

Financial Statements of

**LITTLE MOUNTAIN RESIDENTIAL  
CARE & HOUSING SOCIETY**

And Independent Auditors' Report thereon

Year ended March 31, 2019



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## INDEPENDENT AUDITORS' REPORT

To the Members of Little Mountain Residential Care & Housing Society

### Report on the Financial Statements

#### *Opinion*

We have audited the financial statements of Little Mountain Residential Care & Housing Society (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations and fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies and schedules (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019, 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.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



## ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a matter that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

### ***Reporting 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 period.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants

Burnaby, Canada  
July 16, 2019

# LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

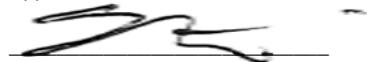
Statement of Financial Position

March 31, 2019, with comparative information for 2018

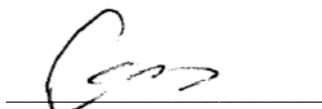
	Restricted Funds					Total 2019	Total 2018
	General Fund	Capital Assets Fund	Non- Discretionary Fund	Discretionary Fund			
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 702,923	\$ 53,809	\$ -	\$ -	\$ 756,732	\$ 1,221,450	
Accounts receivable (note 2)	162,833	-	-	-	162,833	109,341	
Supplies	56,707	-	-	-	56,707	63,403	
Prepaid expenses	156,360	-	-	-	156,360	51,138	
Investments at fair value (note 3)	586,760	117,171	-	-	703,931	828,327	
	1,665,583	170,980	-	-	1,836,563	2,273,659	
Restricted investments at fair value (note 3):							
Reserve funds	-	2,141,820	66,406	5,154	2,213,380	1,951,946	
General fund (note 5)	309,583	-	-	-	309,583	308,426	
Special resident funds	-	-	-	33,422	33,422	32,584	
	309,583	2,141,820	66,406	38,576	2,556,385	2,292,956	
Capital assets (note 4)							
	-	14,558,083	-	-	14,558,083	14,604,464	
	\$ 1,975,166	\$ 16,870,883	\$ 66,406	\$ 38,576	\$ 18,951,031	\$ 19,171,079	
<b>Liabilities and Fund Balances</b>							
Current liabilities:							
Accounts payable and accrued liabilities (note 6)	\$ 1,344,386	\$ -	\$ -	\$ -	\$ 1,344,386	\$ 1,196,565	
Deferred revenue (note 7)	188,906	-	-	-	188,906	260,750	
Current portion of sick and severance liability (note 8)	236,403	-	-	-	236,403	138,214	
Current portion of long-term debt (note 9)	-	682,616	-	-	682,616	672,308	
	1,769,695	682,616	-	-	2,452,311	2,267,837	
Sick and severance liability (note 8)							
	865,717	-	-	-	865,717	796,596	
Long-term debt (note 9)							
	-	1,908,682	-	-	1,908,682	2,591,613	
	2,635,412	2,591,298	-	-	5,226,710	5,656,046	
Fund balances:							
Invested in capital assets (note 10)	-	11,966,785	-	-	11,966,785	11,340,543	
Advanced capital grants	-	170,980	-	-	170,980	114,233	
Externally restricted:							
Replacement reserves (note 11)	-	812,349	-	-	812,349	706,848	
Other reserves	-	-	66,406	-	66,406	64,741	
Internally restricted:							
Minor equipment reserves	-	413,668	-	-	413,668	495,386	
Replacement reserves (note 11)	-	915,803	-	-	915,803	663,006	
Discretionary reserve	-	-	-	5,154	5,154	21,965	
Special resident funds	-	-	-	33,422	33,422	32,584	
Unrestricted (deficit)	(660,246)	-	-	-	(660,246)	75,727	
	(660,246)	14,279,585	66,406	38,576	13,724,321	13,515,033	
Commitments and contingencies (note 12)							
Economic dependence (note 14)	-	-	-	-	-	-	
	\$ 1,975,166	\$ 16,870,883	\$ 66,406	\$ 38,576	\$ 18,951,031	\$ 19,171,079	

