Financial Statements of

LUTHERAN CHURCH - CANADA DEFINED BENEFIT PENSION PLAN

Year ended December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Managers of Lutheran Church - Canada Defined Benefit Pension Plan

We have audited the accompanying financial statements of Lutheran Church - Canada Defined Benefit Pension Plan, which comprise the statement of financial position as at December 31, 2015, the statements of changes in net assets available for benefits and changes in pension obligations for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, 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.

Auditors' 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 an 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 our 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, we consider 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 Lutheran Church - Canada Defined Benefit Pension Plan as at December 31, 2015, and the changes in its net assets available for benefits and the changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

KPMG LLP

Chartered Professional Accountants

June 27, 2016

Winnipeg, Canada

LUTHERAN CHURCH - CANADA DEFINED BENEFIT PENSION PLAN

Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Cash	$ 997,503	$ 258,130
Goods and services taxes receivable	10,305	6,770
Contributions receivable from Lutheran Church - Canada Workers Benefit Plan	11,569	–
Receivable from broker	–	130,458
	1,019,377	395,358
Investments (note 3)	98,456,800	98,033,477
	99,476,177	98,428,835
Liabilities		
Accounts payable and accrued liabilities	79,500	121,100
Payable to Lutheran Church - Canada Workers Benefit Plan	–	242,986
Payable to Concordia University of Edmonton (note 10)	30,425,177	–
	30,504,677	364,086
Net assets available for benefits	68,971,500	98,064,749
Actuarial value of pension obligations (note 4)	71,205,957	101,702,000
Subsequent event (note 10)		
Deficiency of net assets available for benefits over pension obligations	$ (2,234,457)	$ (3,637,251)

See accompanying notes to financial statements.

On behalf of the Board:

Dwayne Cleave

Director

Director

LUTHERAN CHURCH - CANADA DEFINED BENEFIT PENSION PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Increase in assets:		
Contributions - employer	$ 1,779,136	$ 2,712,656
Contributions - employee	89,708	207,601
Investment income (note 5)	6,032,639	2,767,781
Realized investment gains, net of realized losses	6,065,316	7,824,734
	13,966,799	13,512,772
Decrease in assets:		
Pension benefits paid	4,600,475	4,258,499
Lump sum transfers to members	243,195	738,472
Administration expenses (note 6)	682,509	612,891
Unrealized investment losses, net of unrealized gains	7,108,692	1,574,281
Payable to Concordia University of Edmonton (note 10)	30,425,177	–
	43,060,048	7,184,143
Increase (decrease) in net assets	(29,093,249)	6,328,629
Net assets available for benefits, beginning of year	98,064,749	91,736,120
Net assets available for benefits, end of year	$ 68,971,500	$ 98,064,749

See accompanying notes to financial statements.

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Statement of Changes in Pension Obligations

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Actuarial value of pension obligations, beginning of year	$ 101,702,000	$ 99,893,000
Benefits accrued	321,286	570,000
Benefits paid	(3,311,214)	(4,997,000)
Interest on accrued benefits	4,111,258	5,861,000
Effect of changes in actuarial assumptions	–	(7,000)
Effect of experience gains and losses	68,693	382,000
Withdrawal of Concordia University of Edmonton (note 4)	(31,686,066)	–
Actuarial value of pension obligations, end of year	$ 71,205,957	$ 101,702,000

See accompanying notes to financial statements.

LUTHERAN CHURCH - CANADA DEFINED BENEFIT PENSION PLAN

1. Description of Plan:

The following description of the Lutheran Church - Canada Defined Benefit Pension Plan (the Plan) is a summary only. For more complete information, reference should be made to the Plan Agreement.

(a) General:

The Plan was a non-contributory defined benefit pension plan covering employees of the participating employers including Lutheran Church - Canada (LCC), the Plan's Sponsor. The Plan was established on January 1, 1989. This Plan is one of the benefit plans included within the Lutheran Church - Canada Workers Benefit Plan. Effective January 1, 2013, the Plan became a contributory plan for all future credited service and all members who are still eligible to accrue credited service (note 2) in the Plan are required to make annual contributions of 4 percent of their compensation.

