ST. MICHAEL'S CENTRE

COMBINED FINANCIAL STATEMENTS

31 MARCH 2026

ST. MICHAEL'S CENTRE
Combined Financial Statements
For the year ended 31 March 2026

Contents

Rolfe Benson
— Chartered Professional Accountants —

INDEPENDENT AUDITORS' REPORT

To the Members and the Board of Directors of St. Michael's Centre, and,
To the Minister of Health, Province of British Columbia

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 2026, 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 2026, and the the combined results of its 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 in the combined financial statements, which indicates that the Centre has an accumulated unrestricted operating deficit of $3,625,891 as of the year ended 31 March 2026. As stated in Note 1, the unrestricted operating deficit, along with other matters as set forth in Note 1, 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.

INDEPENDENT AUDITORS' REPORT - Continued

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.

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 auditor's 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 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
28 May 2026

ST. MICHAEL'S CENTRE
Combined Statement of Financial Position
31 March 2026

	2026	2025
Assets		
Current		
Cash	$ 916,341	$ 301,873
Accounts receivable (Note 3)	19,419	792,679
Prepaid expenses	101,787	112,848
Supplies inventory	14,869	17,652
	1,052,416	1,225,052
Restricted cash (Note 4)	92,633	83,645
Tangible capital assets (Note 5)	2,640,777	2,791,870
	$ 3,785,826	$ 4,100,567
Liabilities		
Current		
Demand loan payable (Note 6)	$ 684,597	$ 720,647
Accounts payable and accrued liabilities (Note 9)	836,402	690,155
Salaries payable (Note 7)	1,101,317	1,112,141
Deferred revenue (Note 8)	582,053	653,917
Accrued vacation payable	514,694	521,234
	3,719,063	3,698,094
Resident trust funds	17,125	16,981
Accrued employee future benefits (Note 9)	959,244	959,733
Deferred capital contributions (Note 10)	1,741,266	2,078,165
	6,436,698	6,752,973
Contingent liabilities (Note 11)		
Net Assets		
Unrestricted operating deficit	(3,625,891)	(3,432,775)
Replacement reserve (Note 2(f))	75,508	66,664
Invested in tangible capital assets (Note 12)	899,511	713,705
	(2,650,872)	(2,652,406)
	$ 3,785,826	$ 4,100,567

APPROVED BY THE DIRECTORS:

Director

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 2026

	Unrestricted operating deficit	Replacement reserve	Invested in tangible capital assets	**Total 2026**	Total 2025
Balance - beginning of year	$ (3,432,775)	$ 66,664	$ 713,705	**$ (2,652,406)**	$ (1,891,271)
Deficiency of revenues over expenses	(55,466)	-	-	**(55,466)**	(466,735)
Amortization of tangible capital assets	585,753	-	(585,753)	-	-
Amortization of deferred capital contributions	(534,901)	-	534,901	-	-
Recognition of actuarial gains (losses) on accrued employee future benefits	57,000	-	-	**57,000**	(294,400)
Interest earned on replacement reserve	(1,164)	1,164	-	-	-
Transfer annual replacement reserve	(7,680)	7,680	-	-	-
Investment in tangible capital assets funded by operations	(236,658)	-	236,658	-	-
Balance - end of year	**$ (3,625,891)**	**$ 75,508**	**$ 899,511**	**$ (2,650,872)**	$ (2,652,406)

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 2026

	2026	2025
Revenues - Schedule 1		
Resident care	**$ 18,513,280**	$ 18,287,646
Other income	**336,729**	433,432
Amortization of deferred capital contributions	**534,901**	530,564
	19,384,910	19,251,642
Expenses - Schedule 2		
Salaries, wages and employee benefits	**15,763,052**	15,887,337
Physical plant services and supplies	**734,053**	885,753
Food and dietary	**729,840**	630,282
Patient services and supplies	**609,920**	632,289
Administrative	**564,903**	618,102
General services	**427,089**	334,648
Mortgage interest	**25,766**	34,848
Amortization	**585,753**	660,118
	19,440,376	19,683,377
Deficiency of revenues over expenses from operations	**(55,466)**	(431,735)
Other expense		
Clawback in resident care funding (Note 11)	**-**	35,000
Deficiency of revenues over expenses for the year	**$ (55,466)**	$ (466,735)

