

CAMPBELL, SAUNDERS & CO.



JEWISH HOME FOR THE AGED
OF BRITISH COLUMBIA

OPERATING AS
LOUIS BRIER HOME AND HOSPITAL

FINANCIAL STATEMENTS
MARCH 31, 2008

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CAMPBELL, SAUNDERS & CO.

Chartered Accountants

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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, 2008 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.

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.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2008 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.



CHARTERED ACCOUNTANTS

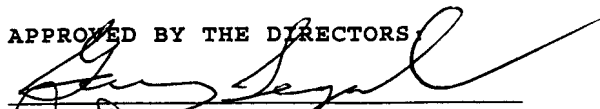
Vancouver, B.C.
May 13, 2008

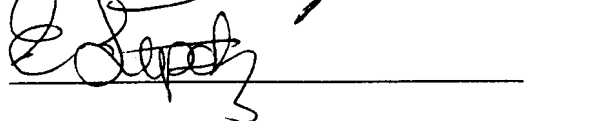
JEWISH HOME FOR THE AGED OF BRITISH COLUMBIA
OPERATING AS LOUIS BRIER HOME AND HOSPITAL

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2008

	2008	2007 (Restated)
CURRENT ASSETS		
Cash and short-term investments	\$ 1,742,916	\$ 2,002,269
Accounts receivable	142,344	108,701
Due from Louis Brier Jewish Aged Foundation	87,979	111,679
Due from Louis Brier Jewish Residence Society (Note 4)	542,329	313,498
Inventory	123,332	131,955
Prepaid expenses	<u>111,058</u>	<u>21,202</u>
	2,749,958	2,689,304
RESTRICTED CASH (Note 5)	34,065	57,673
PROPERTY, PLANT AND EQUIPMENT (Note 6)	<u>6,665,363</u>	<u>6,183,256</u>
	<u>\$ 9,449,386</u>	<u>\$ 8,930,233</u>
TRUST FUNDS (Note 7)		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,498,742	\$ 1,294,372
Deferred operating revenue (Note 8)	788,620	763,679
Current portion of sick and severance payable (Note 9)	136,766	138,311
Current portion of mortgage payable (Note 10)	<u>13,832</u>	<u>12,789</u>
	2,437,960	2,209,151
REPLACEMENT RESERVE (Note 5)	34,065	57,673
SICK AND SEVERANCE PAYABLE (Note 9)	1,017,022	915,189
MORTGAGE PAYABLE (Note 10)	685,500	699,332
DEFERRED CAPITAL FUNDING (Note 11)	<u>5,843,330</u>	<u>5,717,086</u>
	<u>10,017,877</u>	<u>9,598,431</u>
CONTINGENCIES (Note 12)		
NET ASSETS		
Unrestricted	(900,164)	(721,893)
Invested in property, plant and equipment	275,953	-
Restricted Special Purpose (Note 13)	<u>55,720</u>	<u>53,695</u>
	<u>(568,491)</u>	<u>(668,198)</u>
	<u>\$ 9,449,386</u>	<u>\$ 8,930,233</u>

APPROVED BY THE DIRECTORS:





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, 2008

	Unrestricted	Invested in Property, Plant & Equipment	Restricted Special Purpose	2008	2007
BALANCE - BEGINNING OF YEAR	<u>\$ (721,893)</u>	<u>\$ -</u>	<u>\$53,695</u>	<u>\$ (668,198)</u>	<u>\$ (670,239)</u>
Excess of revenue over expenses	97,682	-	2,025	99,707	2,041
Purchase of assets internally funded	(274,129)	274,129	-	-	-
Amortization of deferred capital funding	(369,307)	369,307	-	-	-
Amortization of property, plant and equipment	380,272	(380,272)	-	-	-
Mortgage principal repaid	<u>(12,789)</u>	<u>12,789</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in year	<u>(178,271)</u>	<u>275,953</u>	<u>2,025</u>	<u>99,707</u>	<u>2,041</u>
BALANCE - END OF YEAR	<u>\$ (900,164)</u>	<u>\$ 275,953</u>	<u>\$ 55,720</u>	<u>\$ (568,491)</u>	<u>\$ (668,198)</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, 2008

