ST. MICHAEL'S CENTRE

COMBINED FINANCIAL STATEMENTS

31 MARCH 2021

ST. MICHAEL'S CENTRE
Combined Financial Statements
For the year ended 31 March 2021

Contents

INDEPENDENT AUDITORS' REPORT

To the Members,
St. Michael's Centre

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of St. Michael's Centre (the "Centre"), which comprise the combined statement of financial position as at 31 March 2021, and the combined statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Centre as at 31 March 2021, and the combined results of operations and 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 Combined Financial Statements section of our report. We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the combined 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.

Emphasis of Matter

We draw attention to Note 1(b) in the combined financial statements, which indicates that the Centre has an accumulated unrestricted operating deficit of $3,220,745 as of the year ended 31 March 2021. As stated in Note 1(b), the unrestricted operating deficit, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Centre’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT - Continued

In preparing the combined financial statements, management is responsible for assessing the Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 these combined 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 combined 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 Centre's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Rolfe Benson
— Chartered Professional Accountants —

INDEPENDENT AUDITORS' REPORT - Continued

- 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 Centre'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 combined 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 Centre to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Rolfe, Benson LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
13 May 2021

ST. MICHAEL'S CENTRE
Combined Statement of Financial Position
31 March 2021

	2021	2020
Assets		
Current		
Cash and cash equivalents	**$ 249,161**	$ 337,216
Accounts receivable (Note 3)	**220,329**	195,039
Supplies inventory	**31,260**	-
Prepaid expenses	**10,850**	21,665
	511,600	553,920
Restricted cash (Note 4)	**76,503**	76,425
Tangible capital assets (Note 5)	**3,533,276**	4,083,195
Intangible asset (Note 6)	**-**	3,020
	$ 4,121,379	$ 4,716,560
Liabilities		
Current		
Demand loan payable (Note 7)	**$ 804,430**	$ 843,402
Accounts payable and accrued liabilities (Note 10)	**316,919**	572,960
Salaries payable (Note 8)	**847,375**	842,972
Deferred revenue	**577,342**	552,452
Accrued vacation payable	**429,079**	449,532
Current portion of capital lease obligation (Note 9)	**12,281**	11,019
	2,987,426	3,272,337
Capital lease obligation (Note 9)	**29,889**	41,679
Resident trust funds	**12,027**	19,629
Accrued employee future benefits (Note 10)	**706,104**	727,972
Deferred capital contributions (Note 11)	**2,545,602**	3,011,614
	6,281,048	7,073,231
Contingent liabilities (Note 12)		
Net Assets		
Unrestricted operating deficit	**(3,220,745)**	(3,496,994)
Replacement reserve (Note 2(g))	**64,476**	56,796
Invested in tangible capital and intangible assets (Note 13)	**996,600**	1,083,527
	(2,159,669)	(2,356,671)
	$ 4,121,379	$ 4,716,560

APPROVED BY THE DIRECTORS:

Barbara Spitz Director   [signature] Director

The accompanying notes are an integral part of these combined financial statements.

ST. MICHAEL'S CENTRE
Combined Statement of Changes in Net Assets
For the year ended 31 March 2021

	Unrestricted operating deficit	**Replacement reserve**	**Invested in tangible capital and intangible assets**	**Total 2021**	Total 2020
Balance - beginning of year	$ (3,496,994)	$ 56,796	$ 1,083,527	**$ (2,356,671)**	$ (2,101,269)
Excess (deficiency) of revenues over expenses for the year	201,702	-	-	**201,702**	(439,302)
Amortization of tangible capital and intangible assets	560,988	-	(560,988)	**-**	-
Amortization of deferred capital contributions	(466,012)	-	466,012	**-**	-
Recognition of actuarial (losses) gains on accrued employee future benefits	(4,700)	-	-	**(4,700)**	183,900
Transfer annual replacement reserve	(7,680)	7,680	-	**-**	-
Investment in tangible capital assets funded by operations	(8,049)	-	8,049	**-**	-
Balance - end of year	**$ (3,220,745)**	**$ 64,476**	**$ 996,600**	**$ (2,159,669)**	$ (2,356,671)

The accompanying notes are an integral part of these combined financial statements.

