
**Financial statements of
Jewish Home for the Aged of
British Columbia
(Operating as Louis Brier Home and Hospital)**

March 31, 2018

Independent Auditor's Report	1-2
Statement of operations.....	3
Statement of changes in deficit	4
Statement of financial position	5
Statement of cash flows	6
Notes to the financial statements	7-16



Deloitte LLP
2800 - 1055 Dunsmuir Street
4 Bentall Centre
P.O. Box 49279
Vancouver BC V7X 1P4
Canada

Tel: 604-669-4466
Fax: 778-374-0496
www.deloitte.ca

Independent Auditor's Report

To the Members of
Jewish Home for the Aged of British Columbia

We have audited the accompanying financial statements of Jewish Home for the Aged of British Columbia, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in deficit and cash flows for the year then ended, and the notes to the financial statements. The financial statements have been prepared by management based on Canadian accounting standards for not-for-profit organizations.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations; this includes determining that the basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstance, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Jewish Home for the Aged of British Columbia as at March 31, 2018, and the results of its operations, changes in its net deficit and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist Jewish Home for the Aged of British Columbia to meet the requirements of the Province of British Columbia. As a result, the financial statements may not be suitable for another purpose.

Report on other legal and regulatory requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, these financial statements are presented on a basis consistent with that of the previous year.

Deloitte LLP

Chartered Professional Accountants
May 18, 2018
Vancouver, British Columbia

Jewish Home for the Aged of British Columbia
 (Operating as Louls Brier Home and Hospital)
Statement of operations
 Year ended March 31, 2018

	Notes	<u>2018</u>	<u>2017</u>
		\$	\$
Revenue			
Vancouver Coastal Health Authority grant		12,309,412	11,694,248
Resident charges		4,744,274	4,730,573
Contribution from Louls Brier Jewish Aged Foundation		976,154	619,451
Amortization of deferred capital funding	10	439,310	451,850
Other revenue	12	112,496	122,057
Gaming grant		40,078	40,115
		<u>18,621,724</u>	<u>17,658,294</u>
Expenses			
Salaries	8	12,071,692	11,075,758
Employee benefits	7(b)	3,318,641	3,080,277
		<u>15,390,333</u>	<u>14,156,035</u>
Dietary		1,046,096	1,025,640
Nursing and medical		688,418	673,183
Amortization		500,933	507,515
Administration		401,628	305,358
Building operation		346,701	327,970
Building maintenance		227,192	178,170
Therapy		87,925	86,272
Housekeeping		85,970	72,399
Interest	9	78,154	42,299
Laundry and linen		30,523	40,130
		<u>18,883,873</u>	<u>17,414,971</u>
(Deficiency) excess of revenue over expenses for the year before property re-development costs		(262,149)	243,323
Property re-development costs	13	213,488	171,592
(Deficiency) excess of revenue over expenses for the year		<u>(475,637)</u> ✓	<u>71,731</u>

The accompanying notes are an integral part of the financial statements.

Jewish Home for the Aged of British Columbia
 (Operating as Louis Brier Home and Hospital)
Statement of changes in deficit
 Year ended March 31, 2018

	Unrestricted	Invested in capital assets	Replacement reserve	Total
	\$	\$	\$ (Note 2(g))	\$
Balance, March 31, 2016	(682,272)	402,693	266,109	(13,470)
Excess of revenue over expenses	71,731	—	—	71,731
Remeasurements and other Items	267,684	—	—	267,684
Interest earned	(1,198)	—	1,198	—
Annual appropriation	(73,826)	—	73,826	—
Amortization of deferred capital funding	(451,850)	451,850	—	—
Amortization of capital assets (Disbursements) funding of capital assets	507,515	(507,515)	—	—
Mortgage principal repaid	(31,189)	111,103	(79,914)	—
Change in year	(25,908)	25,908	—	—
Balance, March 31, 2017	262,959	81,346	(4,890)	339,415
Excess of revenue over expenses	(475,637)	—	—	(475,637)
Remeasurements and other Items	(20,059)	—	—	(20,059)
Interest earned	(3,135)	—	3,135	—
Annual appropriation	(73,826)	—	73,826	—
Amortization of deferred capital funding	(439,310)	439,310	—	—
Amortization of capital assets (Disbursements) funding of capital assets	500,933	(500,933)	—	—
Loss of subsidy on mortgage refinancing	(280,352)	311,332	(30,980)	—
Mortgage principal repaid	38,821	(38,821)	—	—
Change in year	(28,142)	28,142	—	—
Balance, March 31, 2018	(780,707)	239,030	45,981	(495,696)
	(1,200,020)	723,069	307,200	(169,751)

