

Financial Statements of

**LITTLE MOUNTAIN RESIDENTIAL
CARE & HOUSING SOCIETY**

Year ended March 31, 2017



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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, 2017, 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 statement is 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 statement.

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 statement presents fairly, in all material respects, the financial position of Little Mountain Residential Care & Housing Society as at March 31, 2017 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 18, 2017
Burnaby, Canada

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

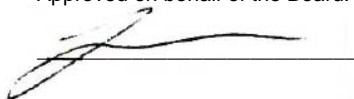
Statement of Financial Position

March 31, 2017, with comparative information for 2016

	Restricted cash				Total 2017	Total 2016
	General fund	Capital assets fund	Non- discretionary fund	Discretionary fund		
Assets						
Current assets:						
Cash and cash equivalents	\$ 843,074	\$ -	\$ -	\$ -	\$ 843,074	\$ 452,776
Restricted cash and cash equivalents (note 5)	-	-	-	-	-	304,326
Accounts receivable (note 2)	101,114	-	-	-	101,114	95,211
Supplies	75,232	-	-	-	75,232	95,432
Prepaid expenses	862	-	-	-	862	47,886
Investments at fair value (note 3)	1,026,295	113,539	-	-	1,139,834	1,004,366
	2,046,577	113,539	-	-	2,160,116	1,999,997
Restricted investments at fair value (note 3):						
Reserve funds	-	1,332,291	63,118	44,367	1,439,776	1,445,046
General fund (note 5)	307,268	-	-	-	307,268	-
Special resident funds	-	-	-	31,767	31,767	30,044
	307,268	1,332,291	63,118	76,134	1,778,811	1,475,090
Capital assets (note 4)	-	15,099,684	-	-	15,099,684	15,739,321
	\$ 2,353,845	\$ 16,545,514	\$ 63,118	\$ 76,134	\$ 19,038,611	\$ 19,214,408
Liabilities and Fund Balances						
Current liabilities:						
Accounts payable	\$ 1,266,918	\$ -	\$ -	\$ -	\$ 1,266,918	\$ 1,274,735
Deferred revenue (note 6)	91,904	-	-	-	91,904	197,536
Current portion of sick and severance liability (note 7)	128,501	-	-	-	128,501	130,688
Current portion of long-term debt (note 8)	-	662,164	-	-	662,164	652,363
	1,487,323	662,164	-	-	2,149,487	2,255,322
Sick and severance liability (note 7)	835,759	-	-	-	835,759	835,219
Long-term debt (note 8)	-	3,264,305	-	-	3,264,305	3,926,884
	2,323,082	3,926,469	-	-	6,249,551	7,017,425
Fund balances:						
Invested in capital assets (note 9)	-	11,173,215	-	-	11,173,215	11,160,074
Advanced capital grants	-	113,539	-	-	113,539	107,382
Externally restricted:						
Replacement reserves (note 10)	-	630,847	-	-	630,847	749,709
Other reserves	-	-	63,118	-	63,118	59,695
Internally restricted:						
Minor equipment reserves	-	470,645	-	-	470,645	355,231
Replacement reserves (note 10)	-	230,799	-	-	230,799	214,924
Discretionary reserve	-	-	-	44,367	44,367	65,487
Special resident funds	-	-	-	31,767	31,767	30,044
Unrestricted (deficit)	30,763	-	-	-	30,763	(545,563)
	30,763	12,619,045	63,118	76,134	12,789,060	12,196,983
Commitments and contingencies (note 11)						
Economic dependence (note 13)						
	\$ 2,353,845	\$ 16,545,514	\$ 63,118	\$ 76,134	\$ 19,038,611	\$ 19,214,408

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, 2017, with comparative information for 2016