ST. MICHAEL'S CENTRE
Combined Statement of Operations
For the year ended 31 March 2021

	2021	2020
Revenues - Schedule 1		
Resident care	**$ 14,674,779**	$ 13,693,440
Other income	**463,055**	203,502
Amortization of deferred capital contributions	**466,012**	471,136
	15,603,846	14,368,078
Expenses - Schedule 2		
Salaries, wages and employee benefits	**12,592,451**	12,165,261
Patient services and supplies	**626,737**	553,534
Physical plant services and supplies	**449,853**	407,178
Administrative	**445,029**	463,353
Food and dietary	**420,354**	418,555
General services	**287,649**	201,216
Interest	**19,083**	30,990
Amortization	**560,988**	567,293
	15,402,144	14,807,380
Excess (deficiency) of revenues over expenses for the year	**$ 201,702**	$ (439,302)

The accompanying notes are an integral part of these combined financial statements.

ST. MICHAEL'S CENTRE
Combined Statement of Cash Flows
For the year ended 31 March 2021

	2021	2020
Cash provided by (used in):		
Operating activities		
Excess (deficiency) of revenues over expenses for the year	$ **201,702**	$ (439,302)
Items not involving cash		
Amortization of tangible capital and intangible assets	**560,988**	567,293
Amortization of deferred capital contributions	**(466,012)**	(471,136)
Actuarial (loss) gain recognized in net assets	**(4,700)**	183,900
Amortization of deferred loan costs	**8,306**	9,825
	300,284	(149,420)
Changes in non-cash working capital balances		
Accounts receivable	**(25,290)**	38,612
Supplies inventory	**(31,260)**	-
Prepaid expenses	**10,815**	3,496
Accounts payable and accrued liabilities	**(256,042)**	(233,221)
Salaries payable	**4,403**	40,603
Deferred revenue	**24,890**	192,327
Accrued vacation payable	**(20,453)**	57,974
Accrued employee future benefits	**(21,868)**	(76,882)
	(14,521)	(126,511)
Investing activities		
Increase in restricted cash	**(78)**	(12,308)
Purchase of tangible capital assets	**(8,049)**	(66,496)
	(8,127)	(78,804)
Financing activities		
Repayment of demand loan payable	**(47,278)**	(33,498)
Repayment of capital lease obligation	**(10,527)**	(8,511)
Contributions received for tangible capital asset additions	**-**	55,617
Resident funds	**(7,602)**	4,135
	(65,407)	17,743
Net decrease in cash	**(88,055)**	(187,572)
Cash and cash equivalents - beginning of year	**337,216**	524,788
Cash and cash equivalents - end of year	$ **249,161**	$ 337,216

The accompanying notes are an integral part of these combined financial statements.

1. Organization and basis of presentation

(a) Nature of operations

The St. Michael's Centre Hospital Society and St. Michael's Centre Intermediate Care Society operate a hospice and an extended care facility located in Burnaby under the name St. Michael's Centre (the "Centre"). Both societies are incorporated under the Societies Act (British Columbia) as non-profit organizations. St. Michael's Centre Hospital Society is a registered charity under the Income Tax Act.

The facility operates in affiliation with the Fraser Health Authority, the principal funding agency.

(b) Continuing operations

These combined financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations that apply to a going concern. Under the going concern assumption, an entity is viewed as being able to continue its operations in the foreseeable future and realize its assets and discharge its liabilities in the normal course of operations.

The Centre incurred an excess of revenues over expenses of $201,702 in the current year (2020 - deficiency of revenues over expenses of $439,302) and has reported a deficiency of revenues over expenses each year since the fiscal year ended 31 March 2010 up to 31 March 2020. The Centre has an unrestricted operating deficit of $3,220,745 (2020 - $3,496,994), a working capital deficiency of $2,475,826 (2020 - $2,718,416) and long-term accrued employee future benefits obligations of $706,104 (2020 - $727,972). The Centre is also exposed to contingent liabilities (Note 12).

The Centre's ability to continue as a going concern is dependent upon receiving continued support from the principal funding agency, achieving profitable operations to reduce the unrestricted operating deficit, obtaining additional financing or generate additional income by partnering with another similar organization. The Centre also has access to funds held by the Burnaby Hospital Foundation (Note 16). The Centre has been actively exploring short-term and long-term plans for continuing its operations and for the future sustainability of the Centre. These combined financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Centre be unable to continue operations.

2. Summary of significant accounting policies

These combined financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

(a) Combination

These financial statements combine the results of St. Michael's Centre Hospital Society and St. Michael's Centre Intermediate Care Society. Balances and transactions between these entities have been eliminated upon combination. This combination is appropriate as the two societies share the same premises and employees.