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, 2019, with comparative information for 2018

	Restricted Funds					Total	Total 2019	Total 2018
	General Fund (Schedule 1)	Capital Assets Fund (Schedule 2)	Non- Discretionary Fund	Discretionary Fund				
<b>Revenue:</b>								
Vancouver Coastal Health Authority	\$ 13,212,650	\$ -	\$ -	\$ -	\$ -	\$ 13,212,650	\$ 12,817,778	
User fees	3,678,448	-	-	-	-	3,678,448	3,623,989	
Subsidies	105,843	10,000	-	-	10,000	115,843	68,325	
Investment income (note 3)	60,042	134,083	1,665	967	136,715	196,757	148,461	
Donations & other	64,026	200,000	-	-	200,000	264,026	16,314	
	17,121,009	344,083	1,665	967	346,715	17,467,724	16,674,867	
<b>Expenses:</b>								
Wages and benefits	13,593,149	-	-	-	-	13,593,149	12,659,670	
Property and maintenance (note 17)	1,164,729	112,231	-	-	112,231	1,276,960	1,125,018	
Food	482,342	-	-	-	-	482,342	514,789	
Purchased supplies and services	426,016	-	-	-	-	426,016	424,751	
Administration	307,018	-	-	16,940	16,940	323,958	339,891	
Mortgage interest	-	43,472	-	-	43,472	43,472	53,548	
Amortization of capital assets	-	536,409	-	-	536,409	536,409	543,307	
	15,973,254	692,112	-	16,940	709,052	16,682,306	15,660,974	
Excess (deficiency) of revenue over expenses	1,147,755	(348,029)	1,665	(15,973)	(362,337)	785,418	1,013,893	
Fund balances, beginning of year	75,727	13,320,016	64,741	54,549	13,439,306	13,515,033	12,789,060	
Interfund transfers (note 13)	(1,307,598)	1,307,598	-	-	1,307,598	-	-	
Remeasurement of sick and severance liability (note 8)	(576,130)	-	-	-	-	(576,130)	(287,920)	
Fund balances, end of year	\$ (660,246)	\$ 14,279,585	\$ 66,406	\$ 38,576	\$ 14,384,567	\$ 13,724,321	\$ 13,515,033	

See accompanying notes to financial statements.

# LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

## Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 785,418	\$ 1,013,893
Items not involving cash:		
Amortization of capital assets	536,409	543,307
Remeasurement of sick and severance liability	(576,130)	(287,920)
Change in non-cash operating working capital:		
Accounts receivable	(53,492)	(8,227)
Supplies	6,696	11,829
Prepaid expenses	(105,222)	(50,276)
Accounts payable and accrued liabilities	147,821	(70,353)
Sick and severance liability	167,310	(29,450)
Deferred revenue	(71,844)	168,846
	836,966	1,291,649
Financing:		
Principal payments on long-term debt	(672,623)	(662,548)
Investing:		
Purchase of capital assets	(490,028)	(48,087)
Purchase of restricted and unrestricted investments at fair value, net	(139,033)	(202,638)
	(629,061)	(250,725)
Increase (decrease) in cash and cash equivalents	(464,718)	378,376
Cash and cash equivalents, beginning of year	1,221,450	843,074
Cash and cash equivalents, end of year	\$ 756,732	\$ 1,221,450

See accompanying notes to financial statements.

# LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements

Year ended March 31, 2019

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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, 2019

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## 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:

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

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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, 2019

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## 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, 2019, and the next required valuation will be as of March 31, 2020.