	2008	2007 (Restated)
REVENUES		
Vancouver Coastal Health grant	\$ 9,290,308	\$ 8,858,347
Resident charges	3,570,869	3,504,520
Donations	2,635	6,763
Foundation contribution	270,659	265,264
Gaming revenue	40,889	58,286
Other revenue (Note 14)	214,942	92,261
Amortization of deferred capital funding (Note 11)	<u>369,307</u>	<u>769,466</u>
	<u>13,759,609</u>	<u>13,554,907</u>
EXPENSES		
Salaries	8,799,597	8,432,642
Employee benefits (Note 9)	<u>2,372,040</u>	<u>2,237,730</u>
	11,171,637	10,670,372
Administration	212,533	218,909
Amortization	380,272	781,290
Dietary	767,473	755,836
Housekeeping	38,503	37,711
Laundry and linen	44,593	39,155
Nursing and medical	396,599	375,180
Plant operation	316,911	332,380
Plant maintenance	195,361	188,667
Therapy	82,541	98,616
Mortgage interest	<u>55,504</u>	<u>56,475</u>
	<u>13,661,927</u>	<u>13,554,591</u>
Net operating surplus	<u>97,682</u>	<u>316</u>
Special Purpose revenue	2,025	1,920
Special Purpose expense	<u>-</u>	<u>(195)</u>
	<u>2,025</u>	<u>1,725</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 99,707</u>	<u>\$ 2,041</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, 2008

	2008	2007
OPERATIONS		
Surplus from operations	\$ 97,682	\$ 316
Surplus from special purpose funds	<u>2,025</u>	<u>1,725</u>
	99,707	2,041
Non-cash items		
Amortization of deferred capital funding	(369,307)	(769,466)
Amortization of property, plant and equipment	<u>380,272</u>	<u>781,290</u>
	110,672	13,865
Changes in other operating assets and liabilities	<u>(92,242)</u>	<u>136,437</u>
	<u>18,430</u>	<u>150,302</u>
FINANCING		
Reduction in mortgage payable	(12,789)	(11,824)
(Reduction) increase in replacement reserve	(23,608)	41,348
Increase in deferred capital funding	495,551	293,017
Increase in sick and severance payable	<u>101,834</u>	<u>29,302</u>
	<u>560,988</u>	<u>351,843</u>
INVESTMENT		
Additions to property, plant and equipment	<u>(862,380)</u>	<u>(337,319)</u>
(DECREASE) INCREASE IN CASH	(282,962)	164,826
Cash - beginning of year	<u>2,059,942</u>	<u>1,895,116</u>
CASH - END OF YEAR	<u>\$1,776,980</u>	<u>\$2,059,942</u>
REPRESENTED BY:		
Unrestricted	\$1,687,195	\$1,948,574
Special purpose	<u>55,720</u>	<u>53,695</u>
	1,742,915	2,002,269
Restricted	<u>34,065</u>	<u>57,673</u>
	<u>\$1,776,980</u>	<u>\$2,059,942</u>

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

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - PURPOSE OF THE ORGANIZATION

The Jewish Home for the Aged of British Columbia (Society), 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 - 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 are amortized on a straight-line basis over 40 years.

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 3 - CHANGES IN ACCOUNTING POLICIES

During the year, the Society changed its accounting policies with respect to the amortization of buildings. Previously, buildings which were encumbered by mortgage from CMHC (referred to in Note 10) were amortized by the annual principal reduction of the mortgage in accordance with the terms of the mortgage. Other buildings not encumbered by mortgages were amortized over 20 years. Commencing April 1, 2007, all buildings are now amortized over 40 years.

This change in accounting policy with respect to buildings encumbered by a mortgage has been made to comply with Generally Accepted Accounting Principles. This change has been accounted for retrospectively and the comparative statements for 2007 have been restated. The effect on the financial statements for the year ended March 31, 2007 are as follows:

- Property plant and equipment reduced by \$477,918
- Deferred capital funding reduced by \$477,918
- Amortization of deferred capital funding increased by \$9,467
- Amortization expense increased by \$9,467

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

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 3 - CHANGES IN ACCOUNTING POLICIES (Cont'd)

The change in accounting policy with respect to buildings not encumbered by a mortgage is a change in an accounting estimate and has been applied prospectively. The effect on the financial statements for the year ended March 31, 2008 are as follows:

- Amortization of deferred capital funding decreased by \$430,041
- Amortization expense decreased by \$430,041

The effect in the future periods cannot be estimated as it is impracticable to do so.

NOTE 4 - DUE FROM LOUIS BRIER JEWISH RESIDENCE SOCIETY

The Society has leased a portion of the land referred to in Note 6 to the Louis Brier Jewish Residence Society (Residence 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 Residence 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.

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

The amount receivable at year end is as follows:

	2008	2007
Operational services provided	\$117,329	\$163,498
Loan receivable, prime less discount rates of 2.25% and 1.60%, with no fixed terms of repayment	<u>425,000</u>	<u>150,000</u>
	<u>\$542,329</u>	<u>\$313,498</u>

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

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 5 - REPLACEMENT RESERVE

Replacement Reserve comprises the following:

	2008	2007
BALANCE - BEGINNING OF YEAR	\$ 57,673	\$16,325
Annual charge to operations	73,826	40,110
Interest earned	3,566	1,238
Disbursements	<u>(101,000)</u>	<u>-</u>
BALANCE - END OF YEAR	<u>\$ 34,065</u>	<u>\$57,673</u>

Cash of \$34,065 (2007-\$57,673) is earmarked for the Replacement Reserve.