(b) Funding policy:

Employers participating in the Plan fund the benefits determined under the Plan. The determination of the value of these benefits is made on the basis of an actuarial valuation (note 4).

(c) Service pension:

A service pension is available based on 1.25 percent of final average monthly earnings (average of the highest 60 consecutive months during the last 240 months of credited service) up to the final average monthly Year's Maximum Pensionable Earnings (YMPE) for the year of retirement and the two previous calendar years, plus 1.6 percent of the final average monthly earnings in excess of the final average monthly YMPE, multiplied by credited years of service.

(d) Survivor's pension:

If a member dies before retirement, a benefit is paid to the surviving spouse or beneficiary, if there is no surviving spouse. If a member's death occurs after retirement, the benefit paid to the surviving spouse is paid according to the form of pension chosen at the time of retirement.

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1. Description of Plan (continued):

(e) Normal retirement:

Normal retirement accrues on the first of the month coincident with or immediately following the attainment of age 65.

(f) Early retirement:

A member who retires at or after age 60 will have their normal retirement pension reduced by 0.55 percent for each month that their early retirement date precedes their normal retirement date. A member who retires between age 55 and 60, will have their normal retirement pension reduced by 33 percent plus an additional 0.27 percent for each month that their early retirement date precedes the first day of the month following their 60th birthday.

(g) Postponed retirement:

Retirement benefits cannot be postponed beyond the end of the year in which a member turns 71 years of age.

(h) Vested termination benefit:

Unless otherwise stipulated by the pension regulations, a member will immediately be entitled to total pension benefits earned to the date of termination under four alternative forms of payment.

(i) Income taxes:

The Plan is a registered Pension Trust and is not subject to income taxes.

LUTHERAN CHURCH - CANADA DEFINED BENEFIT PENSION PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2015

2. Significant accounting policies:

(a) Basis of preparation:

The Plan follows Canadian accounting standards for pension plans for accounting policies related to its investment portfolio and pension obligations. In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, the Plan complies on a consistent basis with Canadian accounting standards for private enterprises.

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. Only the net assets of the Plan and obligations to the members eligible to participate in the Plan have been included in these financial statements. These financial statements do not portray the funding requirements of the Plan or the benefit security of the individual plan members.

As disclosed in note 4, the financial position at December 31, 2015 is an estimate based on an extrapolaton of the most recent filed actuarial report as of December 31, 2014. The extrapolation indicates that the Plan has a going concern deficiency of $2,781,000 (2014 - $7,961,000) and a statutory solvency deficiency of $21,647,000 (2014 - $32,990,000). At the forbearance of the Province of Alberta Superintendent of Pensions, the Plan is currently not required to fund the solvency deficiency.

Effective January 1, 2013, members who were age 55 and over who had less than 80 points (age of employee plus years of service) at December 31, 2012 were enrolled in a defined contribution pension plan from January 1, 2013 onwards. These applicable Plan members will not earn any further service benefits under the Plan after January 1, 2013. However, pre-January 1, 2013 benefit obligations will continue growing within the Plan through future salary increases.

2. Significant accounting policies (continued):

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and investments are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Plan has elected not to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the straight-line method.

(c) Fair value measurement:

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Plan uses closing market price for fair value measurement. When available, the Plan measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Plan establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

2. Significant accounting policies (continued):

All changes in fair value, other than interest and dividend income, are recognized in the statement of changes in net assets available for benefits within unrealized and realized investment gains and losses.

Fair values of investments are determined as follows:

Bonds, mortgages and equities are valued at year-end closing market prices.

Pooled investment funds are valued at the unit values supplied by the fund administrator, which represents the Plan's proportionate share of underlying net assets at fair values determined using year-end closing market prices.

