

CAMPBELL, SAUNDERS & CO.



JEWISH HOME FOR THE AGED  
OF BRITISH COLUMBIA

OPERATING AS  
LOUIS BRIER HOME AND HOSPITAL

FINANCIAL STATEMENTS  
MARCH 31, 2007

INDEX TO FINANCIAL STATEMENTS

	<u>Page No.</u>
AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF CHANGES IN NET ASSETS	3
STATEMENT OF OPERATIONS	4
STATEMENT OF CASH FLOW	5
NOTES TO THE FINANCIAL STATEMENTS	6-12

# CAMPBELL, SAUNDERS & CO.

Chartered Accountants



Page 1

## AUDITORS' REPORT

To: The Members of  
Jewish Home For The Aged Of British Columbia  
Operating as Louis Brier Home and Hospital

We have audited the statement of financial position of **The Jewish Home For The Aged of British Columbia** as at March 31, 2007 and the statements of operations and changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Note 2 to the financial statements describes the basis of accounting followed by the Society with respect to amortizing a portion of the cost of the building at an annual amount equivalent to the principal reduction of the mortgage payable during the year. The basis of accounting is required by Canada Mortgage and Housing Corporation. In these respects the financial statements are not in accordance with Canadian generally accepted accounting principles. The effect of this departure from Canadian generally accepted principles has not been determined.

In our opinion, except for the method used to determine amortization expense related to a portion of the cost of the building, these financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2007 and the results of its operations and the changes in its net assets and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script that reads "Campbell Saunders &amp; Co." followed by a small mark.

CHARTERED ACCOUNTANTS

Vancouver, B.C.  
May 25, 2007

JEWISH HOME FOR THE AGED OF BRITISH COLUMBIA  
OPERATING AS LOUIS BRIER HOME AND HOSPITAL

STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2007

	2007	2006
<b>CURRENT ASSETS</b>		
Cash and short-term investments	\$ 2,002,269	\$ 1,878,791
Accounts receivable	108,701	875,672
Due from Louis Brier Jewish Aged Foundation	111,679	10,906
Due from Louis Brier Jewish Residence Society (Note 4)	313,498	549,766
Inventory	131,955	139,575
Prepaid expenses	<u>21,202</u>	<u>15,403</u>
	2,689,304	3,470,113
RESTRICTED CASH (Note 5)	57,673	16,325
PROPERTY, PLANT AND EQUIPMENT (Note 6)	<u>6,661,174</u>	<u>7,095,678</u>
	<u>\$ 9,408,151</u>	<u>\$10,582,116</u>
 <b>TRUST FUNDS (Note 7)</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 1,294,372	\$ 1,814,454
Deferred operating revenue (Note 8)	763,679	1,064,197
Current portion of sick and severance payable (Note 9)	138,311	85,561
Current portion of mortgage payable (Note 10)	<u>12,789</u>	<u>11,824</u>
	2,209,151	2,976,036
REPLACEMENT RESERVE (Note 5)	57,673	16,325
SICK AND SEVERANCE PAYABLE (Note 9)	915,189	885,887
MORTGAGE PAYABLE (Note 10)	699,332	712,121
DEFERRED CAPITAL FUNDING (Note 11)	<u>6,195,004</u>	<u>6,661,986</u>
	<u>10,076,349</u>	<u>11,252,355</u>
 <b>CONTINGENCIES (Note 12)</b>		
<b>NET ASSETS</b>		
Unrestricted	(721,893)	(722,209)
Restricted Special Purpose (Note 13)	<u>53,695</u>	<u>51,970</u>
	<u>(668,198)</u>	<u>(670,239)</u>
	<u>\$ 9,408,151</u>	<u>\$10,582,116</u>

APPROVED BY THE DIRECTORS:

*Vaughan Jellicoe*  
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*Jennifer Karro*  
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JEWISH HOME FOR THE AGED OF BRITISH COLUMBIA  
OPERATING AS LOUIS BRIER HOME AND HOSPITAL

STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2007

	Unrestricted	Invested in Property, Plant & Equipment	Restricted Special Purpose	2007	2006
BALANCE - BEGINNING OF YEAR	<u>\$ (722,209)</u>	<u>\$ -</u>	<u>\$51,970</u>	<u>\$ (670,239)</u>	<u>\$ (251,876)</u>
Excess of revenue over expenses (expenses over revenue)	316	-	1,725	2,041	(418,363)
Amortization of deferred capital funding	(759,999)	759,999	-	-	-
Amortization of property, plant and equipment	771,823	(771,823)	-	-	-
Mortgage principal repaid	<u>(11,824)</u>	<u>11,824</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in year	<u>316</u>	<u>-</u>	<u>1,725</u>	<u>2,041</u>	<u>(418,363)</u>
BALANCE - END OF YEAR	<u>\$ (721,893)</u>	<u>\$ -</u>	<u>\$ 53,695</u>	<u>\$ (668,198)</u>	<u>\$ (670,239)</u>

