

Financial Statements of

**LITTLE MOUNTAIN RESIDENTIAL
CARE & HOUSING SOCIETY**

Year ended March 31, 2018



KPMG LLP
Metro Tower I
4710 Kingsway, Suite 2400
Burnaby BC V5H 4M2
Canada
Telephone (604) 527-3600
Fax (604) 527-3636

INDEPENDENT AUDITORS' REPORT

To the Members of Little Mountain Residential Care & Housing Society

Report on the Financial Statements

We have audited the accompanying financial statements of Little Mountain Residential Care & Housing Society, which comprise the statement of financial position as at March 31, 2018, the statements of operations and fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, including schedules 1 and 2.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements presents fairly, in all material respects, the financial position of Little Mountain Residential Care & Housing Society as at March 31, 2018 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Professional Accountants

July 17, 2018
Burnaby, Canada

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Statement of Financial Position

March 31, 2018, with comparative information for 2017

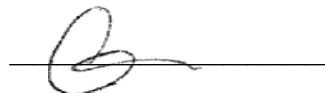
	General Fund	Restricted Funds			Total 2018	Total 2017
		Capital Assets Fund	Non-Discretionary Fund	Discretionary Fund		
Assets						
Current assets:						
Cash and cash equivalents	\$ 1,221,450	\$ -	\$ -	\$ -	\$ 1,221,450	\$ 843,074
Accounts receivable (note 2)	109,341	-	-	-	109,341	101,114
Supplies	63,403	-	-	-	63,403	75,232
Prepaid expenses	51,138	-	-	-	51,138	862
Investments at fair value (note 3)	714,094	114,233	-	-	828,327	1,139,834
	2,159,426	114,233	-	-	2,273,659	2,160,116
Restricted investments at fair value (note 3):						
Reserve funds	-	1,865,240	64,741	21,965	1,951,946	1,439,776
General fund (note 5)	308,426	-	-	-	308,426	307,268
Special resident funds	-	-	-	32,584	32,584	31,767
	308,426	1,865,240	64,741	54,549	2,292,956	1,778,811
Capital assets (note 4)						
	-	14,604,464	-	-	14,604,464	15,099,684
	\$ 2,467,852	\$ 16,583,937	\$ 64,741	\$ 54,549	\$ 19,171,079	\$ 19,038,611
Liabilities and Fund Balances						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 1,196,565	\$ -	\$ -	\$ -	\$ 1,196,565	\$ 1,266,918
Deferred revenue (note 6)	260,750	-	-	-	260,750	91,904
Current portion of sick and severance liability (note 7)	138,214	-	-	-	138,214	128,501
Current portion of long-term debt (note 8)	-	672,308	-	-	672,308	662,164
	1,595,529	672,308	-	-	2,267,837	2,149,487
Sick and severance liability (note 7)	796,596	-	-	-	796,596	835,759
Long-term debt (note 8)	-	2,591,613	-	-	2,591,613	3,264,305
	2,392,125	3,263,921	-	-	5,656,046	6,249,551
Fund balances:						
Invested in capital assets (note 9)	-	11,340,543	-	-	11,340,543	11,173,215
Advanced capital grants	-	114,233	-	-	114,233	113,539
Externally restricted:						
Replacement reserves (note 10)	-	706,848	-	-	706,848	630,847
Other reserves	-	-	64,741	-	64,741	63,118
Internally restricted:						
Minor equipment reserves	-	495,386	-	-	495,386	470,645
Replacement reserves (note 10)	-	663,006	-	-	663,006	230,799
Discretionary reserve	-	-	-	21,965	21,965	44,367
Special resident funds	-	-	-	32,584	32,584	31,767
Unrestricted	75,727	-	-	-	75,727	30,763
	75,727	13,320,016	64,741	54,549	13,515,033	12,789,060
Commitments and contingencies (note 11)						
Economic dependence (note 13)	-	-	-	-	-	-
	\$ 2,467,852	\$ 16,583,937	\$ 64,741	\$ 54,549	\$ 19,171,079	\$ 19,038,611

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Statement of Operations and Fund Balances