Investments in derivative financial instruments, being forward foreign exchange contracts, are valued at year end quoted market prices where available. Where quoted prices are not available, values are determined using pricing models, which taken into account current market and contractual prices of the underlying instruments, as well as time value and yield curve or volatility factors underlying the positions.

Alternative investments are recorded at fair value determined by the external manager. A number of valuation methodologies are considered in arriving at the fair value of unquoted investments, including internal or external valuation models, which may include discounted cash flow analyses. The most appropriate methodology to determine fair value is chosen on an investment by investment basis. Any control, size, liquidity or other discounts or premiums on the investment are considered by the external manager in their determination of fair value.

(d) Foreign currency translation:

Transactions in foreign currencies are translated into Canadian dollars at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into Canadian dollars at the exchange rate at that date.

Foreign currency differences arising on retranslation are recognized in the statement of changes in net assets available for benefits within unrealized investment gains and losses.

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2. Significant accounting policies (continued):

(e) Investment transactions and income recognition:

(i) Investment transactions:

Investment transactions are accounted for on a trade date basis.

(ii) Income recognition:

Investment income has been accrued as reported by the issuer of the pooled funds and bonds. Dividend income from publicly traded securities is recorded as of the ex-dividend date. Interest income has been accrued as earned.

(f) Contributions:

Contributions from employers and employees are recorded on an accrual basis.

(g) Benefits:

Benefit payments to members, termination refunds to former members, and transfer payments to other plans are recorded in the period in which they are paid or payable. Any benefit payment accruals not paid are reflected in accounts payable and accrued liabilities.

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets during the year. Significant items subject to such estimates and assumptions include the determination of the actuarial value of pension obligations. Actual results could differ from those estimates.

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Notes to Financial Statements (continued)

Year ended December 31, 2015

3. Investments:

The investments as at December 31 are as follows:

	2015	2014
Pooled funds:		
Short-term investments	$ 5,319,398	$ 4,312,075
Bonds	31,569,255	31,507,451
Canadian equities	28,083,473	28,634,031
Foreign equities	33,344,197	31,189,549
Alternative investments	140,477	2,390,371
	$ 98,456,800	$ 98,033,477

4. Pension obligations:

The actuarial value of pension obligations was determined by Ellement Consulting Group, the actuary, using the projected unit credit actuarial cost method prorated on service and the Board of Managers best estimate assumptions. The latest valuation filed is as of December 31, 2014. The next valuation will be filed as at December 31, 2017.

The assumptions used in the actuarial value of pension obligations are going concern assumptions adopted by the Board of Managers and were developed by reference to expected long-term market conditions. The significant long-term actuarial assumptions used in the valuation were:

(a) the average rate of compensation increase was assumed to be 3.0 percent (2014 - 3.0 percent); and

(b) the discount rate for accrued pension benefits and the asset rate of return were assumed to be 6.0 percent (2014 - 6.0 percent).

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Notes to Financial Statements (continued)

Year ended December 31, 2015

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4. Pension obligations (continued):

Since there is no intention of extinguishing the pension obligations in the near term, the obligations are calculated by using the going concern actuarial basis. As underlying conditions change over time, going concern assumptions adopted by the Board of Managers may also change, which could cause a material change in the actuarial value of pension obligations.

For funding purposes, the actuarial value of net assets available for benefits has been determined at amounts that reflect long-term market trends (consistent with assumptions underlying the actuarial value of pension obligations). This valuation is based on a three year moving average market method. Under this method, all experience gains and losses are averaged over a three year period.

Concordia University of Edmonton (Concordia), the largest participating employer in the Plan, notified LCC that it wished to withdraw from the Plan effective January 1, 2015. Concordia and LCC initially entered into a Letter of Intent Agreement to identify the process that needed to be followed in order to give effect to the intentions of Concordia as expressed in the notice.