(b) Financial instruments

(i) Measurement of financial instruments

The Centre initially measures its financial assets and liabilities at fair value and subsequently measures all of its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the combined statement of operations.

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable and restricted cash.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, salaries payable, accrued vacation payable, demand loan payable, accrued employee future benefits, resident trust funds and capital lease obligation.

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the combined statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the combined statement of operations.

(iii) Transaction costs

The Centre recognizes its transaction costs in the combined statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

2. Summary of significant accounting policies - Continued

(c) Revenue recognition

The Centre follows the deferral method of accounting for contributions. Grant revenues from the principal funding agency are recognized based on the amounts per the annual funding contracts. Other restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and self pay revenues are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions from the Burnaby Hospital Foundation are recognized when funding applications are submitted and approved (Note 16).

(d) Tangible capital assets

Property and equipment are recorded at cost. The Centre provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful life. Amortization is provided using the straight-line method at the following rates:

Buildings	2% - 4%
Leasehold improvements	7% or to 2027
Furniture and equipment	10%
Computers	20%

(e) Intangible assets

Intangible assets are recorded at cost. The Centre provides for amortization using the straight-line method at rates designed to amortize the cost of the intangible assets over their estimated useful lives. The annual amortization rate is as follows:

System software	20%

(f) Impairment of long-lived assets

The Centre tests long-lived assets for impairment when events or changes in circumstances indicate that their carrying value may not be recovered. When a tangible capital asset or intangible asset no longer contributes to the services provided by the Centre its carrying amount is written down to its residual value. No impairment losses were determined by management to be necessary for the year.

2. Summary of significant accounting policies - Continued

(g) Replacement reserve

The replacement reserve is established for future replacement of items of a capital nature. Under the terms of the operating agreement for the demand mortgage loan (Note 7) with BC Housing Management Commission ("BCHMC"), the replacement reserve is to be funded with an annual provision in the amount of $7,680 from the operating budget plus an allocation for interest. The funds in the account may only be used for expenditures approved by BCHMC. During the year, the Centre did not fund any capital spending out of the replacement reserve.

(h) Income tax

The Centre is exempt from federal and provincial income taxes, providing certain requirements are met.

(i) Cash and cash equivalents

The Centre's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition.

(j) Pension plan

The Centre is a member of the British Columbia Municipal Pension Plan (the "Plan"). The Plan is a contributory defined benefit pension plan providing a pension on retirement based on various factors, including age at retirement, length of service and earnings. As the assets and the liabilities of the Plan are not segregated by member, the Plan is accounted for as a defined contribution plan and any contributions by the Centre to the Plan are expensed as incurred.

(k) Employee future benefits

The Centre is a member of a Sick Leave and Severance Benefits Plan (the "Plan") for the Ministry of Health and participating entities. The Plan is a defined benefit plan providing sick and severance benefits based on various factors, including age, years of service and earnings. The following accounting policies relate to this Plan:

2. Summary of significant accounting policies - Continued

(k) Employee future benefits - Continued

i) The obligation is measured using an actuarial funding valuation;

ii) The full amount of a defined benefit obligation, net of plan assets, is recognized in the combined statement of financial position;

iii) Changes in the fair value of plan assets and in the measurement of the plan obligation, excluding remeasurement and other items, are recognized immediately in income;

iv) Remeasurements and other items are recognized directly in net assets in the combined statement of financial position;

v) Plan obligations and plan assets are measured as of the combined statement of financial position date.

(l) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingencies at the date of the combined statements of financial position. Accounts and disclosures subject to estimates include amortization of tangible capital and intangible assets, allowance for doubtful accounts, accounts payable and accrued liabilities, salaries payable, amortization of deferred capital contributions and the balance of accrued employee future benefits which is determined using an actuarial valuation. Management believes that the estimates utilized in preparing the combined financial statements are prudent and reasonable; however, actual results could differ from those estimates.