Year ended March 31, 2018, with comparative information for 2017

	General Fund (Schedule 1)	Restricted Funds				Total	Total 2018	Total 2017
		Capital Assets Fund (Schedule 2)	Non-Discretionary Fund	Discretionary Fund				
Revenue:								
Vancouver Coastal Health Authority	\$ 12,817,778	\$ -	\$ -	\$ -	\$ -	\$ 12,817,778	\$ 12,460,350	
User fees	3,623,989	-	-	-	-	3,623,989	3,512,424	
Subsidies	68,325	-	-	-	-	68,325	105,225	
Investment income (note 3)	41,282	104,199	1,623	1,357	107,179	148,461	135,305	
Miscellaneous	16,314	-	-	-	-	16,314	61,728	
	16,567,688	104,199	1,623	1,357	107,179	16,674,867	16,275,032	
Expenses:								
Wages and benefits	12,659,670	-	-	-	-	12,659,670	12,289,468	
Property and maintenance (note 16)	1,061,148	63,870	-	-	63,870	1,125,018	1,169,271	
Food	514,789	-	-	-	-	514,789	472,936	
Purchased supplies and services	424,751	-	-	-	-	424,751	450,933	
Administration	316,949	-	-	22,942	22,942	339,891	274,564	
Mortgage interest	-	53,548	-	-	-	53,548	63,317	
Amortization of capital assets	-	543,307	-	-	543,307	543,307	675,186	
	14,977,307	660,725	-	22,942	683,667	15,660,974	15,395,675	
Excess (deficiency) of revenue over expenses	1,590,381	(556,526)	1,623	(21,585)	(576,488)	1,013,893	879,357	
Fund balances, beginning of year	30,763	12,619,045	63,118	76,134	12,758,298	12,789,060	12,196,983	
Interfund transfers (note 12)	(1,257,497)	1,257,497	-	-	1,257,497	-	-	
Remeasurement of sick and severance liability (note 7)	(287,920)	-	-	-	-	(287,920)	(287,280)	
Fund balances, end of year	\$ 75,727	\$ 13,320,016	\$ 64,741	\$ 54,549	\$ 13,439,307	\$ 13,515,033	\$ 12,789,060	

See accompanying notes to financial statements.

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 1,013,893	\$ 879,357
Items not involving cash:		
Amortization of capital assets	543,307	675,186
Remeasurement of sick and severance liability	(287,920)	(287,280)
Unrealized gain on investments at fair value	-	(2,662)
Change in non-cash operating working capital:		
Accounts receivable	(8,227)	(5,903)
Supplies	11,829	20,200
Prepaid expenses	(50,276)	47,024
Accounts payable and accrued liabilities	(70,353)	(7,817)
Sick and severance liability	(29,450)	(1,647)
Deferred revenue	168,846	(105,632)
	1,291,649	1,210,826
Financing:		
Principal payments on long-term debt	(662,548)	(652,778)
Investing:		
Purchase of capital assets	(48,087)	(35,549)
Purchase of restricted and unrestricted investments at fair value, net	(202,638)	(439,189)
	(250,725)	(474,738)
Increase in cash and cash equivalents	378,376	85,972
Cash and cash equivalents, beginning of year	843,074	757,102
Cash and cash equivalents, end of year	\$ 1,221,450	\$ 843,074

See accompanying notes to financial statements.

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements

Year ended March 31, 2018

Little Mountain Residential Care & Housing Society (the "Society") is under the Societies Act (British Columbia) and is a registered charity under the Income Tax Act and accordingly, exempt from the requirement to pay income taxes. The Society operates complex care and residential facilities on a not-for-profit basis. The Society operates these facilities as Little Mountain Place, Adanac Park Lodge (formerly Taylor Manor) and Little Mountain Court.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The Society's significant accounting policies are as follows:

(a) Basis of presentation:

The resources and operations of the Society have been segregated for accounting purposes into the following funds:

- The General Fund which accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating revenues.
- The Capital Assets Fund which reports the assets, liabilities, revenues, expenses and replacement and capital project reserves related to the Society's capital assets.
- The Non-Discretionary Fund which reports resources contributed for externally restricted programs and accounts for the related program delivery activities.
- The Discretionary Fund which reports resources raised or contributed for internally restricted programs and accounts for the related program delivery and Board of Directors' administrative activities.

Interfund transactions and activities have been eliminated.

(b) Revenue recognition:

(i) Contributions:

The Society follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably established and collection is reasonably assured.

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2018

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

(ii) Asset and service contributions:

Volunteers contribute a significant amount of time each year to assist the Society in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

Contributions of assets, supplies and services, that would otherwise have been purchased, are recorded at fair value at the date of contribution, provided a fair value can be reasonably determined.