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 2026

	2026	2025
Cash provided by (used in):		
Operating activities		
Deficiency of revenues over expenses for the year	$ **(55,466)**	$ (466,735)
Items not involving cash		
Amortization of tangible capital assets	**585,753**	660,118
Amortization of deferred capital contributions	**(534,901)**	(530,564)
Actuarial gains (losses) recognized in net assets	**57,000**	(294,400)
Amortization of deferred loan costs	**4,575**	9,150
	56,961	(622,431)
Changes in non-cash working capital balances		
Accounts receivable	**773,260**	582,727
Prepaid expenses	**11,061**	(96,745)
Supplies inventory	**2,783**	-
Accounts payable and accrued liabilities	**146,247**	(185,792)
Salaries payable	**(10,824)**	(61,369)
Deferred revenue	**(71,864)**	(57,353)
Accrued vacation payable	**(6,540)**	29,774
Accrued employee future benefits	**(489)**	199,354
	900,595	(211,835)
Investing activities		
Increase in restricted cash	**(8,988)**	(12,484)
Purchase of tangible capital assets	**(434,660)**	(188,521)
	(443,648)	(201,005)
Financing activities		
Repayment of demand loan payable	**(40,625)**	(32,368)
Repayment of capital lease obligation	**-**	(2,480)
Contributions received for tangible capital asset additions	**198,002**	174,204
Resident funds	**144**	3,036
	157,521	142,392
Net increase (decrease) in cash	**614,468**	(270,448)
Cash - beginning of year	**301,873**	572,321
Cash - end of year	$ **916,341**	$ 301,873

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

1. Organization and basis of presentation

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.

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 a deficiency of revenues over expenses of $55,466 in the current year (2025 – deficiency of $466,735) 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 $3,625,891 (2025 - $3,432,775), a working capital deficiency of $2,666,647 (2025 - $2,473,042) and long-term accrued employee future benefits obligations of $959,244 (2025 - $959,733). The Centre is also exposed to contingent liabilities (Note 11) and its demand loan agreement expires on 1 August 2026 (Note 6).

Management projects that, without additional funding, the Centre may incur a larger operating deficiency of approximately $2 million for the fiscal year ending 31 March 2027. Management attributes the projected shortfall to ongoing structural underfunding relative to operational needs. Discussions with the Centre’s principal funding agency regarding additional financial support are ongoing.

The Centre's ability to continue as a going concern is dependent upon receiving continued support from its principal funding agency, continuing to improve its operational results to reduce the accumulated deficit, and securing additional financial assistance through other sources. The Centre also has access to externally administered funds held by the Burnaby Hospital Foundation (Note 15). The Centre continues to develop capital investment strategies and long-term planning initiatives to support the Centre’s sustainability.

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, 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 and resident trust funds.

(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. Government funding for incremental overtime and other Covid-19 related costs are recognized when the amounts to be received are determined and approved by the funder. 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 15).

(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 at the following rates:

Buildings	2% to 4%
Building improvements, 2009 to 2022	7% or to 2027
Building improvements, 2023 and after	4%
Furniture and equipment	10%
Computers	20%

(e) 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.

(f) 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 loan payable (Note 6) 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.

2. Summary of significant accounting policies - Continued

(g) Income tax

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

(h) 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.

(i) 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:

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.

2. Summary of significant accounting policies - Continued

(j) 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 assets, allowance for doubtful accounts, accounts payable and accrued liabilities, salaries payable, accrued vacation payable, amortization of deferred capital contributions, the balance of accrued employee future benefits which is determined using an actuarial valuation and the determination of asset retirement obligations. 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

	2026	2025
Accounts receivable	**$ 33,096**	$ 50,194
Allowance for doubtful accounts	**(13,677)**	(13,774)
Grants receivable	**-**	718,347
GST receivable	**-**	37,912
	$ 19,419	$ 792,679

4. Restricted cash

	2026	2025
Replacement reserve	**$ 75,508**	$ 66,664
Resident trust funds	**17,125**	16,981
	$ 92,633	$ 83,645

5. Tangible capital assets

	Cost	Accumulated Amortization	2026 Net	2025 Net
Land and improvements	$ 447,449	$ -	$ 447,449	$ 447,449
Buildings	12,442,935	12,048,967	393,968	787,823
Building improvements	1,706,445	1,230,041	476,404	545,503
Furniture and equipment	5,896,400	4,628,345	1,268,055	1,011,095
Computers	170,334	115,433	54,901	-
	$ 20,663,563	$ 18,022,786	$ 2,640,777	$ 2,791,870

6. 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 $1,317,821 (2025 - $1,780,775). At the date of the independent auditors' report, management is in discussions with BCHMC to renegotiate the loan agreement in advance of the expiry date.