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, 2019

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## 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:

	2019	2018
Accounts receivable	\$ 180,006	\$ 126,514
Less: allowance for doubtful accounts	17,173	17,173
	<u>\$ 162,833</u>	<u>\$ 109,341</u>

## 3. Investments at fair value:

	2019	2018
Fixed income	\$ 2,611,120	\$ 2,633,748
Canadian equity	503,688	233,351
U.S. equity	121,908	32,636
Foreign equity	23,600	221,548
Total investments at fair value	<u>\$ 3,260,316</u>	<u>\$ 3,121,283</u>

# LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2019

### 3. Investments at fair value (continued):

	2019	2018
Represented by:		
Replacement reserves	\$ 812,349	\$ 706,848
General fund (note 5)	309,583	308,426
Non-discretionary reserves	66,406	64,741
Externally restricted investments	1,188,338	1,080,015
Minor equipment reserves	413,668	495,386
Replacement reserves	915,803	663,006
Discretionary reserve	5,154	21,965
Special resident funds	33,422	32,584
Internally restricted investments	1,368,047	1,212,941
General fund	586,760	714,094
Advance capital grants	117,171	114,233
Unrestricted investments	703,931	828,327
	\$ 3,260,316	\$ 3,121,283

### Investment income:

	2019	2018
Interest and dividends	\$ 162,093	\$ 132,118
Realized gain	34,664	16,343
	\$ 196,757	\$ 148,461

# LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2019

## 4. Capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Little Mountain Court:				
Land improvements	\$ 1,736,563	\$ 911,439	\$ 825,124	\$ 854,557
Buildings	3,686,755	1,909,184	1,777,571	1,840,059
Furnishings	102,907	47,426	55,481	62,341
Minor equipment	26,122	7,837	18,285	23,510
	5,552,347	2,875,886	2,676,461	2,780,467
Little Mountain Place:				
Land improvements	649,042	349,587	299,455	310,456
Buildings	9,142,180	4,487,801	4,654,379	4,809,331
Furnishings	1,409,465	1,196,279	213,186	21,233
Minor equipment	1,258,923	1,208,348	50,575	-
	12,459,610	7,242,015	5,217,595	5,141,020
Adanac Park Lodge:				
Buildings	9,501,972	3,061,220	6,440,752	6,601,803
Furnishings	1,228,648	1,123,689	104,959	81,174
Minor equipment	998,363	880,047	118,316	-
Bus	56,877	56,877	-	-
	11,785,860	5,121,833	6,664,027	6,682,977
	\$ 29,797,817	\$ 15,239,734	\$ 14,558,083	\$ 14,604,464

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, 2019, the Society has drawn nil (2018 - nil) from this facility.

## 6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$137,967 (2018 - \$79,940) relating to payroll withholdings and remittances owing.

# LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2019

## 7. 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:

	2019	2018
Little Mountain Place	\$ 69,558	\$ 214,492
Little Mountain Place - VCHA Restricted	45,285	-
Little Mountain Court	26,750	26,750
Adanac Park Lodge	19,058	19,508
Adanac Park Lodge - VCHA Restricted	28,255	-
	<u>\$ 188,906</u>	<u>\$ 260,750</u>

## 8. 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, 2019.

	2019	2018
Composition of accrued benefit liability:		
Little Mountain Place	\$ 577,530	\$ 543,350
Adanac Park Lodge	524,590	391,460
Total liability	1,102,120	934,810
Less current portion	236,403	138,214
	<u>\$ 865,717</u>	<u>\$ 796,596</u>

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

	2019	2018
Balance, beginning of year	\$ 934,810	\$ 964,260
Current service cost	90,210	90,490
Interest cost	30,850	28,930
Actual benefits paid	(529,880)	(436,790)
Actuarial remeasurement loss	576,130	287,920
Balance, end of year	<u>\$ 1,102,120</u>	<u>\$ 934,810</u>

# LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2019

## 8. Sick and severance liability (continued):

The liability reported is based on an actuarial valuation as at March 31, 2019 using the following valuation assumptions:

	2019	2018
Discount rate	3.10%	3.30%
Expected wage and salary increases	2.50%	2.50%
Expected inflation	2.00%	1.85%

## 9. Long-term debt:

	2019	2018
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	\$ 1,423,030	\$ 1,833,470
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	1,168,268	1,430,451
	2,591,298	3,263,921
Less current portion	682,616	672,308
	\$ 1,908,682	\$ 2,591,613

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 \$672,623 (2018 - \$662,548) was funded by an inter-fund transfer from the General Fund (note 13).