(c) Capital assets:

Capital assets purchased are recorded at cost. Contributed capital assets are recorded at their estimated fair market value at the date of contribution.

Capital assets are amortized on a straight-line basis in accordance with the following schedule, which approximates the useful lives of the assets:

Land improvements and buildings	58 - 59 years
Furnishings	15 years
Minor equipment	5 years

When a capital asset no longer contributes to the Society's ability to provide services, its carrying amount is written down to its residual value, if any.

(d) Cash and cash equivalents:

Cash and cash equivalents include cash and term deposits with initial maturities of 90 days or less at origination.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has elected to carry its investments at fair value.

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2018

1. Significant accounting policies (continued):

(e) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Supplies:

Supplies are valued at the lower of cost and replacement cost.

(g) Employee future benefits:

The Society has a defined benefit sick and severance plan covering its employees. The benefits are based on years of service and average salary.

The Society accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the benefits. The accrued benefits obligation at the end of the year is determined based on the most recent actuarial valuation report using the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors). The measurement date of the plan assets and accrued benefit obligation coincides with the Society's fiscal year. The most recent actuarial valuation of the benefit plans for funding purposes was as of March 31, 2018, and the next required valuation will be as of March 31, 2019.

At year end, the Society recognizes, in the statement of financial position, the accrued benefit obligation net of the fair value of any plan assets. The cost of the plan for the year is recognized in the statement of operations. Remeasurement and other items, including actuarial gains (losses) and past service costs, are immediately recognized directly in fund balances.

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2018

1. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of accounts receivable, useful lives of capital assets for amortization, sick and severance liability assumptions and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

2. Accounts receivable:

	2018	2017
Accounts receivable	\$ 126,514	\$ 118,287
Less: allowance for doubtful accounts	(17,173)	(17,173)
	\$ 109,341	\$ 101,114

3. Investments at fair value:

	2018	2017
Fixed income	\$ 2,633,748	\$ 2,405,831
Canadian equity	233,351	241,198
U.S. equity	32,636	130,957
Foreign equity	221,548	140,659
Total investments at fair value	\$ 3,121,283	\$ 2,918,645

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2018

3. Investments at fair value (continued):

	2018	2017
Represented by:		
Replacement reserves	\$ 706,848	\$ 630,847
General fund (note 5)	308,426	307,268
Non-discretionary reserves	64,741	63,118
Externally Restricted investments	1,080,015	1,001,233
Minor equipment reserves	495,386	470,645
Replacement reserves	663,006	230,799
Discretionary reserve	21,965	44,367
Special resident funds	32,584	31,767
Internally Restricted investments	1,212,941	777,578
General fund	714,094	1,026,295
Advance capital grants	114,233	113,539
Unrestricted investments	828,327	1,139,834
	\$ 3,121,283	\$ 2,918,645

Investment income:

	2018	2017
Interest and dividends	\$ 132,118	\$ 105,752
Realized gain	16,343	29,553
	\$ 148,461	\$ 135,305

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2018

4. Capital assets:

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Little Mountain Court:				
Land improvements	\$ 1,736,563	\$ 882,006	\$ 854,557	\$ 883,991
Buildings	3,686,755	1,846,696	1,840,059	1,902,546
Furnishings	102,907	40,566	62,341	69,202
Minor equipment	102,907	2,612	23,510	-
	5,552,347	2,771,880	2,780,467	2,855,739
Little Mountain Place:				
Land improvements	649,042	338,586	310,456	321,456
Buildings	9,142,180	4,332,849	4,809,331	4,964,283
Furnishings	1,209,378	1,188,145	21,233	-
Minor equipment	1,202,728	1,202,728	-	20,013
	12,203,328	7,062,308	5,141,020	5,305,752
Adanac Park Lodge:				
Buildings	9,501,972	2,900,169	6,601,803	6,762,853
Furnishings	1,126,363	1,045,189	81,174	156,265
Minor equipment	866,902	866,902	-	19,075
Bus	56,877	56,877	-	-
	11,552,114	4,869,137	6,682,977	6,938,193
	\$ 29,307,789	\$ 14,703,325	\$ 14,604,464	\$ 15,099,684

The land improvements relate to donated land leases for Little Mountain Place and Little Mountain Court. These land leases are for a period of 41 years from September 1, 1985 and May 8, 1987, respectively, with an option to renew for a further 20 years.