3. Accounts receivable

	2021	2020
Accounts receivable	**$ 275,649**	$ 213,752
Allowance for doubtful accounts	**(55,320)**	(18,713)
	$ 220,329	$ 195,039

4. Restricted cash

	2021	2020
Replacement reserve	$ **64,476**	$ 56,796
Resident trust funds	**12,027**	19,629
	$ **76,503**	$ 76,425

5. Tangible capital assets

	Cost	Accumulated Amortization	2021 Net	2020 Net
Buildings	**$ 12,442,935**	**$ 9,785,976**	**$ 2,656,959**	$ 3,050,813
Land and improvements	**447,449**	**-**	**447,449**	447,449
Furniture and equipment	**4,390,716**	**4,079,225**	**311,491**	374,379
Leasehold improvements	**1,210,388**	**1,093,011**	**117,377**	209,767
Computers	**94,613**	**94,613**	**-**	787
	$ 18,586,101	**$ 15,052,825**	**$ 3,533,276**	$ 4,083,195

Included in equipment is an asset under capital lease acquired in 2020 with a cost of $61,209 and accumulated amortization of $9,177.

6. Intangible asset

	Cost	Accumulated Amortization	2021 Net	2020 Net
Systems software	**$ 76,503**	**$ 76,503**	**$ -**	$ 3,020

7. Demand loan payable

In December 2015, the Centre entered into a demand loan agreement with British Columbia Housing Management Commission ("BCHMC"). The terms of the loan require repayment with monthly blended interest and principal payments to start 1 August 2016 which are to be determined on a monthly basis by BCHMC based on the prevailing interest rates. The loan is to be amortized over a 25 year period. Interest charged is to be no more than the Royal Bank Prime Rate plus 1% and is adjusted monthly based on the weighted average of the interest charged by the Ministry of Finance of the Government of British Columbia to BCHMC and an administration spread of 9/16%. The loan will expire on the earlier of the date BCHMC makes demand or 1 August 2026 and is secured by a second mortgage charging the Centre's leasehold interest in the land and premises at 7451 Sussex Avenue, Burnaby, B.C. which has a carrying value of $3,104,408 (2020 - $3,498,262).

	2021	2020
Balance - beginning of the year	**$ 843,402**	$ 867,075
Less: Principal repayments	**(47,278)**	(33,498)
Add: Amortization of financing costs	**8,306**	9,825
Balance - end of the year	**$ 804,430**	$ 843,402

Included in the balance of demand loan payable is financing costs of $93,179 (2020 - $93,179) with accumulated amortization of $50,131 (2020 - $41,825).

8. Salaries payable

Included in salaries payable is $434,544 (2020 - $416,123) of government remittances payable.

9. Capital lease obligation

The Centre has entered into an agreement to lease certain equipment. This lease has been accounted for as a capital lease, bears an implicit interest rate of 8.41% and has a 60 month term.

	2021	2020
Capital lease	**$ 42,170**	$ 52,698
Less current portion	**12,281**	11,019
Due beyond one year	**$ 29,889**	$ 41,679

The following is a schedule of future minimum lease payments under the capital lease:

2022	$ 15,030
2023	15,030
2024	15,030
2025	2,508
Purchase options available	10
Total future minimum lease payments	47,608
Less amount representing interest	5,438
Principal portion	42,170
Less current portion	12,281
	$ 29,889

10. Accrued employee future benefits

Under the terms of the Centre'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 has been estimated by an actuarial valuation as at 31 March 2021.

	2021	2020
Accrued benefit obligation - beginning	$ **865,900**	$ 1,010,100
Expense	**88,000**	89,000
Immediate recognition of actuarial (gains) losses in net assets	**4,700**	(183,900)
Actual benefit repayments	**(106,200)**	(49,300)
Accrued benefit obligation - ending	**852,400**	865,900
Current portion	**(146,296)**	(137,928)
	$ **706,104**	$ 727,972

The key assumptions made in the valuation were as follows:

(a) An interest (discount) rate of 2.80% per annum, based on market interest rates as at 31 March 2021. This is a decrease from the discount rate of 3.60% at 31 March 2020;

(b) It was assumed that employees will withdraw from service prior to retirement in accordance with the rates of termination that depend on their age and length of service. These rates include withdrawal, death and disability. No terminations were assumed to occur after age 55. Rates of termination at intervening ages were obtained by linear interpolation;

(c) Utilization of sick leave time is based on a study of a number of factors (age, job duties, location) provided by age, employer and union; and

(d) A long-term base wage inflation assumption of 2.50% per annum, reflecting a long-term salary inflation of 2.00% per annum and wage productivity of 0.50% per annum.

11. Deferred capital contributions

Deferred capital contributions includes the unamortized amount of grants and donations received for the purchase of property and equipment as well as unspent grants and donations. The amortization of capital contributions is recorded as revenue in the combined statement of operations.