	2026	2025
Balance - beginning of the year	$ 720,647	$ 743,865
Less: Principal repayments	(40,625)	(32,368)
Add: Amortization of financing costs	4,575	9,150
Balance - end of the year	$ 684,597	$ 720,647

Included in the balance of demand loan payable is financing costs of $93,179 (2025 - $93,179) with accumulated amortization of $93,179 (2025 - $88,604).

7. Salaries payable

Included in salaries payable is $416,615 (2025 - $449,102) of government remittances payable.

8. Deferred revenue

Deferred revenue consists of grants received which may only be used for the purpose of operating or other specific costs of future periods.

	Balance, beginning of year	Received and receivable	Recognized	**Balance, end of year**
Fraser Health Authority - operating funding for the subsequent year	$ 526,312	$ 535,650	$ (526,312)	**$ 535,650**
Fraser Health Authority - Quality and Safety	114,605	-	(114,605)	**-**
St. Mary's Health Foundation - Safe Long-Term Care	13,000	22,500	(8,625)	**26,875**
BC Housing - Housing Provider IT	-	94,300	(74,772)	**19,528**
	$ 653,917	$ 652,450	$ (724,314)	**$ 582,053**

$198,002 (2025 - $39,834) of the amounts recognized are for contributions received for tangible capital asset additions and have been recorded in deferred capital contributions on the combined statement of financial position.

9. 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 2026.

	2026	2025
Accrued benefit obligation - beginning	$ 1,191,100	$ 851,900
Expense	135,200	106,200
Immediate recognition of actuarial (gains) losses in net assets	(57,000)	294,400
Actual benefit payments	(107,600)	(61,400)
Accrued benefit obligation - ending	1,161,700	1,191,100
Current portion	(202,456)	(231,367)
	$ 959,244	$ 959,733

The key assumptions made in the valuation were as follows:

(a) An interest (discount) rate of 5.00% per annum, based on market interest rates as at 31 March 2026. This is an increase from the discount rate of 4.60% at 31 March 2025;

(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 withdrawals were assumed to occur after age 55;

(c) Utilization of sick leave and retirement time is based on a study of a number of demographic assumptions (mortality, termination, retirement, disability and accumulation of sick banks). Many of the demographic assumptions are based on the most recent BC Municipal Pension Plan as of 31 December 2024 (Note 13); and

(d) A salary increase rate of 2.50% per annum in 2025, 3.00% from 2026 to 2028 and 2.50% in 2029 and thereafter.

10. Deferred capital contributions

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

	2026	2025
Balance - beginning of the year	**$ 2,078,165**	$ 2,434,525
Contributions received for tangible capital asset additions (Note 8)	**198,002**	174,204
	2,276,167	2,608,729
Less: amounts amortized to revenue	**(534,901)**	(530,564)
Balance - end of the year	**$ 1,741,266**	$ 2,078,165

11. Contingent liabilities

The Centre's contract with the principal funding agency requires the Centre to maintain a certain percentage of occupancy rate for long-term care and provide a certain number of daily care hours to each resident. At certain points during the current and previous years, the Centre did not meet the occupancy rate and daily care hours requirements.

Additionally, the Centre 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. The Centre does not estimate that any temporary funding received during the year would be subject to repayment. The total amount subject to repayment during the year totaled $Nil (2025 - $35,000). At the date of the Independent Auditors' Report, the Centre had not received notification from the principal funding agency of repayments required for fiscal year 2026.

As the amount of any potential liability in excess of the above noted amounts cannot be reasonably estimated, no additional liability has been recorded in these combined financial statements. Any adjustments to the amounts payable will be recorded in the period that these become known.

12. 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.

13. 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 9.31% (2025 - 9.31%) and employees contribute 8.61% (2025 - 8.61%) of their salaries to the plan.

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 2024. The valuation disclosed a surplus for basic pension benefits of $2,675 million in the plan.

Contributions to the plan are expensed in the year made and in the current year amounted to $852,870 (2025 - $889,581).

14. 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 2026:

14. Financial instruments - Continued

(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 and demand loan payable. 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. 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 cash and accounts receivable. Cash are held with a regulated financial institution within Canada. 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.

(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 fixed and variable interest rate financial instruments. Fixed-rate instruments subject the Centre to a fair value risk while the variable rate instruments subject the Centre to a cash flow risk. The Centre does not use financial instruments to reduce its risk exposure.