5. Available credit facility:

The Society has available an operating line of credit of \$300,000, that bears interest at prime plus 1.00% per annum. The facility is secured by a general investment certificate bearing interest at 0.37% and is recorded within restricted long term investments on the Statement of Financial Position. As at March 31, 2018, the Society has drawn nil (2017 - nil) from this facility.

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2018

6. Deferred revenue:

Deferred revenue represents the unspent amount of user fees and grants received in advance of related expenses having been incurred. The amount of deferred revenue related to each facility is as follows:

	2018	2017
Little Mountain Place	\$ 214,492	\$ 45,646
Little Mountain Court	26,750	26,750
Adanac Park Lodge	19,508	19,508
	<u>\$ 260,750</u>	<u>\$ 91,904</u>

7. Sick and severance liability:

Under the terms of the Society's union contracts, employees with 10 years of service and having reached a certain age are entitled to receive special payments upon retirement (or other circumstances specified in the collective agreements). These payments are based upon accumulated sick leave credits and entitlements for each year of service. The liability for amounts which may become payable to retiring employees has been estimated by an actuarial valuation as at March 31, 2018.

	2018	2017
Composition of accrued benefit liability:		
Little Mountain Place	\$ 543,350	\$ 553,610
Adanac Park Lodge	391,460	410,650
Total liability	934,810	964,260
Less current portion	(138,214)	(128,501)
	<u>\$ 796,596</u>	<u>\$ 835,759</u>

The continuity of the Society's sick and severance liability, which is equal to the actuarial obligation, is as follows:

	2018	2017
Balance, beginning of year	\$ 964,260	\$ 965,907
Current service cost	90,490	86,850
Interest cost	28,930	30,920
Actual benefits paid	(436,790)	(406,697)
Actuarial remeasurement loss	287,920	287,280
Balance, end of year	<u>\$ 934,810</u>	<u>\$ 964,260</u>

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2018

7. Sick and severance liability (continued):

The liability reported is based on an actuarial valuation as at March 31, 2018 using the following valuation assumptions:

	2018	2017
Discount rate	3.30%	3.00%
Expected wage and salary increases	2.50%	2.50%
Expected inflation	1.85%	0.95%

8. Long-term debt:

	2018	2017
Canada Mortgage & Housing Corporation: Loan payable in monthly instalments of \$36,692, including interest at the rate of 1.82% per annum, maturing July 1, 2022	\$ 1,833,470	\$ 2,236,540
Canada Mortgage & Housing Corporation: Loan payable in monthly instalments of \$22,982, including interest at the rate of 1.04% per annum, maturing July 1, 2023	1,430,451	1,689,929
	3,263,921	3,926,469
Less current portion	(672,308)	(662,164)
	\$ 2,591,613	\$ 3,264,305

These loans are secured by first mortgages on the capital land leases, buildings, chattel mortgages on furniture and fixtures, and assignment of rents and property insurance.

The reduction of long-term debt in the Capital Fund through principal repayments of \$662,548 was funded by an inter-fund transfer from the General Fund (note 12).

Principal repayments for the next five years are as follows:

2019	\$ 672,308
2020	682,616
2021	693,093
2022	703,761
2023	421,524
Thereafter	90,619
	\$ 3,263,921

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2018

9. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2018	2017
Capital assets, net book value	\$ 14,604,464	\$ 15,099,684
Amounts financed by long-term debt	(3,263,921)	(3,926,469)
	\$ 11,340,543	\$ 11,173,215

(b) Change in net assets invested in capital assets:

	2018	2017
Balance, beginning of year	\$ 11,173,215	\$ 11,160,074
Purchase of capital assets	48,087	35,549
Amortization of capital assets	(543,307)	(675,186)
Principal repayments of long-term debt	662,548	652,778
Balance, end of year	\$ 11,340,543	\$ 11,173,215

10. Replacement reserves:

The Society receives annual subsidies pursuant to contribution agreements with Canada Mortgage and Housing Corporation ("CMHC") and British Columbia Housing Management Commission ("BCHMC"). Under the terms of the contribution agreements, annual contributions to replacement reserves are required. Expenditures from the replacement reserves require the approval of the funding agencies. Additionally, the Board of Directors has internally restricted amounts for replacement reserves.