On December 2, 2015 Concordia and LCC entered into a Pension Transfer Agreement which specifically quantified the covenants agreed upon for facilitating the Concordia withdrawal as a participating employer in the Plan. Covenants included in the agreement involved the splitting of pension assets, pension obligations, and membership in the Plan still entitled to a pension benefit. In accordance with the Transfer Agreement, effective January 1, 2015, Concordia assumed responsibility its' share of the actuarial value of pension obligations which was reflected as a withdrawal from the Plan in fiscal 2015.

The actuarial value of pension obligations of Concordia effective January 1, 2015 is $31,686,066 as determined by the valuation as of December 31, 2014 and has been reflected as a withdrawal by Concordia from the actuarial value of pension obligations for the year ended December 31, 2015.

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4. Pension obligations (continued):

The financial position at December 31, 2015 is an estimate based on an extrapolation of the most recent filed actuarial valuation report as at December 31, 2014. The extrapolation indicates that there is a going concern deficiency of $2,781,000 (excludes Concordia) (2014 - $7,961,000 includes Concordia). The going concern deficiency is calculated utilizing the average fair value of assets for the last three fiscal years which resulted in a reduction of $546,000 (excludes Concordia) (2014 - $4,324,000 includes Concordia) from the net assets available for benefits as disclosed in the statement of financial position. The extrapolation at December 31, 2015 also indicated that there was a statutory solvency deficiency of $21,647,000 (excludes Concordia) (2014 - $32,990,000 includes Concordia). To eliminate the going concern deficiency, based on the December 31, 2014 file actuarial valuation report requires additional annual aggregate employer contributions of $560,000 payable over fifteen years commencing fiscal 2015 (excluding Concordia). At the forbearance of the Province of Alberta Superintendent of Pensions, the Plan is currently not required to fund the solvency deficiency.

5. Investment income:

	2015	2014
Pooled funds	$ 5,690,692	$ 2,562,546
Alternative investments	341,947	205,235
	$ 6,032,639	$ 2,767,781

6. Administration expenses:

	2015	2014
Investment management fees	$ 369,036	$ 306,064
Custodial fees	35,456	37,294
Consulting fees	72,350	111,087
Salaries and benefits	109,700	116,697
Other	95,967	41,749
	$ 682,509	$ 612,891

6. Administration expenses (continued):

Administration expenses, except for investment management fees, custodial fees and consulting fees, represent management's estimate of the Plan's share of office and administrative expenses incurred by the Lutheran Church - Canada Workers Benefit Plan - Administration Fund. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Capital management:

The main objective of the Plan is to sustain a certain level of net assets in order to meet the pension obligations of the Plan. The Plan fulfils its primary objective by adhering to specific investment policies outlined in its Statement of Investment Policies and Procedures (the SIPP), which is reviewed annually by the Board of Managers of the Plan. The Plan manages net assets by engaging knowledgeable investment managers who are charged with the responsibility of investing existing funds and new funds (current year's employer and employee contributions) in accordance with the approved SIPP. Increases in net assets are a direct result of investment income generated by investments held by the Plan and contributions into the Plan by the employers and employees. The main use of net assets is for benefit payments to eligible Plan members.

The primary risk the Plan faces is that the Plan's asset growth and contribution rates will be insufficient to cover the Plan's liabilities (funding risk) resulting in an unfunded liability (funding deficiency). If a funding deficiency reaches a certain level, or persists, it may need to be eliminated through contribution rate increases, pension benefit reductions or a combination of the two.

The Plan's net funded position can change relatively quickly if there are changes in the value of the investments or liabilities. Either can result in a mismatch between the Plan's assets and its liabilities. The most significant contributors to funding risk are:

- increase or decline in interest rates
- decline in long-term investment rates of return
- changes in stock market indices affecting market values of investments
- unexpected increases in inflation and salary escalation

The Plan's liabilities are affected by non-economic factors like changes in member demographics. The Plan's assets are subject to financial instrument risks which are explained in more detail in note 8 to these financial statements.