	General Fund (Schedule 1)	Restricted cash				Total 2017	Total 2016
		Capital Assets Fund (Schedule 2)	Non-Discretionary Fund	Discretionary Fund	Total		
Revenue:							
Vancouver Coastal Health Authority	\$ 12,460,350	\$ -	\$ -	\$ -	\$ -	\$ 12,460,350	\$ 11,789,527
User fees	3,512,424	-	-	-	-	3,512,424	3,406,440
Subsidies	105,225	-	-	-	-	105,225	79,299
Investment income (note 3)	55,115	72,638	3,423	4,129	80,191	135,305	96,961
Miscellaneous	61,728	-	-	-	-	61,728	33,282
	16,194,842	72,638	3,423	4,129	80,191	16,275,032	15,405,509
Expenses:							
Wages and benefits	12,289,468	-	-	-	-	12,289,468	11,942,950
Property and maintenance (note 16)	906,271	263,000	-	-	263,000	1,169,271	1,019,638
Food	472,936	-	-	-	-	472,936	439,825
Purchased supplies and services	450,933	-	-	-	-	450,933	386,795
Administration	251,038	-	-	23,526	23,526	274,564	352,649
Mortgage interest	-	63,317	-	-	63,317	63,317	90,414
Amortization of capital assets	-	675,186	-	-	675,186	675,186	696,236
	14,370,646	1,001,503	-	23,526	1,025,029	15,395,675	14,928,507
Excess (deficiency) of revenue over expenses	1,824,196	(928,865)	3,423	(19,397)	(944,838)	879,357	477,002
Fund balances (deficit), beginning of year	(545,563)	12,587,320	59,695	95,531	12,742,546	12,196,983	11,884,311
Interfund transfers (note 12)	(960,590)	960,590	-	-	960,590	-	-
Remeasurement of sick and severance liability (note 7)	(287,280)	-	-	-	-	(287,280)	(164,330)
Fund balances, end of year	\$ 30,763	\$ 12,619,045	\$ 63,118	\$ 76,134	\$ 12,758,298	\$ 12,789,060	\$ 12,196,983

See accompanying notes to financial statements.

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 879,357	\$ 477,002
Items not involving cash:		
Amortization of capital assets	675,186	696,236
Remeasurement of sick and severance liability	(287,280)	(164,330)
Unrealized gain on investments at fair value	(2,662)	-
Change in non-cash operating working capital		
Accounts receivable	(5,903)	4,404
Supplies	20,200	-
Prepaid expenses	47,024	16,883
Accounts payable and accrued liabilities	(7,817)	166,492
Sick and severance liability	(1,647)	(67,193)
Deferred revenue	(105,632)	101,660
	1,210,826	1,231,154
Financing:		
Cheques issued in excess of funds on deposit	-	(21,898)
Principal payments on long-term debt	(652,778)	(634,211)
	(652,778)	(656,109)
Investing:		
Purchase of capital assets	(35,549)	(124,610)
Proceeds (purchase) from restricted and unrestricted investments at fair value	(436,527)	4,630
	(472,076)	(119,980)
Increase in cash and cash equivalents	85,972	455,065
Cash and cash equivalents, beginning of year	757,102	302,037
Cash and cash equivalents, end of year	\$ 843,074	\$ 757,102
Cash and cash equivalents consists of:		
Restricted	\$ -	\$ 304,326
Unrestricted	843,074	452,776
	\$ 843,074	\$ 757,102

See accompanying notes to financial statements.

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements

Year ended March 31, 2017

Little Mountain Residential Care & Housing Society (the "Society") is incorporated under the Society Act (British Columbia) and is a registered charity under the Income Tax Act and accordingly, exempt from the requirement to pay income taxes. On November 28, 2016, the new Societies Act (British Columbia) became effective. The Society has until November 28, 2018 to transition to the new Act. 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.

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2017

1. Significant accounting policies (continued):

(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.

(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.

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2017

1. Significant accounting policies (continued):

(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.

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, 2017, and the next required valuation will be as of March 31, 2018.