	2018	2017
Externally restricted:		
Little Mountain Place	\$ 528,350	\$ 442,118
Little Mountain Court	178,498	188,729
	706,848	630,847
Internally restricted:		
Adanac Park Lodge	162,841	13,728
Little Mountain Place	500,165	217,071
	663,006	230,799
	\$ 1,369,854	\$ 861,646

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2018

11. Commitments and contingencies:

- (a) The Society is committed to minimum annual lease payments under various operating leases for equipment as follows:

2019	\$	9,588
2020		9,588
2021		9,588
	\$	28,764

- (b) The Society also has commitments associated with donated land lease at the site of Adanac Park Lodge. Under the agreement, the Society is liable for property and other assessed taxes for the term of the agreement, being forty-five years expiring in 2043 with an option to renew for a further fifteen years.

12. Interfund transfers:

Transfer from General Fund to Restricted Funds:

	2018	2017
Principal payments on long-term debt (note 8)	\$ 662,548	\$ 652,778
Mortgage interest on long-term debt	53,548	63,317
Allocations to externally restricted replacement reserves (note 10)	98,210	73,946
Allocation to internally restricted replacement reserves	395,104	135,000
Purchase of capital assets	48,087	35,549
	\$ 1,257,497	\$ 960,590

13. Economic dependence:

Vancouver Coastal Health Authority funds approximately 77% (2017 - 77%) of the Society's revenue through its operating agreements with Little Mountain Place and Adanac Park Lodge.

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2018

14. Employee future benefits:

The Society and certain of its employees contribute to the Municipal Pension Plan ("Plan"), a jointly trustee pension plan. The Board of Trustees of the Plan, representing plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. The Plan has approximately 193,000 active members and approximately 90,000 retired members. Active members include approximately 185 employees of the Society.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation of the Plan as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2018, with results available in 2019.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocation the obligation, assets and cost to individual employers participating in the Plan.

Contributions made by the Society of \$1,576,904 for employer contributions to the plan in fiscal 2018 (2017 - \$1,383,999) were expensed. The amount of contributions is based on a percentage of base salary.

15. Residents' trust funds and tenant security deposits:

The Society administers trust funds for residents and holds security deposits from the residents of Little Mountain Court. Trust funds and security deposits held as at March 31, 2018 were \$130,757 and \$15,593, respectively (2017 - \$113,244 and \$25,456). Trust funds are not included in the Society's financial statements.

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2018

16. Little Mountain Court utilities:

Little Mountain Court's cost of utilities is included in the property maintenance expense and is comprised of the following items:

	2018	2017
Garbage	\$ 8,701	\$ 5,312
Heat and lights	66,196	65,326
Water and sewer	32,407	30,019
	\$ 107,304	\$ 100,657

17. Remuneration of directors, employees and contractors:

- (a) During the year, the Society paid \$962,818 to the top ten individuals, including contractors, whose remunerations were greater than \$75,000.
- (b) During the year, no compensation was paid to any members of the Board of Directors of the Society.

18. Financial risks and concentration of risks:

(a) Credit risk:

Credit risk is the risk of economic loss arising from a party's failure to repay or service debt according to contractual terms. Financial instruments that potentially subject the Society to concentrations of credit risk consist of cash, investments and receivables. The Society has deposited cash and restricted cash and made investments with reputable financial institutions, from which management believes the risk of loss to be remote. The Society has receivables from services performed and grants receivable from various bodies of the Province of British Columbia. Management does not believe there is a significant credit risk. The Society monitors, on a regular basis, the credit risk to which the Society is exposed in relation to its financial assets and takes steps to minimize the risk of loss. There has been no change in the risk exposures from 2017.

(b) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2017.

(c) Interest rate risk:

The Society is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the fixed rate investments are included in note 3 and the long-term debt are included in note 8.