JEWISH HOME FOR THE AGED OF BRITISH COLUMBIA  
OPERATING AS LOUIS BRIER HOME AND HOSPITAL

STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
<b>REVENUES</b>		
Vancouver Coastal Health grant	\$ 8,858,347	\$ 9,208,740
Resident charges	3,504,520	3,392,394
Donations	6,763	18,150
Foundation contribution	265,264	215,000
Gaming revenue	58,286	55,000
Other revenue (Note 14)	92,261	63,519
Amortization of deferred capital funding (Note 11)	<u>759,999</u>	<u>750,884</u>
	<u>13,545,440</u>	<u>13,703,687</u>
<b>EXPENSES</b>		
Salaries	8,432,642	8,806,581
Employee benefits (Note 9)	<u>2,237,730</u>	<u>2,576,845</u>
	10,670,372	11,383,426
Administration	218,909	191,668
Amortization	771,823	761,816
Dietary	755,836	735,515
Housekeeping	37,711	37,241
Laundry and linen	39,155	36,847
Nursing and medical	375,180	357,211
Plant operation	318,265	307,518
Plant maintenance	202,782	137,245
Therapy	98,616	110,833
Mortgage interest	<u>56,475</u>	<u>57,373</u>
	<u>13,545,124</u>	<u>14,116,693</u>
Net operating surplus (deficiency)	<u>316</u>	<u>(413,006)</u>
Special Purpose revenue	1,920	1,482
Special Purpose expense	<u>(195)</u>	<u>(6,839)</u>
	<u>1,725</u>	<u>(5,357)</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>		
<b>(EXPENSES OVER REVENUE) FOR THE YEAR</b>	<u>\$ 2,041</u>	<u>\$ (418,363)</u>

JEWISH HOME FOR THE AGED OF BRITISH COLUMBIA  
OPERATING AS LOUIS BRIER HOME AND HOSPITAL

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
<b>OPERATIONS</b>		
Surplus (deficit) from operations	\$ 316	\$ (413,006)
Surplus (deficit) special purpose funds	<u>1,725</u>	<u>(5,357)</u>
	2,041	(418,363)
Non-cash items		
Amortization of deferred capital funding	(759,999)	(750,884)
Amortization of property, plant and equipment	<u>771,823</u>	<u>761,816</u>
	13,865	(407,431)
Changes in other operating assets and liabilities	<u>136,437</u>	<u>313,624</u>
	<u>150,302</u>	<u>(93,807)</u>
<b>FINANCING</b>		
Reduction in mortgage payable	(11,824)	(10,932)
(Reduction) increase in replacement reserve	41,348	(802)
Increase in deferred capital funding	293,017	433,380
Increase in sick and severance payable	<u>29,302</u>	<u>478,849</u>
	<u>351,843</u>	<u>900,495</u>
<b>INVESTMENT</b>		
Additions to property, plant and equipment	<u>(337,319)</u>	<u>(335,994)</u>
<b>INCREASE IN CASH</b>	164,826	470,694
Cash - beginning of year	<u>1,895,116</u>	<u>1,424,422</u>
<b>CASH - END OF YEAR</b>	<u><u>\$2,059,942</u></u>	<u><u>\$1,895,116</u></u>
<b>REPRESENTED BY:</b>		
Unrestricted	\$1,948,574	\$1,826,821
Special purpose	<u>53,695</u>	<u>51,970</u>
	2,002,269	1,878,791
Restricted	<u>57,673</u>	<u>16,325</u>
	<u><u>\$2,059,942</u></u>	<u><u>\$1,895,116</u></u>

JEWISH HOME FOR THE AGED OF BRITISH COLUMBIA  
OPERATING AS LOUIS BRIER HOME AND HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2007

**NOTE 1 - PURPOSE OF THE ORGANIZATION**

The Jewish Home for the Aged of B.C., operating as Louis Brier Home and Hospital provides residential health care, social and religious programs as prescribed by the Ministry of Health. It is registered under the Society Act of British Columbia as a not-for-profit organization and is a registered charity under the Income Tax Act.

**NOTE 2 - BASIS OF ACCOUNTING**

These financial statements have been prepared in accordance with the significant accounting policies set out in Note 3 below to comply with the basis of accounting required by Canada Mortgage and Housing Corporation ("CMHC"). This basis of accounting used in these financial statements differs from Canadian generally accepted accounting principles because amortization is not provided on the entire building over its estimated useful life but rather a portion is amortized at a rate equal to the annual principal reduction of the mortgage.

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial Statements:

The Society prepares its financial statements based on the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Investment income is recognized as it accrues. Investment income earned in a restricted fund is recorded as an increase in the fund balance.