15. Fundraising - Burnaby Hospital Foundation

Starting from 2021, 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 agreement between the Centre and the Burnaby Hospital Foundation, Burnaby Hospital Foundation replaced St. Paul's Foundation as the Centre's designated foundation to accept fundraising and donation processing on behalf of the Centre. The total funds initially transferred in 2021 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 are 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, $200,586 has been disbursed to the Centre and was recorded as revenues (Note 2(c)).

	2026	2025
Specified Account - opening and ending balance	**$ 598,110**	$ 622,263
Specified Account - interest income	**20,814**	28,636
Specified Account - fund disbursement	**(195,586)**	(52,789)
Specified Account - ending balance	**423,338**	598,110
Designated Account - opening balance	**367,255**	271,947
Designated Account - fundraising obtained	**56,213**	88,178
Designated Account - interest income	**4,428**	7,130
Designated Account - fund disbursement	**(5,000)**	-
Designated Account - ending balance	**422,896**	367,255
Total	**$ 846,234**	$ 965,365

16. Remuneration of Directors, Employees and Contractors

For the fiscal year ended 31 March 2026 the amounts paid to directors of the Centre for acting in their noted capacity was $Nil (2025 - $Nil). 33 employees (2025 - 39 employees) received remuneration in excess of $75,000, and the total amount of remuneration was $3,742,315 (2025 - $4,297,881).

17. Impact of COVID-19 and other public health events

Public health events such as COVID-19 and other infectious disease outbreaks have caused disruptions in organizations operating in long-term and extended resident care. During the year, the Centre observed disruptions in resident admissions and an increase in staff overtime and other costs compared to years prior to the pandemic. 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. These public health events did not have a significant negative financial impact overall in the current year but the potential impact on future revenues and expenses are still to be determined.

18. 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 $886,807 (2025 - $813,127) which is the portion of fees in excess to the maximum facility monthly rate paid or payable to the health authorities.

	2026	2025
Total self pay received and receivable	**$ 3,352,870**	$ 3,132,320
Amounts clawed back	**(886,807)**	(813,127)
Total	**$ 2,466,063**	$ 2,319,193

19. Asset retirement obligations

In a prior year, the Centre conducted an asbestos building materials assessment of its entire building. Asbestos-contain materials ("ACMs") were found and presumed in certain unexposed parts of the building. The assessment also identified other materials that might contain ACM's but were not sampled. Under the provincial and local government guidelines, the organization has a legal obligation to remove ACMs upon future developments, renovations or demolition of the building. While the assessment identified certain areas where ACM's were present via sampling, at the date of the Independent Auditors' Report management has not obtained information on the cost of removing the ACMs or additional steps to be taken. As such, management is unable to make a reasonable estimate of the liability associated with removing ACMs until further studies are performed and no amount has been recorded in these combined financial statements.

ST. MICHAEL'S CENTRE
Schedule 1 - Combined Schedule of Revenue
For the year ended 31 March 2026

	2026	2025
Resident care		
Grants		
Base funding	**$ 13,721,983**	$ 13,684,111
Bridge funding	**1,570,044**	1,100,000
FHA other funding	**755,190**	1,184,343
Total resident care and self pay	**16,047,217**	15,968,454
Self pay (Note 18)	**2,466,063**	2,319,193
	18,513,280	18,287,647
Amortization of deferred capital contributions	**534,901**	530,564
Other income		
Other	**317,269**	401,955
Interest	**19,460**	31,477
	336,729	433,432
	$ 19,384,910	$ 19,251,643

ST. MICHAEL'S CENTRE
Schedule 2 - Combined Schedule of Expenses - Operations
For the year ended 31 March 2026

	2026	2025
Salaries, wages and employee benefits		
Salaries and wages	**$ 12,199,777**	$ 12,199,183
Employee benefits	**3,563,275**	3,688,154
	15,763,052	15,887,337
Patient services and supplies	**609,920**	632,289
General services		
Housekeeping and laundry	**427,089**	334,648
Physical plant services and supplies		
Maintenance, security and supplies	**465,811**	565,377
Utilities	**254,664**	275,247
Furniture and equipment replacements	**13,578**	45,129
	734,053	885,753
Food and dietary	**729,840**	630,282
Administrative		
Other fees	**233,984**	256,467
Audit, consulting and legal	**194,137**	209,969
Education	**36,060**	44,246
Telephone	**33,429**	36,215
Association membership fees	**20,996**	16,596
Office, including printing, stationery and postage	**17,358**	27,511
Miscellaneous	**15,937**	16,864
Travel	**13,002**	10,234
	564,903	618,102
Mortgage interest	**25,766**	34,848
Amortization	**585,753**	660,118
	$ 19,440,376	$ 19,683,377