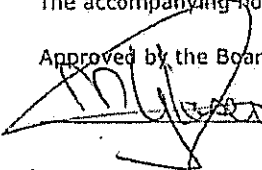
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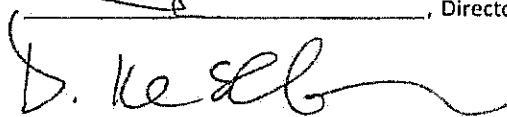
Jewish Home for the Aged of British Columbia
 (Operating as Louis Brier Home and Hospital)
Statement of financial position
 As at March 31, 2018

	Notes	2018	2017
		\$	\$
Assets			
Current assets			
Cash		695,369	408,297
Accounts receivable		147,451	131,220
Due from Louis Brier Jewish Aged Foundation		74,811	170,348
Due from Louis Brier Jewish Residence Society	3	449,633	371,188
Inventory		84,490	111,278
Prepaid expenses		51,352	94,715
		<u>1,503,106</u>	<u>1,287,046</u>
Term deposits	4	2,005,002	2,363,215
Capital assets	5	4,996,747	5,022,047
		<u>8,504,855</u>	<u>8,672,308</u>
Liabilities			
Current liabilities			
Bank indebtedness	8	461,956	—
Accounts payable and accrued liabilities		1,970,590	1,644,230
Government remittances payable		275,713	238,152
Deferred operating revenue	6	192,648	325,997
Current portion of sick and severance payable	7(a)	228,173	230,260
Current portion of mortgage payable	9	38,009	28,021
		<u>3,167,089</u>	<u>2,466,660</u>
Sick and severance payable	7(a)	1,197,319	1,295,521
Mortgage payable	9	487,237	497,421
Deferred capital funding	10	3,748,432	4,012,564
Restricted special purpose funds	11	74,529	74,197
		<u>8,674,606</u>	<u>8,346,363</u>
Net assets			
Unrestricted		(1,200,020)	(419,313)
Invested in capital assets		723,069	484,039
Replacement reserve		307,200	261,219
		<u>(169,751)</u>	<u>325,945</u>
		<u>8,504,855</u>	<u>8,672,308</u>

The accompanying notes are an integral part of the financial statements.

Approved by the Board

 _____, Director

 _____, Director

Jewish Home for the Aged of British Columbia
 (Operating as Louis Brier Home and Hospital)
Statement of cash flows
 Year ended March 31, 2018

	2018	2017
Operating activities		
(Deficiency) excess of revenue over expenses for the year	(475,637)	71,731
Non-cash items		
Amortization of deferred capital funding	(439,310)	(451,850)
Amortization of capital assets	500,933	507,515
Amortization of debt financing costs	3,665	-
	(410,349)	127,396
Changes in non-cash working capital		
Accounts receivable	(16,231)	15,445
Due from Louis Brier Jewish Aged Foundation	95,537	(107,344)
Due from Louis Brier Jewish Residence Society	(78,445)	42,035
Inventory	26,788	(13,601)
Prepaid expenses	43,363	27,691
Accounts payable and accrued liabilities	326,360	(595,124)
Government remittances payable	37,561	10,324
Deferred operating revenue	(133,349)	12,634
Sick and severance payable	(120,348)	78,155
	(229,113)	(402,389)
Investing activities		
Decrease in term deposits	358,213	(30,858)
Purchase of capital assets	(475,632)	(117,896)
	(117,419)	(148,754)
Financing activities		
Net proceeds from long-term debt refinancing	24,280	-
Repayment of mortgage principal	(28,142)	(25,908)
Increase in bank indebtedness	461,956	-
Restricted special purpose funds	332	333
Increase in deferred capital funding	175,178	6,791
	633,604	(18,784)
Increase (decrease) in cash	287,072	(569,927)
Cash, beginning of year	408,297	978,224
Cash, end of year	695,369	408,297

The accompanying notes are an integral part of the financial statements.