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise the following:

	Cost	Accumulated Amortization	2008 Net Book Value	2007 Net Book Value (Restated)
General Fund				
Cost				
Land (Note 4)	\$ 316,475	\$ -	\$ 316,475	\$ 316,475
Buildings	14,785,029	9,550,567	5,234,462	4,954,632
Equipment	4,379,223	3,622,972	756,251	718,979
Bus	134,364	26,873	107,491	116,449
Projects in progress	<u>250,684</u>	<u>-</u>	<u>250,684</u>	<u>76,721</u>
	<u>\$19,865,775</u>	<u>\$13,200,412</u>	<u>\$6,665,363</u>	<u>\$6,183,256</u>

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:

	2008	2007
Residents' Trust Fund	<u>\$26,652</u>	<u>\$27,681</u>
Residents' Trust Liabilities	<u>\$26,652</u>	<u>\$27,681</u>

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

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 8 - DEFERRED OPERATING REVENUE

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

	2008	2007
MOH-MDS project funding	\$588,600	\$588,600
Vancouver Coastal Health grant- education	40,480	40,480
Gaming revenue	40,000	40,000
Donation	77,825	75,000
Resident charges	17,666	19,599
Other	<u>24,049</u>	<u>-</u>
	<u>\$788,620</u>	<u>\$763,679</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, extrapolated to March 31, 2008, using an early measurement date of December 31, 2007.

The accumulation benefit obligation for sick leave and severance benefits as at March 31, 2008 is as follows:

	2008	2007
Per actuarial valuation		
Sick leave benefits	\$ 381,000	\$ 392,471
Severance benefits	<u>719,631</u>	<u>743,570</u>
Total	<u>\$1,100,631</u>	<u>\$1,136,041</u>
Per financial statements	<u>\$1,153,788</u>	<u>\$1,053,500</u>
Differential	<u>\$ (53,157)</u>	<u>\$ 82,541</u>

In 2008 a charge of \$111,727 (2007 - \$98,502) was included in Employee Benefits.

JEWISH HOME FOR THE AGED OF BRITISH COLUMBIA
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NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 10 - MORTGAGE PAYABLE

Mortgage payable comprises the following:

	2008	2007
CMHC 8%, payable \$5,698 monthly, principal and interest, due January 2030, secured by a first mortgage on land and buildings, costing \$946,270.	\$699,332	\$712,121
Less: Principal amount due within one year	<u>(13,832)</u>	<u>(12,789)</u>
	<u>\$685,500</u>	<u>\$699,332</u>

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

March 31, 2009	\$13,832
2010	14,961
2011	16,182
2012	17,502
2013	18,930

NOTE 11 - DEFERRED CAPITAL FUNDING

Deferred capital funding comprises the following:

	2008	2007
BALANCE - BEGINNING OF YEAR		
As previously reported	\$6,195,004	\$6,661,986
Retrospective adjustments (Note 3)	<u>(477,918)</u>	<u>(468,451)</u>
As restated	5,717,086	6,193,535
Foundation contribution	38,358	85,986
Vancouver Coastal Health contribution	98,000	-
Other amounts	359,193	207,031
Amortization	<u>(369,307)</u>	<u>(769,466)</u>
BALANCE - END OF YEAR	<u>\$5,843,330</u>	<u>\$5,717,086</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, 2008, \$333,837 (2007 - \$245,131) of amounts received were unspent.

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

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008**

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, 2008, the amount guaranteed was \$1,609,933 (2007 - \$1,714,608).

Subsequent to the year end, the guarantee noted above was cancelled and replaced by a guarantee of \$500,000 of a Demand Revolving Loan for the Louis Brier Jewish Residence Society.

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	2008	2007
Balance- Beginning of year	\$ 6,664	\$5,135	\$13,758	\$18,909	\$9,229	\$53,695	\$51,970
Revenue	251	194	519	713	348	2,025	1,920
Expenses	-	-	-	-	-	-	(195)
Balance - end of year	<u>\$ 6,915</u>	<u>\$5,329</u>	<u>\$14,277</u>	<u>\$19,622</u>	<u>\$9,577</u>	<u>\$55,720</u>	<u>\$53,695</u>

NOTE 14 - OTHER REVENUE

	2008	2007
Other revenue comprises the following:		
Investment income	\$ 75,466	\$65,164
Membership fees	1,762	2,464
Miscellaneous revenue	27,861	24,633
WCB rebate	<u>109,853</u>	<u>-</u>
	<u>\$214,942</u>	<u>\$92,261</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.

CAMPBELL, SAUNDERS & CO.

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

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008

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.