Principal repayments for the next five years are as follows:

2020	\$ 682,616
2021	693,093
2022	703,761
2023	421,524
2024	90,304
	\$ 2,591,298

# LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2019

## 10. Invested in capital assets:

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

	2019	2018
Capital assets, net book value	\$ 14,558,083	\$ 14,604,464
Amounts financed by long-term debt	(2,591,298)	(3,263,921)
	\$ 11,966,785	\$ 11,340,543

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

	2019	2018
Balance, beginning of year	\$ 11,340,543	\$ 11,173,215
Purchase of capital assets	490,028	48,087
Amortization of capital assets	(536,409)	(543,307)
Principal repayments of long-term debt	672,623	662,548
Balance, end of year	\$ 11,966,785	\$ 11,340,543

## 11. 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.

	2019	2018
Externally restricted:		
Little Mountain Place	\$ 619,764	\$ 528,350
Little Mountain Court	192,585	178,498
	812,349	706,848
Internally restricted:		
Adanac Park Lodge	113,522	162,841
Little Mountain Place	802,281	500,165
	915,803	663,006
	\$ 1,728,152	\$ 1,369,854



# LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2019

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## 12. Commitments and contingencies:

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

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2020	\$	9,588
2021		9,588
		<hr/>
		\$ 19,176

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- (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.

## 13. Interfund transfers:

Transfer from General Fund to Restricted Funds:

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	2019	2018
Principal payments on long-term debt (note 9)	\$ 672,623	\$ 662,548
Mortgage interest on long-term debt	43,472	53,548
Allocations to externally restricted replacement reserves	96,986	98,210
Allocation to internally restricted replacement reserves	396,399	395,104
Purchase of capital assets	98,118	48,087
		<hr/>
		\$ 1,307,598
		\$ 1,257,497

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## 14. Economic dependence:

Vancouver Coastal Health Authority funds approximately 76% (2018 - 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, 2019

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## 15. Employee pension plan:

The employer and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2018, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 206 contributors from the Society.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and 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 may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2018 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

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 allocating the obligation, assets and cost to individual employers participating in the plan.

The Society paid \$886,238 (2018 - \$849,898) for employer contributions while employees contributed \$775,804 (2018 - \$727,006) to the Plan in fiscal 2019.

## 16. 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, 2019 were \$134,673 and \$31,158, respectively (2018 - \$130,757 and \$15,593). 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, 2019

## 17. 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:

	2019	2018
Garbage	\$ 8,827	\$ 8,701
Heat and lights	92,091	66,196
Water and sewer	79,040	32,407
	\$ 179,958	\$ 107,304

## 18. Remuneration of directors, employees and contractors:

- (a) During the year, the Society paid \$990,872 (2018 - \$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.

## 19. 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 the prior year.

- (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 the prior year.

- (c) Interest rate risk:

The Society is exposed to interest rate risk on its fixed interest rate financial instruments with respect to fair value risk. Further details about the fixed rate investments are included in note 3 and the long-term debt are included in note 9.

# LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

## General Fund Operations and Changes in Fund Balances

Schedule 1

Year ended March 31, 2019, with comparative information for 2018

	Little Mountain Place		Adanac Park Lodge		Little Mountain Court		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenue:								
Vancouver Coastal Health Authority	\$ 7,732,440	\$ 7,392,640	\$ 5,480,210	\$ 5,425,138	\$ -	\$ -	\$ 13,212,650	\$ 12,817,778
User fees	2,042,843	1,968,411	1,096,878	1,128,318	538,727	527,260	3,678,448	3,623,989
Subsidies	-	-	-	-	105,843	68,325	105,843	68,325
Investment income	60,042	41,282	-	-	-	-	60,042	41,282
Miscellaneous	33,095	(288)	23,880	8,099	7,051	8,503	64,026	16,314
	9,868,420	9,402,045	6,600,968	6,561,555	651,621	604,088	17,121,009	16,567,688
Expenses:								
Wages and benefits	7,843,549	7,086,148	5,620,490	5,440,820	129,110	132,702	13,593,149	12,659,670
Property and maintenance	532,575	550,188	378,356	305,875	253,798	205,085	1,164,729	1,061,148
Food	300,651	304,364	181,691	210,425	-	-	482,342	514,789
Purchased supplies and services	246,380	244,126	179,636	180,431	-	194	426,016	424,751
Administration	213,970	206,236	85,859	92,111	7,189	18,602	307,018	316,949
	9,137,125	8,391,062	6,446,032	6,229,662	390,097	356,583	15,973,254	14,977,307
Excess of revenue over expenses	731,295	1,010,983	154,936	331,893	261,524	247,505	1,147,755	1,590,381
Fund balances (deficit), beginning of year	1,148,499	1,082,966	(856,336)	(931,719)	(216,436)	(120,484)	75,727	30,763
Interfund transfers:								
Capital Assets Fund for principal repaid	(410,440)	(403,070)	-	-	(262,183)	(259,478)	(672,623)	(662,548)
Capital Assets Fund for mortgage interest paid	(29,866)	(37,236)	-	-	(13,606)	(16,312)	(43,472)	(53,548)
Capital Assets Fund for reserves - externally restricted	(56,666)	(56,665)	-	-	(40,320)	(41,545)	(96,986)	(98,210)
Capital Assets Funds for reserves - internally restricted	(283,500)	(255,104)	(112,899)	(140,000)	-	-	(396,399)	(395,104)
Capital additions	(98,118)	(21,965)	-	-	-	(26,122)	(98,118)	(48,087)
	(878,590)	(774,040)	(112,899)	(140,000)	(316,109)	(343,457)	(1,307,598)	(1,257,497)
Remeasurement of sick and severance liability	(359,950)	(171,410)	(216,180)	(116,510)	-	-	(576,130)	(287,920)
Fund balances (deficit), end of year	\$ 641,254	\$ 1,148,499	\$ (1,030,479)	\$ (856,336)	\$ (271,021)	\$ (216,436)	\$ (660,246)	\$ 75,727

# LITTLE MOUNTAIN RESIDENTIAL CARE & HOUSING SOCIETY

## Capital Assets Fund Operations and Changes in Fund Balances

Schedule 2

Year ended March 31, 2019, with comparative information for 2018

	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	2019	2018
Revenue:										
Investment income	\$ -	\$ 2,938	\$ 34,748	\$ 12,013	\$ 45,846	\$ 11,900	\$ 20,682	\$ 5,956	\$ 134,083	\$ 104,199
BC Housing Management Commission	-	-	-	10,000	-	-	-	-	10,000	-
Donation income	-	200,000	-	-	-	-	-	-	200,000	-
	-	202,938	34,748	22,013	45,846	11,900	20,682	5,956	344,083	104,199
Expenses:										
Property and maintenance	-	-	-	48,246	27,230	-	28,845	7,910	112,231	63,870
Mortgage interest	43,472	-	-	-	-	-	-	-	43,472	53,548
Amortization of capital assets	536,409	-	-	-	-	-	-	-	536,409	543,307
	579,881	-	-	48,246	27,230	-	28,845	7,910	692,112	660,725
Excess (deficiency) of revenue over expenses	(579,881)	202,938	34,748	(26,233)	18,616	11,900	(8,163)	(1,954)	(348,029)	(556,526)
Fund balances, beginning 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
Interfund transfers:										
General Fund for principal repaid	672,623	-	-	-	-	-	-	-	672,623	662,548
General Fund for mortgage interest paid	43,472	-	-	-	-	-	-	-	43,472	53,548
Capital additions	490,028	(146,191)	-	-	-	(174,118)	(39,235)	(32,366)	98,118	48,087
Allocations to replacement reserves	-	-	56,666	40,320	283,500	112,899	-	-	493,385	493,314
	1,206,123	(146,191)	56,666	40,320	283,500	(61,219)	(39,235)	(32,366)	1,307,598	1,257,497
Fund balances, end of year	\$ 11,966,785	\$ 170,980	\$ 619,764	\$ 192,585	\$ 802,281	\$ 113,522	\$ 330,274	\$ 83,394	\$ 14,279,585	\$ 13,320,016