Jewish Home for the Aged of British Columbia
(Operating as Louis Brier Home and Hospital)
Notes to the financial statements
March 31, 2018

1. Purpose of the organization

The Jewish Home for the Aged of British Columbia (the "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 Societies Act of British Columbia as a not-for-profit organization and is a registered charity under the Income Tax Act.

2. Basis of accounting and significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook. The basis of accounting used in these financial statements materially differs from Canadian public sector accounting standards, including the not-for-profit accounting standards set out in the Public Sector Accounting Handbook of CPA Canada. The differences are in respect of the measurement of the sick and severance liability as of the date of the statement of financial position and the related costs for the period presented.

These financial statements reflect the following significant accounting policies:

(a) Basis of presentation

Louis Brier Jewish Residence Society ("Residence Society"), a subsidiary of the Society, is not consolidated in the Society's financial statements. The Society reports the most recent financial information of the Residence Society in Note 15 and receivable information in Note 3.

The Society appoints not less than 50% of the members to the Board of the Residence Society and both societies share common management.

(b) Revenue recognition

The Society uses 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.

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

Revenue for resident charges is recognized on an accrual basis when services are provided. Investment income and other income are recognized as they are earned.

(c) Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value when the Society becomes a party to the contractual provisions of the financial instruments. Subsequently all financial instruments are measured at amortized cost.

Transaction costs related to financial instruments carried at amortized cost are added to the carrying value of assets or netted against the carrying value of a liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations as interest income or expense.

2. Basis of accounting and significant accounting policies (continued)

(c) Financial Instruments (continued)

The Society recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed in the statement of operations in the period the reversal occurs.

(d) Inventory

Inventory is valued at the lower of cost, determined on a first-in, first-out basis, and current replacement cost.

(e) Capital assets

Capital assets are valued at cost less accumulated amortization. Amortization is provided over the estimated useful lives of the assets on the following basis:

Buildings	Straight-line basis over 15 to 40 years
Equipment	Straight-line basis over 10 years
Computer equipment	Straight-line basis over 5 years
Transportation equipment	Straight-line basis over 15 years

The Society commences amortization on projects in progress and property under development when construction of the asset is complete and the asset has been placed into use.

The Society reviews for impairment of capital assets whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Society or no longer contributes to the Society's ability to provide services. The amount of the impairment, if any, is determined as the excess of the carrying value of the asset over its estimated residual value. No impairment losses have been identified by the Society for the year ended March 31, 2018.

(f) Sick and severance

The Society recognizes its sick and severance liability using the projected benefit method pro-rated on services. The defined benefit liability is determined using the most recent actuarial valuation prepared for accounting purposes which is performed every three years, with a roll-forward technique used to measure the liability in the years between valuations. The measurement date of the defined benefit liability is the Society's statement of financial position date.

The plan's cost for the year consists of current service cost, finance cost, and re-measurements and other items. Current service cost and finance cost are recognized in employee benefits expense in the statement of operations. Re-measurements and other items consist of actuarial gains and losses, past service costs and gains and losses arising from settlements and curtailments, and are recognized directly in unrestricted deficit.

2. Basis of accounting and significant accounting policies (continued)

(g) Replacement reserve

The Society maintains a replacement reserve to cover the cost of capital assets and maintenance deemed essential to the continued operation of the Society's facilities. The replacement reserve is funded by an appropriation from the unrestricted deficit.

(h) Donated services

The work of the Society is dependent on the efforts of many volunteers. Donated materials and services are not recognized in these financial statements.

(i) Property re-development costs

The Society incurs property re-development costs in connection with the re-development project for the current facility. Costs that are directly attributable to the re-development such as architectural design, legal fees, and borrowing costs are capitalized as property under development, while costs such as market research and consulting are included as a period expense on the statement of operations.

(j) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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. Significant estimates include the sick and severance payable.

3. Due from Louis Brier Jewish Residence Society

The Society has leased a portion of the land referred to in Note 5 to the Residence Society for a term of 99 years at an Annual Basic Rent of \$10.00 per annum. The permitted use of the premises is the operation of a charitable non-profit seniors' congregate care (assisted living) and multi-level facility as a complementary facility to the Society.

