



Regional Hospital District Board

TO: Regional Board

FROM: Marilyn Rilkoff, Director of Financial Services

DATE: June 26, 2020

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,

A handwritten signature in black ink, appearing to read "M. Rilkoff", is written over a light blue horizontal line.

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 5)
 - 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 5)
- 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.