



# Regional Hospital District Board

**TO:** Regional Board  
**FROM:** Marilyn Rilkoﬀ, Director of Financial Services  
**DATE:** May 3, 2021  
**SUBJECT:** Guide to Understanding the Financial Statements

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- 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 the Public Sector Accounting Board (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", written in a cursive style.

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/Deficit
    - 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/Deficit (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.