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 amount receivable from the Residence Society at year end is as follows:

Jewish Home for the Aged of British Columbia
 (Operating as Louis Brier Home and Hospital)
Notes to the financial statements
 March 31, 2018

3. Due from Louis Brier Jewish Residence Society (continued)

	2018	2017
	\$	\$
Services provided		
Salaries and benefits	3,424,383	3,158,102
Other expenses	277,506	503,099
	<u>3,701,889</u>	<u>3,661,201</u>
Payments received	<u>(3,623,444)</u>	<u>(3,703,236)</u>
Increase (decrease) in year	78,445	(42,035)
Balance, beginning of year	371,188	413,223
Balance, end of year	<u>449,633</u>	<u>371,188</u>

The financial statements include related party transactions for services provided to the Residence Society for salaries and other expenses, which arose in the normal course of operations and are recorded at their exchange amounts which are the amounts agreed to by the related parties.

4. Restricted term deposit

As at March 31, 2018, the term deposit up to an amount of \$307,200 (\$261,219 in 2017) is restricted for the replacement reserve.

5. Capital assets

Capital assets comprise the following:

	2018		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	316,475	—	316,475
Buildings	15,810,456	12,113,416	3,697,040
Equipment and computer equipment	6,275,451	5,703,567	571,884
Transportation equipment	134,364	116,449	17,915
Property under development	393,433	—	393,433
	<u>22,930,179</u>	<u>17,933,432</u>	<u>4,996,747</u>

Jewish Home for the Aged of British Columbia
 (Operating as Louis Brier Home and Hospital)
Notes to the financial statements
 March 31, 2018

5. Capital assets (continued)

			2017
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	316,475	—	316,475
Buildings	15,718,564	11,838,576	3,879,989
Equipment and computer equipment	6,233,290	5,486,434	746,857
Transportation equipment	134,364	107,491	26,873
Property under development	51,854	—	51,854
	<u>22,454,548</u>	<u>17,432,501</u>	<u>5,022,047</u>

6. Deferred operating revenue

	2018				
	Seniors Initiative	Vancouver Coastal Health Grant- Education and other	Gaming grant	Resident charges	Total
	\$	\$	\$	\$	\$
Receipts	—	116,280	40,000	19,422	175,702
Amortization to revenue	(108,156)	(140,315)	(40,000)	(20,580)	(309,051)
Decrease in year	(108,156)	(24,035)	—	(1,158)	(133,349)
Balance, April 1, 2017	108,156	157,262	40,000	20,579	325,997
Balance, March 31, 2018	—	133,227	40,000	19,421	192,648

	2017				
	Seniors Initiative	Vancouver Coastal Health Grant- Education and other	Gaming grant	Resident charges	Total
	\$	\$	\$	\$	\$
Receipts	—	117,307	40,000	20,579	177,886
Amortization to revenue	—	(101,050)	(40,000)	(24,202)	(165,252)
Increase (decrease) in year	—	16,257	—	(3,623)	12,634
Balance, April 1, 2016	108,156	141,005	40,000	24,202	313,363
Balance, March 31, 2017	108,156	157,262	40,000	20,579	325,997

7. Employee future benefits

(a) Sick and severance payable

The sick and severance payable is based upon accumulated sick leave credits and entitlements for each year of service. The plan is unfunded as at March 31, 2018.

(b) Employee pension benefits

The Society and its employees contribute to the Municipal Pension Plan (the "Plan"), a multi-employer defined benefit pension plan governed by the BC Public Sector Pension Plans Act.

The Society contributed \$1.2 million (\$1.1 million in 2017) to the Plan during the year. Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The latest actuarial valuation as at December 31, 2015 indicated a funding surplus of \$2,224 million for basic pension benefits. The next valuation will be as at December 31, 2018 with results available in early 2019.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the year. This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan. The Plan covers approximately 180,000 active members.

8. Remuneration to directors, employees and contractors

The directors of the Society provide their services on a volunteer basis and receive no remuneration.

24 employees and contractors (24 in 2017) received remuneration equal to or in excess of \$75,000 during the year ended March 31, 2018 and their aggregate remuneration was \$2,373,515 (\$2,185,130 in 2017).