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, 2017

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:

	2017	2016
Accounts receivable	\$ 118,287	\$ 112,383
Less: allowance for doubtful accounts	(17,173)	(17,172)
	\$ 101,114	\$ 95,211

3. Investments at fair value:

	2017	2016
Fixed income	\$ 2,405,831	\$ 2,199,653
Canadian equity	241,198	147,021
U.S. equity	130,957	132,782
Foreign equity	140,659	-
Total investments at fair value	\$ 2,918,645	\$ 2,479,456

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2017

3. Investments at fair value (continued):

	2017	2016
Represented by:		
Replacement reserves	\$ 630,847	\$ 749,709
General fund	307,268	-
Non-discretionary reserves	63,118	59,695
Externally Restricted investments	1,001,233	809,404
Minor equipment reserves	470,645	355,231
Replacement reserves	230,799	214,924
Discretionary reserve	44,367	65,487
Special resident funds	31,767	30,044
Internally Restricted investments	777,578	665,686
General fund	1,026,295	896,984
Advance capital grants	113,539	107,382
Unrestricted investments	1,139,834	1,004,366
	\$ 2,918,645	\$ 2,479,456

Investment income:

	2017	2016
Interest and dividends	\$ 103,090	\$ 83,516
Realized gain	29,553	13,445
Unrealized gain	2,662	-
	\$ 135,305	\$ 96,961

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2017

4. Capital assets:

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Little Mountain Court:				
Land improvements	\$ 1,736,563	\$ 852,572	\$ 883,991	\$ 913,424
Buildings	3,686,755	1,784,209	1,902,546	1,965,033
Furnishings	102,907	33,705	69,202	76,062
	5,526,225	2,670,486	2,855,739	2,954,519
Little Mountain Place:				
Land improvements	649,042	327,586	321,456	332,457
Buildings	9,142,180	4,177,897	4,964,283	5,119,235
Furnishings	1,187,413	1,187,413	-	-
Minor equipment	1,202,728	1,182,715	20,013	-
	12,181,363	6,875,611	5,305,752	5,451,692
Adanac Park Lodge:				
Buildings	9,501,972	2,739,119	6,762,853	6,923,904
Furnishings	1,126,363	970,098	156,265	231,394
Minor equipment	866,902	847,827	19,075	177,812
Bus	56,877	56,877	-	-
	11,552,114	4,613,921	6,938,193	7,333,110
	\$ 29,259,702	\$ 14,160,018	\$ 15,099,684	\$ 15,739,321

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, bearing interest at the bank's prime rate plus 1.50% per annum. The facility is secured by a general investment certificate recorded within restricted short term investments (2016 – restricted cash and cash equivalents) on the Statement of Financial Position. As at March 31, 2017, the Society has drawn nil (2016 - nil) from this facility.

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2017

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:

	2017	2016
Little Mountain Place	\$ 45,646	\$ 44,956
Little Mountain Place – VCHA externally restricted per bed allocation	-	76,606
Little Mountain Court	26,750	26,750
Adanac Park Lodge	19,508	12,758
Adanac Park Lodge – VCHA externally restricted per bed allocation	-	36,466
	\$ 91,904	\$ 197,536

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 actuarial valuation as at March 31, 2017.

	2017	2016
Composition of accrued benefit liability:		
Little Mountain Place	\$ 553,610	\$ 565,086
Adanac Park Lodge	410,650	400,821
Total liability	964,260	965,907
Less current portion	128,501	130,688
	\$ 835,759	\$ 835,219

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

	2017	2016
Balance, beginning of year	\$ 965,907	\$ 1,033,100
Current service cost	86,850	79,417
Interest cost	30,920	29,970
Actual benefits paid	(406,697)	(340,910)
Actuarial remeasurement loss	287,280	164,330
Balance, end of year	\$ 964,260	\$ 965,907

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2017

7. Sick and severance liability (continued):

The liability reported is based on an actuarial valuation as at March 31, 2017 using the following valuation assumptions:

	2017	2016
Discount rate	3.00%	3.20%
Expected wage and salary increases	2.50%	2.50%
Expected inflation	0.95%	0.95%

8. Long-term debt:

	2017	2016
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	\$ 2,236,540	\$ 2,632,475
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	1,689,929	1,946,772
	3,926,469	4,579,247
Less current portion	662,164	652,363
	\$ 3,264,305	\$ 3,926,884

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 \$652,778 was funded by an inter-fund transfer from the General Fund (note 12).