	2021	2020
Balance - beginning of the year	$ 3,011,614	$ 3,427,133
Contributions received for tangible capital assets	-	55,617
	3,011,614	3,482,750
Less: amounts amortized to revenue	(466,012)	(471,136)
Balance - end of the year	$ 2,545,602	$ 3,011,614

12. Contingent liabilities

The Centre's contract with the principal funding agency requires the Centre to provide a certain number of daily care hours to each resident. At certain points during the year, the Centre did not meet this requirement.

Additionally, the Centre has received funding for specific projects, and the use of these funds is subject to future review and approval by the principal funding agency.

In connection with these matters, the principal funding agency reserves the right to require repayment of funding provided to the Centre. At the date of the Independent Auditors' Report, the Centre had not received any notification from the principal funding agency that repayment would be required. As the amount of any potential liability resulting from these agreements cannot be reasonably estimated, no liability has been recorded in these combined financial statements and any adjustments to the amounts received from the principal funding agency will be recorded in the period that these become known.

13. Investment in tangible capital and intangible assets

The balance consists of grants received for the purchase of land and unamortized balance of self-funded purchase of property and equipment.

The Centre's agreement with its principal funding agency required that amounts received for capital projects in excess of $100,000 will be repayable on a pro-rata basis should the Centre cease operations in the 5 years subsequent to the funding.

14. Pension plan

The Centre is a member of the Municipal Pension Plan which is open to eligible employees of health care facilities, local governments, school districts, colleges and a number of small public bodies. The Municipal Pension Plan is a contributory defined benefit pension plan and provides pension benefits based on various factors including age, earnings and length of service. The Centre contributes 9.72% (2020 - 9.72%) and employees contribute 8.50% (2020 - 8.50%) on the first $61,600 (2020 - $58,700) of their salaries to the plan and 10.00% (2020 - 10.00%) of salary in excess of $61,600 (2020 - $58,700).

An actuarial valuation of the Municipal Pension Plan's assets and pension liabilities is performed at least every three years. The most recent full actuarial valuation for funding purposes available was prepared as at 31 December 2018. The valuation disclosed a surplus for basic pension benefits of $2,866 million in the plan.

Contributions to the plan are expensed in the year made and in the current year amounted to $645,294 (2020 - $701,146).

15. Financial instruments

The Centre is exposed to various risks through its financial instruments. The following analysis provides a measure of the Centre's risk exposure and concentrations at the combined statement of financial position date, 31 March 2021:

(a) Liquidity risk

Liquidity risk is the risk that the Centre will encounter difficulty in meeting obligations associated with financial liabilities. The Centre is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, salaries payable, accrued vacation payable, accrued employee future benefits, resident trust funds, demand loan payable and capital lease obligation. It is the Centre's intention to meet its financial obligations through the collection of current accounts receivable, cash on hand, future funding from Fraser Health Authority and potentially obtaining additional financing. During the year, the Centre has taken measures in managing its cash balance to ensure adequate cash flow is available to meet payroll obligations and to repay trade creditors as payments become due. There has been no change to this risk exposure from the prior year.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Centre's main credit risks relate to its accounts receivable. The Centre provides credit to its residents in the normal course of operations. The Centre assess, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. There has been no change to the risk exposure from the prior year.

15. Financial instruments - Continued

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Centre is mainly exposed to interest rate risk.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Centre is exposed to interest rate risk on its variable interest rate financial instruments. Variable rate instruments subject the Centre to a cash flow risk. There has been no change to the risk exposure from the prior year.

16. Fundraising - Burnaby Hospital Foundation

During the year, funds held by St. Paul's Foundation in the capacity as the Centre's designated foundation were transferred to the Burnaby Hospital Foundation. In accordance with the new agreement between the Centre and the Burnaby Hospital Foundation, Burnaby Hospital Foundation will replace St. Paul's Foundation as the Centre's new designated foundation to accept donations and donation processing on behalf of the Centre. The total funds transferred were in the amount of $875,859 and were divided into $243,859 (the "Designated Account") and $632,000 (the "Specified Account") respectively.

Fundraising in 2021 and subsequent years will be received in the Designated Account and expenditures from the Designated Account will require approval by the Burnaby Hospital Foundation.

The Specified Account is unrestricted upon transfer to the Burnaby Hospital Foundation with the Centre's Board of Directors having discretion over its use.