9. Mortgage payable and bank indebtedness

On May 17, 2017, the Society entered into a credit facility agreement with a large Canadian chartered bank for the purposes of re-financing the balance of the mortgage held with the Canadian Mortgage and Housing Corporation (CMHC), and to finance the property re-development project for the Society.

Jewish Home for the Aged of British Columbia
 (Operating as Louis Brier Home and Hospital)
Notes to the financial statements
 March 31, 2018

9. Mortgage payable and bank indebtedness (continued)

Mortgage payable comprises the following:

	<u>2018</u>	<u>2017</u>
	\$	\$
CMHC mortgage bearing interest at 8% per annum, payable \$5,698 monthly, principal and interest, due January 2030, secured by a first mortgage on land and buildings, costing \$946,270	—	525,442
Mortgage loan, bearing interest at 3.31% per annum, payable \$4,589 monthly, principal and interest, due December 2029, secured by a first mortgage on land and buildings, in the principal amount of \$4,000,000	536,121	—
Less: unamortized deferred financing costs	10,875	—
Less: principal amount due within one year	38,009	28,021
	<u>487,237</u>	<u>497,421</u>

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

	\$
2019	38,009
2020	39,236
2021	40,587
2022	41,941
2023	43,341
Thereafter	<u>333,007</u>
	<u>536,121</u>

Mortgage interest for the year ended March 31, 2018 was \$71,857 (\$42,299 in 2017), \$47,918 of which was a payout of the subsidized portion of mortgage interest to maturity from the previous lender upon refinancing.

The credit agreement includes a revolving operating line with a credit limit of \$3,300,000, and floating interest rate of prime + 0.75% per annum. There is no fixed term on the facility, and the balance is due the earlier of on demand or three years from the date of the first advance. As at March 31, 2018, there was \$461,956 drawn on the facility. The facility is secured by a first mortgage on land and buildings in the principal amount of \$4,000,000, and a general assignment of rents from the facility.

The terms of the agreement require the Society to maintain a minimum debt service coverage of 100% at all times, based on the annual audited financial statements. As at March 31, 2018, the Society was in breach of this covenant. The lender has indicated that they are prepared to consider waiving the default, and will re-evaluate the appropriateness of the debt service coverage ratio as a financial covenant under the agreement.

Jewish Home for the Aged of British Columbia
 (Operating as Louls Brier Home and Hospital)
Notes to the financial statements
 March 31, 2018

10. Deferred capital funding

Deferred capital funding comprises the following:

	<u>2018</u>	<u>2017</u>
	\$	\$
Grants and donations received	175,178	6,791
Amortization to revenue	<u>(439,310)</u>	<u>(451,850)</u>
Decrease in year	(264,132)	(445,059)
Balance, beginning of year	<u>4,012,564</u>	<u>4,457,623</u>
Balance, end of year	<u>3,748,432</u>	<u>4,012,564</u>

Deferred capital funding represents grants and donations received towards the acquisition of capital assets. Such amounts are deferred and amortized to income on the same basis as the related capital assets are amortized.

At March 31, 2018, deferred capital funding included \$97,521 (\$200,594 in 2017) of funds that had been received but not spent on capital assets.

11. Restricted special purpose funds

Restricted special purpose funds comprise the following:

	<u>2018</u>						
	Albert O. Kaplan Perpetual Scholarship	Abrasha Wosk Project Fund	Bernstone Fund	Comfort Fund	Snider Fund	Companion Fund	Total
	\$	\$	\$	\$	\$	\$	\$
Uses during the year	—	—	—	—	—	—	—
Revenue	33	26	68	93	33	79	332
Changes in the year	33	26	68	93	33	79	332
Balance, April 1, 2017	<u>7,367</u>	<u>5,677</u>	<u>15,209</u>	<u>20,903</u>	<u>7,325</u>	<u>17,716</u>	<u>74,197</u>
Balance, March 31, 2018	<u>7,400</u>	<u>5,703</u>	<u>15,277</u>	<u>20,996</u>	<u>7,358</u>	<u>17,795</u>	<u>74,529</u>