Principal repayments for the next five years are as follows:

2018	\$ 662,164
2019	672,308
2020	682,616
2021	693,093
2022	703,741
Thereafter	512,547
	\$ 3,926,469

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2017

9. Invested in capital assets:

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

	2017	2016
Capital assets, net book value	\$ 15,099,684	\$ 15,739,321
Amounts financed by long-term debt	(3,926,469)	(4,579,247)
	<u>\$ 11,173,215</u>	<u>\$ 11,160,074</u>

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

	2017	2016
Balance, beginning of year	\$ 11,160,074	\$ 11,097,489
Purchase of capital assets	35,549	124,610
Amortization of capital assets	(675,186)	(696,236)
Principal repayments of long-term debt	652,778	634,211
	<u>\$ 11,173,215</u>	<u>\$ 11,160,074</u>

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 approved internally restricted amounts for replacement reserves in the current fiscal year of \$135,000 (2016 - \$144,220).

	2017	2016
Externally restricted:		
Little Mountain Place	\$ 442,118	\$ 542,810
Little Mountain Court	188,729	206,899
	<u>630,847</u>	<u>749,709</u>
Internally restricted:		
Adanac Park Lodge	13,728	9,625
Little Mountain Place	217,071	205,299
	<u>230,799</u>	<u>214,924</u>
Balance, end of year	<u>\$ 861,646</u>	<u>\$ 964,633</u>

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2017

11. Commitments and contingencies:

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

2018	\$	9,588
2019		9,588
2020		9,588
2021		9,588
	\$	38,352

- (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:

	2017	2016
Principal payments on long-term debt (note 8)	\$ 652,778	\$ 634,211
Mortgage interest on long-term debt	63,317	90,414
Allocations to externally restricted replacement reserves (note 10)	73,946	75,945
Allocation to internally restricted replacement reserves	135,000	144,220
Purchase of capital assets	35,549	-
Balance, end of year	\$ 960,590	\$ 944,790

13. Economic dependence:

Vancouver Coastal Health Authority funds approximately 77% (2016 - 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, 2017

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 189,000 active members and approximately 85,000 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 \$1,383,999 for employer contributions to the plan in fiscal 2017 (2016 - \$1,331,400) 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, 2017 were \$31,338 and \$25,456, respectively (2016 - \$88,434 and \$24,101). 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, 2017

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:

	2017	2016
Garbage	\$ 5,312	\$ 5,900
Heat and lights	65,326	52,073
Water and sewer	30,019	25,752
	\$ 100,657	\$ 83,725

17. Remuneration of directors, employees and contractors:

- (a) During the year, the Society paid \$1,334,849 to the top ten individuals, including contractors, whose salaries 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 instruments:

- (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 2016.

- (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 2016.

- (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 Operations and Changes in Fund Balances