8. Risk management:

The Plan is exposed to a variety of financial risks as a result of its investment activities and has policies and procedures that govern the management of market, credit and liquidity risk. The Board of Managers establish a target asset mix among interest bearing instruments and Canadian and foreign equities to ensure diversification across asset classes. This strategy is provided to the investment managers who implement and monitor it to ensure the policies are met.

(a) Market risk:

(i) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Plan invests in interest-bearing financial assets. The Plan is exposed to the risk that the value of such financial assets will fluctuate due to changes in the prevailing levels of market interest rates. The Plan’s exposure to interest rate risk is concentrated in its investments in pooled bond and fixed income funds. To manage the Plan’s interest rate risk, appropriate guidelines on the weighting and duration for fixed income investments are set by the Board of Managers and monitored by the investment managers on a quarterly basis. As at December 31, 2015, if the prevailing interest rates were raised or lowered by 100 basis points, with all other factors held constant, net assets would likely have decreased or increased, respectively, by approximately $2,108,000 (2014 - $2,034,000).

(ii) Foreign currency risk:

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian dollar. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or a negative effect on the fair value of investments. The Plan and its investment managers have the ability to utilize derivative instruments to mitigate foreign currency risk, subject to the approval of the Board of Managers. At December 31, 2015, the Plan is exposed to fluctuations in the U.S. dollar, British Pound, Euros, Japanese Yen, Swiss Franc and other currencies.

8. Risk management (continued):

The Plan's exposure to foreign currencies to Canadian dollars is shown below:

As at December 31, 2015	Actual currency exposure	%
Canadian	$ 66,682,679	67.05
U.S. dollar	19,232,194	19.34
British Pound	3,764,348	3.79
Euros	3,865,105	3.89
Japanese Yen	1,332,966	1.34
Swiss Franc	1,560,908	1.56
Other currencies	3,016,103	3.03
	$ 99,454,303	100.00

As at December 31, 2014	Actual currency exposure	%
Canadian	$ 66,873,294	68.04
U.S. dollar	20,331,232	20.68
British Pound	3,640,709	3.70
Euros	2,910,900	2.96
Japanese Yen	696,717	0.71
Swiss Franc	772,854	0.79
Other currencies	3,065,901	3.12
	$ 98,291,607	100.00

A 10 percent increase or decrease in exchange rates at December 31, 2015, with all other variables held constant, would have resulted in a change in unrealized gains (losses) of approximately $3,277,000 (2014 - $3,142,000).

(iii) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

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Notes to Financial Statements (continued)

Year ended December 31, 2015

8. Risk management (continued):

To manage the Plan's other price risk, appropriate guidelines on asset diversification to address specific security, geographic, sector and investment manager risks are set by the Board of Managers and monitored by the investment managers on a quarterly basis. As at December 31, 2015, a decline of 10 percent in equity values, with all other variables held constant, would have impacted the Plan's equity investments by an approximate unrealized loss of $6,143,000 (2014 - $5,982,000).

(b) Credit risk:

The Plan is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. All transactions in listed securities are settled upon delivery using approved investment managers. The risk of default is considered minimal, as delivery of securities sold is only made once the investment manager has received payment. Payment is made on a purchase once the securities have been received by the investment manager. The trade will fail if either party fails to meet its obligation. The Plan utilized multiple counterparties and those that have a high credit rating in order to minimize credit risk. The breakdown of the Plan’s fixed income portfolio by credit ratings from various rating agencies is presented below:

	2015		2014	
Credit rating	Fair value	Coupon rate	Fair value	Coupon rate
AAA	$ 18,924,567	2.6%	$ 18,428,678	4.4%
AA	5,962,335	4.3%	5,807,494	3.6%
A	9,563,689	5.0%	9,389,713	5.4%
BBB	2,438,062	5.5%	2,193,641	4.8%
	$ 36,888,653		$ 35,819,526	

Credit risk associated with contributions receivable is minimized due to their nature. No provision for doubtful contributions has been recorded in either 2015 or 2014.