Inventory:

Inventory is valued at the lower of cost and replacement cost.

Property, plant and equipment:

Property, plant and equipment are valued at cost.

Amortization of Property, Plant and Equipment:

Buildings which are not encumbered by a mortgage are amortized on a straight-line basis over 20 years. Buildings which are encumbered by a mortgage are amortized by the annual principal reduction of the mortgage in accordance with the terms of the mortgage referred to in Note 10.

Equipment is amortized on a straight-line basis over 10 years.

Transportation equipment is amortized on a straight-line basis over 15 years.

Computer equipment is amortized on a straight-line basis over 5 years.



JEWISH HOME FOR THE AGED OF BRITISH COLUMBIA  
OPERATING AS LOUIS BRIER HOME AND HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2007

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Grants Received:

Government grants toward current expenses or revenues are included in the determination of net income for the year.

Grants or other types of assistance received toward the acquisition of capital assets are deferred and amortized to income on the same basis as the related capital assets are amortized.

Replacement reserve:

In accordance with the terms of the mortgage referred to in Note 10, the Society has set up a replacement reserve to cover the replacement of certain types of capital assets. The replacement reserve is funded by an annual charge against earnings and any expenditures must be approved by the mortgagor.

Contributed services:

The work of the Society is dependent on the efforts of many volunteers. Because these services are not normally purchased by the Society and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.

Use of Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

NOTE 4 - DUE FROM LOUIS BRIER JEWISH RESIDENCE SOCIETY

The Jewish Home For The Aged of British Columbia (Home) has leased a portion of the land referred to in Note 6 to the Louis Brier Jewish Residence Society (Society) for a term of 99 years at an Annual Basic Rent of \$10.00 per annum. The permitted use of the premises are the operation of a charitable non-profit senior's congregate care (assisted living) and multi level facility as a complementary facility to the Jewish Home For The Aged.

In 2003, the Society completed the construction of its facilities and commenced operations in line with the permitted use of the premises under the lease referred to above.

JEWISH HOME FOR THE AGED OF BRITISH COLUMBIA  
OPERATING AS LOUIS BRIER HOME AND HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2007

NOTE 4 - DUE FROM LOUIS BRIER JEWISH RESIDENCE SOCIETY (Cont'd)

The Home provides administrative, operational and management services to the Society on a cost recovery basis.

The amount receivable at year end is as follows:

	2007	2006
Operational services provided	\$163,498	\$549,766
Loan receivable, prime less 2 ¼%, with no fixed terms of repayment	<u>150,000</u>	<u>-</u>
	<u>\$313,498</u>	<u>\$549,766</u>

NOTE 5 - REPLACEMENT RESERVE

Replacement Reserve comprises the following:

	2007	2006
BALANCE - BEGINNING OF YEAR	\$16,325	\$17,127
Annual charge to operations	5,110	5,110
Interest earned	1,238	454
Vancouver Coastal Health contribution	35,000	-
Disbursement	<u>-</u>	<u>(6,366)</u>
BALANCE - END OF YEAR	<u>\$57,673</u>	<u>\$16,325</u>

Cash of \$57,673 (2006-\$16,325) is earmarked for the Replacement Reserve.

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise the following:

	Cost	Accumulated Amortization	2007 Net Book Value	2006 Net Book Value
General Fund				
Cost				
Land (Note 4)	\$ 316,475	\$ -	\$ 316,475	\$ 316,475
Buildings	14,287,097	8,854,547	5,432,550	6,021,490
Equipment	4,188,739	3,469,760	718,979	615,567
Bus	134,364	17,915	116,449	125,406
Projects in progress	<u>76,721</u>	<u>-</u>	<u>76,721</u>	<u>16,740</u>
	<u>\$19,003,396</u>	<u>\$12,342,222</u>	<u>\$6,661,174</u>	<u>\$7,095,678</u>

JEWISH HOME FOR THE AGED OF BRITISH COLUMBIA  
OPERATING AS LOUIS BRIER HOME AND HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2007

## NOTE 7 - TRUST FUNDS

The Society administers certain funds on behalf of the residents. These amounts are not reflected in the financial statements and are comprised as follows:

	2007	2006
Residents' Trust Fund	<u>\$27,681</u>	<u>\$19,409</u>
Residents' Trust Liabilities	<u>\$27,681</u>	<u>\$19,409</u>

## NOTE 8 - DEFERRED OPERATING REVENUE

Deferred operating revenue represents revenue received in advance and comprises the follows:

	2007	2006
MOH-MDS project funding	\$588,600	\$ 588,600
Vancouver Coastal Health grant- operating	-	313,955
Vancouver Coastal Health grant- education	40,480	46,870
Gaming revenue	40,000	56,942
Donation	75,000	50,000
Resident charges	<u>19,599</u>	<u>7,830</u>
	<u>\$763,679</u>	<u>\$1,064,197</u>

## NOTE 9 - SICK AND SEVERANCE

Under the terms of the employer's union contracts, employees with ten years of service and having reached a certain age are entitled to receive special payments upon retirement (or other circumstances specified in the collective agreement). 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 have been estimated by actuarial valuation as at March 31, 2007 using an early measurement date of December 31, 2006.