The funds Burnaby Hospital Foundation holds on behalf of the Centre is summarized below. These funds are in Burnaby Hospital Foundation's possession until the Centre submits funding applications to Burnaby Hospital Foundation for administrative approval and as such, these amounts are not included in the Centre's combined statement of financial position. Revenue is recognized by the Centre when funding applications are submitted and approved by Burnaby Hospital Foundation. During the year, $30,000 has been disbursed to the Centre and recorded as the Centre's revenues (Note 2(c)).

16. Fundraising - Burnaby Hospital Foundation - Continued

	2021
Specified Account - opening balance	$ -
Specified Account - initial transfer	632,000
Specified Account - fund disbursement	(30,000)
Specified Account - ending balance	602,000
Designated Account - opening balance	-
Designated Account - initial transfer	243,589
Designated Account - fundraising obtained	30,386
Designated Account - fund disbursement	-
Designated Account - ending balance	273,975
Total	$ 875,975

17. Remuneration of Directors, Employees and Contractors

For the fiscal year ended 31 March 2021 the amounts paid to directors of the Centre for acting in their noted capacity was $Nil (2020 - $Nil). During the year, the total remuneration paid to the top 10 employees and contractors earning more than $75,000 each was $1,184,560 (2020 - $1,055,068).

18. Impact of COVID-19

In March 2020, the World Health Organization declared the COVID-19 (the "pandemic") outbreak to be a public health emergency. The pandemic has caused an increase in economic uncertainty that has led to volatility in international markets and disrupted business operations around the world. The Centre experienced two COVID-19 outbreaks during the year. The health authorities declared that the latest outbreak at the Centre ended in February 2021. The Centre is continuing to follow the highest level of safety precautions as regulated by the health authorities and is closely monitoring its community's situation. The Centre's primary sources of revenue are derived from funding received for resident care and resident rents. At the date of the Independent Auditors' Report, the Centre continued to receive funding from its principal funding agency and rents from its residents. The Centre additionally received pandemic-specific funding during the year. Management does not anticipate that the pandemic will have a significant financial impact on future revenues and expenses, but the duration of the pandemic and potential impact on future operations is still to be determined.

19. Self pay revenue

Self pay represents the maximum monthly facility rate the Centre is entitled to receive from its long-term and extended care residents. Amounts paid by residents in excess of this amount are clawed-back by the principal funding agency throughout the year.

The balance is comprised of fees received and receivable by the Centre during the year from its residents net of $886,608 (2020 - $802,838) which is the portion of fees in excess to the maximum facility monthly rate remitted to the health authorities.

	2021	2020
Total self pay received and receivable	**$ 2,734,728**	$ 2,815,648
Amounts clawed back	**(886,608)**	(802,838)
Total	**$ 1,848,120**	$ 2,012,810

ST. MICHAEL'S CENTRE
Schedule 1 - Combined Schedule of Revenue
For the year ended 31 March 2021

	2021	2020
Resident care		
Grants	**$ 12,826,659**	$ 11,680,630
Self pay (Note 19)	**1,848,120**	2,012,810
	14,674,779	13,693,440
Amortization of deferred capital contributions	**466,012**	471,136
Other income		
Other	**459,073**	195,312
Interest	**3,982**	8,190
	463,055	203,502
	$ 15,603,846	$ 14,368,078

ST. MICHAEL'S CENTRE
Schedule 2 - Combined Schedule of Expenses - Operations
For the year ended 31 March 2021

	2021	2020
Salaries, wages and employee benefits		
Salaries and wages	**$ 9,827,317**	$ 9,213,834
Employee benefits	**2,765,134**	2,951,427
	12,592,451	12,165,261
Patient services and supplies	**626,737**	553,534
General services		
Housekeeping and laundry	**287,649**	201,216
Physical plant services and supplies		
Utilities	**233,070**	227,362
Maintenance, security and supplies	**200,469**	162,919
Furniture and equipment replacements	**16,314**	16,897
	449,853	407,178
Food and dietary	**420,354**	418,555
Administrative		
Other fees	**325,851**	280,073
Audit and legal	**45,672**	84,383
Miscellaneous	**32,105**	27,898
Telephone	**16,163**	16,893
Office, including printing, stationery and postage	**14,177**	13,126
Association membership fees	**7,213**	6,061
Education	**3,721**	34,878
Travel	**127**	41
	445,029	463,353
Interest	**19,083**	30,990
Amortization	**560,988**	567,293
	$ 15,402,144	$ 14,807,380