*
- *Explains the change in net economic resources or Accumulated Surplus (shown on Statement of Financial Position, Page 6)*
 - o *Revenues – increases in economic resources*
 - o *Expenses – economic resources consumed to provide services*

Statement of Cash Flows (Pg 8)

- *Explains the change in Cash & Cash Equivalents (shown on Statement of Financial Position, Page 6)*
- *Shows how cash requirements were met and activities financed*

Summary of Significant Accounting Policies (Pg 9): Disclose significant accounting practices.

Notes to the Financial Statements (Pg 10-13): The Notes form part of the audited statements and provide additional detail and required disclosures.