JEWISH HOME FOR THE AGED OF BRITISH COLUMBIA  
OPERATING AS LOUIS BRIER HOME AND HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2007

## NOTE 9 - SICK AND SEVERANCE (Cont'd)

The accumulation benefit obligation for sick leave and severance benefits as at March 31, 2007 is as follows:

	2007	2006
Per actuarial valuation		
Sick leave benefits	\$ 392,471	\$410,606
Severance benefits	<u>743,570</u>	<u>560,842</u>
Total	<u>\$1,136,041</u>	<u>\$971,448</u>
Per financial statements	<u>\$1,053,500</u>	<u>\$971,448</u>
Differential	<u>\$ 82,541</u>	<u>\$ -</u>

In 2006 a charge of \$414,003 was included in Employee Benefits.

## NOTE 10 - MORTGAGE PAYABLE

Mortgage payable comprises the following:

	2007	2006
CMHC 8%, payable \$5,698 monthly, principal and interest, due January 2030, secured by a first mortgage on land and buildings, costing \$946,270.	\$712,121	\$723,945
Less: Principal amount due within one year	<u>(12,789)</u>	<u>(11,824)</u>
	<u>\$699,332</u>	<u>\$712,121</u>

Principal repayments due within the next five fiscal years are as follows:

March 31, 2008	\$12,789
2009	13,832
2010	14,961
2011	16,182
2012	17,502

JEWISH HOME FOR THE AGED OF BRITISH COLUMBIA  
OPERATING AS LOUIS BRIER HOME AND HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2007

## NOTE 11 - DEFERRED CAPITAL FUNDING

Deferred capital funding comprises the following:

	2007	2006
BALANCE - BEGINNING OF YEAR	\$6,661,986	\$6,979,489
Foundation contribution	85,986	217,820
Vancouver Coastal Health contribution	-	30,520
Other amounts	207,031	185,041
Amortization	<u>(759,999)</u>	<u>(750,884)</u>
BALANCE - END OF YEAR	<u>\$6,195,004</u>	<u>\$6,661,986</u>

Deferred capital funding represents grants and donations received towards the acquisition of Property, Plant and Equipment. Such amounts are deferred and amortized to income on the same basis as the related property, plant and equipment are amortized.

At March 31, 2007, \$245,131 (2006 - \$290,253) of amounts received were unspent.

## NOTE 12 - CONTINGENCIES

The Jewish Home for the Aged of B.C. has guaranteed the bank indebtedness of the Louis Brier Jewish Residence Society to a maximum of \$4,000,000, secured by a Mortgage and Assignment of Rents in the amount of \$2,000,000. At March 31, 2007, the amount guaranteed was \$1,714,608 (2006 - \$1,814,009).

## NOTE 13 - RESTRICTED SPECIAL PURPOSE NET ASSETS

Restricted Special Purpose Net Assets comprises the following:

	Albert O. Kaplan Perpetual Scholarship	Abrasha Wosk Project Fund	Bernstone Fund	Comfort Fund	Snider Fund	Total
Balance-Beginning of year	\$ 6,426	\$4,952	\$13,267	\$18,234	\$9,091	\$51,970
Revenue	238	183	491	675	333	1,920
Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	(195)	(195)
Balance - end of year	<u>\$ 6,664</u>	<u>\$5,135</u>	<u>\$13,758</u>	<u>\$18,909</u>	<u>\$9,229</u>	<u>\$53,695</u>

JEWISH HOME FOR THE AGED OF BRITISH COLUMBIA  
OPERATING AS LOUIS BRIER HOME AND HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2007

## NOTE 14 - OTHER REVENUE

	2007	2006
Other revenue comprises the following:		
Investment income	\$65,164	\$28,908
Membership fees	2,464	3,033
Miscellaneous revenue	<u>24,633</u>	<u>31,578</u>
	<u>\$92,261</u>	<u>\$63,519</u>

## NOTE 15 - ECONOMIC DEPENDENCE

The Society's main source of revenue is derived from Provincial funding provided by Vancouver Coastal Health. Therefore its ability to continue viable operations is dependent upon maintaining its right to act as an authorized care facility.

## NOTE 16 - FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, accounts receivable, accounts payable and the mortgage payable. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest or credit risk arising from these financial instruments. The fair value of these financial instruments approximate their carrying values unless otherwise noted.