Schedule 1

Year ended March 31, 2017, with comparative information for 2016

	Little Mountain Place		Adanac Park Lodge		Little Mountain Court		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenue:								
Vancouver Coastal Health Authority	\$ 6,972,983	\$ 6,687,862	\$ 5,487,367	\$ 5,101,665	\$ -	\$ -	\$ 12,460,350	\$ 11,789,527
User fees	1,912,517	1,861,139	1,091,011	1,056,372	508,896	488,929	3,512,424	3,406,440
Subsidies	-	-	-	-	105,225	79,299	105,225	79,299
Investment income	55,115	28,667	-	231	-	66	55,115	28,964
Miscellaneous	28,334	8,777	19,194	2,891	14,200	10,841	61,728	22,509
	8,968,949	8,586,445	6,597,572	6,161,159	628,321	579,135	16,194,842	15,326,739
Expenses:								
Wages and benefits	6,837,255	6,839,797	5,346,102	5,006,678	106,111	96,475	12,289,468	11,942,950
Property and maintenance (note 16)	358,147	370,965	353,078	421,618	195,046	205,801	906,271	998,384
Food	277,261	254,876	195,675	184,949	-	-	472,936	439,825
Purchased supplies and services	246,904	214,224	204,029	172,571	-	-	450,933	386,795
Administration	137,219	214,527	90,990	108,867	22,829	26,376	251,038	349,770
	7,856,786	7,894,389	6,189,874	5,894,683	323,986	328,652	14,370,646	14,117,724
Excess of revenue over expenses	1,112,163	692,056	407,698	266,476	304,335	250,483	1,824,196	1,209,015
Fund balances (deficit), beginning of year	635,271	684,406	(1,049,085)	(1,249,231)	(131,749)	(80,633)	(545,563)	(645,458)
Interfund transfers:								
Capital Assets Fund for principal repaid	(395,934)	(388,616)	-	-	(256,844)	(245,595)	(652,778)	(634,211)
Capital Assets Fund for mortgage interest paid	(44,371)	(51,690)	-	-	(18,946)	(38,724)	(63,317)	(90,414)
Capital Assets Fund for reserves - externally restricted	(56,666)	(58,665)	-	-	(17,280)	(17,280)	(73,946)	(75,945)
Capital Assets Funds for reserves - internally restricted	-	(144,220)	(135,000)	-	-	-	(135,000)	(144,220)
Capital additions	(22,237)	-	(13,312)	-	-	-	(35,549)	-
	(519,508)	(643,191)	(148,312)	-	(293,070)	(301,599)	(960,590)	(944,790)
Remeasurement of sick and severance liability	(145,260)	(98,000)	(142,020)	(66,330)	-	-	(287,280)	(164,330)
Fund balances (deficit), end of year	\$ 1,082,966	\$ 635,271	\$ (931,719)	\$ (1,049,085)	\$ (120,484)	\$ (131,749)	\$ 30,763	\$ (545,563)

LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Capital Assets Fund
Operations and Changes in Fund Balances

Schedule 2

Year ended March 31, 2017, with comparative information for 2016

	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	2017	2016
Revenue:										
Investment income	\$ -	\$ 6,157	\$ 23,976	\$ 10,492	\$ 11,772	\$ 744	\$ 19,497	\$ -	\$ 72,638	\$ 60,812
BC Housing Management Commission	-	-	-	-	-	-	-	-	-	10,773
	-	6,157	23,976	10,492	11,772	744	19,497	-	72,638	71,585
Expenses:										
Property and maintenance	-	-	181,334	45,942	-	-	-	35,724	263,000	21,254
Mortgage interest	63,317	-	-	-	-	-	-	-	63,317	90,414
Amortization of capital assets	675,186	-	-	-	-	-	-	-	675,186	696,236
	738,503	-	181,334	45,942	-	-	-	35,724	1,001,503	807,904
Excess (deficiency) of revenue over expenses										
	(738,503)	6,157	(157,358)	(35,450)	11,772	744	19,497	(35,724)	(928,865)	(736,319)
Fund balances, beginning of year										
	11,160,074	107,382	542,810	206,899	205,299	12,984	340,021	11,851	12,587,320	12,378,849
Interfund transfers:										
General Fund for principal repaid	652,778	-	-	-	-	-	-	-	652,778	634,211
General Fund for mortgage interest paid	63,317	-	-	-	-	-	-	-	63,317	90,414
Capital additions	35,549	-	-	-	-	-	-	-	35,549	-
Allocations to replacement reserves	-	-	56,666	17,280	-	-	-	135,000	208,946	220,165
	751,644	-	56,666	17,280	-	-	-	135,000	960,590	944,790
Fund balances, end 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