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

General Fund

Schedule 1

Operations and Changes in Fund Balances

Year ended March 31, 2018, with comparative information for 2017

	Little Mountain Place		Adanac Park Lodge		Little Mountain Court		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenue:								
Vancouver Coastal Health Authority	\$ 7,392,640	\$ 6,972,983	\$ 5,425,138	\$ 5,487,367	\$ -	\$ -	\$ 12,817,778	\$ 12,460,350
User fees	1,968,411	1,912,517	1,128,318	1,091,011	527,260	508,896	3,623,989	3,512,424
Subsidies	-	-	-	-	68,325	105,225	68,325	105,225
Investment income	41,282	55,115	-	-	-	-	41,282	55,115
Miscellaneous	(288)	28,334	8,099	19,194	8,503	14,200	16,314	61,728
	9,402,045	8,968,949	6,561,555	6,597,572	604,088	628,321	16,567,688	16,194,842
Expenses:								
Wages and benefits	7,086,148	6,837,255	5,440,820	5,346,102	132,702	106,111	12,659,670	12,289,468
Property and maintenance	550,188	358,147	305,875	353,078	205,085	195,046	1,061,148	906,271
Food	304,364	277,261	210,425	195,675	-	-	514,789	472,936
Purchased supplies and services	244,126	246,904	180,431	204,029	194	-	424,751	450,933
Administration	206,236	137,219	92,111	90,990	18,602	22,829	316,949	251,038
	8,391,062	7,856,786	6,229,662	6,189,874	356,583	323,986	14,977,307	14,370,646
Excess of revenue over expenses	1,010,983	1,112,163	331,893	407,698	247,505	304,335	1,590,381	1,824,196
Fund balances (deficit), beginning of year	1,082,966	635,271	(931,719)	(1,049,085)	(120,484)	(131,749)	30,763	(545,563)
Interfund transfers:								
Capital Assets Fund for principal repaid	(403,070)	(395,934)	-	-	(259,478)	(256,844)	(662,548)	(652,778)
Capital Assets Fund for mortgage interest paid	(37,236)	(44,371)	-	-	(16,312)	(18,946)	(53,548)	(63,317)
Capital Assets Fund for reserves - externally restricted	(56,665)	(56,666)	-	-	(41,545)	(17,280)	(98,210)	(73,946)
Capital Assets Funds for reserves - internally restricted	(255,104)	-	(140,000)	(135,000)	-	-	(395,104)	(135,000)
Capital additions	(21,965)	(22,237)	-	(13,312)	(26,122)	-	(48,087)	(35,549)
	(774,040)	(519,508)	(140,000)	(148,312)	(343,457)	(293,070)	(1,257,497)	(960,590)
Remeasurement of sick and severance liability	(171,410)	(145,260)	(116,510)	(142,020)	-	-	(287,920)	(287,280)
Fund balances (deficit), end of year	\$ 1,148,499	\$ 1,082,966	\$ (856,336)	\$ (931,719)	\$ (216,436)	\$ (120,484)	\$ 75,727	\$ 30,763

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Capital Assets Fund
Operations and Changes in Fund Balances

Schedule 2

Year ended March 31, 2018, with comparative information for 2017

	Invested In capital assets	Advanced capital grants	Replacement reserve				Minor equipment reserve		Total	
			Little Mountain Place - BCHMC	Little Mountain Court - BCHMC	Little Mountain Place	Adanac Lodge	Little Mountain Place	Adanac Lodge	2018	2017
Revenue:										
Investment income	\$ -	\$ 694	\$ 29,567	\$ 9,113	\$ 27,990	\$ 9,113	\$ 21,135	\$ 6,587	\$ 104,199	\$ 72,638
Expenses:										
Property and maintenance	-	-	-	60,889	-	-	2,981	-	63,870	263,000
Mortgage interest	53,548	-	-	-	-	-	-	-	53,548	63,317
Amortization of capital assets	543,307	-	-	-	-	-	-	-	543,307	675,186
	596,855	-	-	60,889	-	-	2,981	-	660,725	1,001,503
Excess (deficiency) of revenue over expenses										
	(596,855)	694	29,567	(51,776)	27,990	9,113	18,154	6,587	(556,526)	(928,865)
Fund balances, beginning of year										
	11,173,215	113,539	442,118	188,729	217,071	13,728	359,518	111,127	12,619,045	12,587,320
Interfund transfers:										
General Fund for principal repaid	662,548	-	-	-	-	-	-	-	662,548	652,778
General Fund for mortgage interest paid	53,548	-	-	-	-	-	-	-	53,548	63,317
Capital additions	48,087	-	-	-	-	-	-	-	48,087	35,549
Allocations to replacement reserves	-	-	56,665	41,545	255,104	140,000	-	-	493,314	208,946
	764,183	-	56,665	41,545	255,104	140,000	-	-	1,257,497	960,590
Fund balances, end of year										
	\$ 11,340,543	\$ 114,233	\$ 528,350	\$ 178,498	\$ 500,165	\$ 162,841	\$ 377,672	\$ 117,714	\$ 13,320,016	\$ 12,619,045