LUTHERAN CHURCH - CANADA DEFINED BENEFIT PENSION PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2015

8. Risk management (continued):

(c) Liquidity risk:

Liquidity risk is the possibility that investments in the Plan cannot be readily converted into cash when required. The Plan may be subject to liquidity constraints because of insufficient volume in the markets for the securities of the Plan or the securities may be subject to legal or contractual restrictions on their resale. Liquidity risk is managed by investing the majority of the Plan’s assets in investments that are traded in an active market and can be readily disposed.

The table below summarizes the fair value by the earliest contractual maturity of the Plan’s fixed income investments:

	2015	2014
Less than one year	$ 5,494,550	$ 4,514,927
One to five years	11,393,949	12,916,066
After five years	20,000,154	18,388,533
Total fair value	$ 36,888,653	$ 35,819,526

9. Fair value of financial instruments:

The determination of the fair value of investments is as described in note 2(c) with fair values of investments disclosed in note 3.

The Plan’s assets which are recorded at fair value have been categorized into three levels, depending on the inputs used for valuation. The hierarchy of inputs is summarized below:

Level 1 quoted prices in active markets for identical assets or liabilities;

Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs for the asset or liability that are not based on observable market data

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Notes to Financial Statements (continued)

Year ended December 31, 2015

9. Fair value of financial instruments (continued):

Changes in valuation methods may result in transfers into or out of an investment's assigned level. The following is a summary of the inputs used as of December 31 in valuing the Plan's investments:

December 31, 2015	Level 1	Level 2	Level 3	Total
Cash	$ 997,503	$ –	$ –	$ 997,503
Pooled funds:				
Short-term investments	–	5,319,398	–	5,319,398
Bonds	–	31,569,255	–	31,569,255
Canadian equities	–	28,083,473	–	28,083,473
Foreign equities	–	33,344,197	–	33,344,197
Alternative investments	–	–	140,477	140,477
	$ 997,503	$ 98,316,323	$ 140,477	$ 99,454,303

December 31, 2014	Level 1	Level 2	Level 3	Total
Cash	$ 258,130	$ –	$ –	$ 258,130
Pooled funds:				
Short-term investments	–	4,312,075	–	4,312,075
Bonds	–	31,507,451	–	31,507,451
Canadian equities	–	28,634,031	–	28,634,031
Foreign equities	–	31,189,549	–	31,189,549
Alternative investments	–	–	2,390,371	2,390,371
	$ 258,130	$ 95,643,106	$ 2,390,371	$ 98,291,607

At December 31, 2015 and 2014, there were no transfers between Level 1 and Level 2.

The reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

	Alternative investments
Balance, December 31, 2014	$ 2,390,371
Purchases	60,001
Sales	(2,340,000)
Realized gains	36,548
Current period change in fair value of investments	(6,443)
Balance, December 31, 2015	$ 140,477

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10. Subsequent event:

As disclosed in note 4, on December 2, 2015, Concordia and LCC entered into a Pension Transfer Agreement which specifically quantified the covenants agreed upon for facilitating the Concordia withdrawal as a participating employer in the Plan. Covenants included in the agreement involved the splitting of pension assets, pension obligations, and membership in the Plan still entitled to a pension benefit. In accordance with the Transfer Agreement, effective January 1, 2015, Concordia assumed responsibility for its' share of the actuarial value of pension obligations which was reflected as a withdrawal in fiscal 2015 of $31,686,066 (note 4). Concordia's share of assets was however not transferred during 2015 as Concordia was still waiting for approval for their successor pension plan from Canada Revenue Agency (CRA). CRA approval was subsequently received in April 2016.

As at December 31, 2015, Concordia's share of the total assets of the Plan was estimated to be $30,425,177 and was included in payable to Concordia on the statement of financial position. The actual transfer of the pro-rata share of total assets to Concordia occurred in May and June, 2016 aggregating $30,527,008.