	<u>2017</u>						
	Albert O. Kaplan Perpetual Scholarship	Abrasha Wosk Project Fund	Bernstone Fund	Comfort Fund	Snider Fund	Companion Fund	Total
	\$	\$	\$	\$	\$	\$	\$
Uses during the year	—	—	—	—	—	—	—
Revenue	33	25	68	94	33	80	333
Changes in the year	33	25	68	94	33	80	333
Balance, April 1, 2016	<u>7,334</u>	<u>5,652</u>	<u>15,141</u>	<u>20,809</u>	<u>7,292</u>	<u>17,636</u>	<u>73,864</u>
Balance, March 31, 2017	<u>7,367</u>	<u>5,677</u>	<u>15,209</u>	<u>20,903</u>	<u>7,325</u>	<u>17,716</u>	<u>74,197</u>

Jewish Home for the Aged of British Columbia
 (Operating as Louis Brier Home and Hospital)
Notes to the financial statements
 March 31, 2018

12. Other revenue

Other revenue comprises the following:

	2018	2017
	\$	\$
Companion program	71,720	77,430
Investment income	31,364	34,622
Miscellaneous revenue	9,412	10,006
	<u>112,496</u>	<u>122,057</u>

13. Property re-development costs

The Society is redeveloping its current facility in order better serve the community. In the course of this project, certain costs have been incurred which do not constitute capital expenditures and have therefore been reflected as expenses in the Society's statement of operations. These costs include, but are not limited to, market analyses, assessment of current building, furniture and equipment, art consultation and related project management costs. Also included are allocations of employee costs attributable to the re-development project. Re-development costs are not part of the Society's ongoing operations.

14. Economic dependence

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

15. Financial instruments and financial risk

(a) Fair value

The carrying amounts of cash, accounts receivable, due from Louis Brier Jewish Aged Foundation, due from Louis Brier Jewish Residence Society, bank indebtedness and accounts payable and accrued liabilities approximate their fair values due to the short term to maturity of these financial instruments.

The carrying amounts of the term deposits and mortgage payable is estimated to approximate fair value as the interest rates approximate current market interest rates for investment and debt instruments with similar terms.

(b) Interest rate risk

The Society is exposed to interest rate risk on its bank indebtedness and mortgage payable as their fair values will vary as market interest rates change. The Society does not use derivative financial instruments to manage this risk. The Society is also exposed to interest rate risk on its term deposit which has a variable interest rate.

(c) Credit risk

The Society has limited exposure to credit risk associated with its cash, accounts receivable, term deposits and amounts due from Louis Brier Jewish Aged Foundation and Louis Brier Jewish Residence Society. Accounts receivable are due from a number of sources, with no significant balance due from any individual resident. Cash and term

Jewish Home for the Aged of British Columbia
 (Operating as Louis Brier Home and Hospital)
Notes to the financial statements
 March 31, 2018

15. Financial instruments and financial risk (continued)

(c) *Credit risk (continued)*

deposits and are held with Canadian chartered banks. The Society's maximum exposure to credit risk is \$3,372,266 (\$3,444,268 in 2017).

(d) *Liquidity risk*

The Society's objective is to have sufficient liquidity to meet its liabilities when due. The Society monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2018, the most significant financial liabilities are bank indebtedness, accounts payable, accrued liabilities and mortgage payable.

16. Louis Brier Jewish Residence Society

The Residence Society is incorporated under the Societies Act of British Columbia and is exempt from income taxes. Its purpose is to establish and maintain as a non-profit institution a Jewish home or homes for the aged and infirm, including assisted living and supportive housing, all for the care, maintenance, assistance and recreation of persons of advanced age and the infirm in accordance with traditional Jewish ritual and dietary laws, customs and traditions and to undertake activities and programs which foster the health and well-being of Jewish aged and infirm in British Columbia.

The following is a summary of the audited financial statements of the Residence Society:

	2018	2017
	\$	\$
Financial position		
Assets	6,874,667	7,175,835
Liabilities	552,237	455,010
Net assets	6,322,430	6,720,825
	6,874,667	7,175,835
Revenue and expenses		
Revenue	4,098,884	3,872,466
Expenses	4,497,279	4,290,351
Deficiency of revenue over expenses	(398,395)	(417,885)
Cash flows		
Cash used in operations	(18,523)	(184,700)
Decrease in cash	(18,523)	(184,700)