

**Bethany Nursing Home of Camrose, Alberta**

**Operating as**

**The Bethany Group**

**Consolidated Financial Statements**

**For the Year Ended March 31, 2021**

# The Bethany Group

March 31, 2021

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## INDEPENDENT AUDITORS' REPORT

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To the Governing Board of Bethany Nursing Home of Camrose, Alberta:

### *Opinion*

We have audited the consolidated financial statements (the “financial statements”) of Bethany Nursing Home of Camrose, Alberta *operating as* The Bethany Group (the “Group”), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations, changes in net assets (debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2021, and the results of its operations, changes in net assets (debt), and its 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 Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Matter*

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. the Statement of Operations – Bethany Foundation and Statement of Operations – Bashaw Meadows Lodge are presented for purposes of additional information and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

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

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

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

Those charged with governance (the Governing Board) are responsible for overseeing the Group's financial reporting process.

(continues)



Independent Auditors' Report to the Governing Board of Bethany Nursing Home of Camrose, Alberta  
(continued)

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Group'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 or, 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

**METRIX GROUP LLP**

Chartered Professional Accountants

Edmonton, Alberta  
June 24, 2021

**The Bethany Group**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at March 31, 2021**

	2021	2020
<b>ASSETS</b>		
<b>Current</b>		
Cash and Cash equivalents	\$ 3,296,431	\$ 1,658,735
Short term Investments (Note 4)	500,000	1,060,193
Accounts receivable (Note 3)	554,848	813,807
Inventory	63,227	36,829
Prepaid expense	173,699	61,383
	4,588,205	3,630,947
Long-term Investments, at fair value (Note 4 )	3,176,960	2,975,277
Tangible Capital Assets (Note 5)	56,251,887	57,247,050
	\$ 64,017,052	\$ 63,853,274
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 5,015,145	\$ 6,918,703
Unearned income and deposits	3,393,919	1,054,667
Deferred contributions (Note 7)	748,907	733,430
Mortgage payable - current portion (Note 9)	375,990	362,576
	9,533,961	9,069,376
Life lease funds (Note 10)	21,501,433	22,429,909
	31,035,394	31,499,285
Deferred contributions related to tangible capital assets (Note 8)	19,996,263	20,244,179
Mortgage payable (Note 9)	11,933,264	12,182,982
	62,964,921	63,926,446
<b>NET ASSETS</b>		
Unrestricted net assets (deficit)	(2,263,428)	(3,878,778)
Net assets internally restricted (Note 11)	318,142	1,304,604
Net assets externally restricted (Note 12)	552,481	473,598
Net assets invested in tangible capital assets	2,444,937	2,027,404
	1,052,132	(73,172)
	\$ 64,017,052	\$ 63,853,274

Approval on behalf of the board:

\_\_\_\_\_  
Board Chair

\_\_\_\_\_  
Board Member

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

**The Bethany Group**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**  
**For the Year Ended March 31, 2021**

	2021				2020	
	Unrestricted Net Assets	Net Assets Externally Restricted (Note 12)	Net Assets Internally Restricted (Note 11)	Net Assets Invested in Tangible Capital Assets	Total	Total
<b>Beginning balance</b>	<b>\$ (3,878,778)</b>	<b>\$ 473,598</b>	<b>\$ 1,304,604</b>	<b>\$ 2,027,404</b>	<b>\$ (73,172)</b>	<b>\$ 1,383,004</b>
Excess (deficiency) of revenues over expenses	1,125,304	-	-	-	1,125,304	(1,456,176)
Transfer from internally restricted net assets	986,462	-	(986,462)	-	-	-
Transfer to externally restricted net assets	(78,883)	78,883	-	-	-	-
Purchase of tangible capital assets (TCA)	(1,118,458)	-	-	1,118,458	-	-
Amortization of TCA	2,113,619	-	-	(2,113,619)	-	-
Deferred contributions received for TCA	415,966	-	-	(415,966)	-	-
Amortization of deferred contributions	(663,880)	-	-	663,880	-	-
Repayment of debt related to TCA	(236,304)	-	-	236,304	-	-
Life Lease funds retained and refunded	(928,476)	-	-	928,476	-	-
<b>Ending balance</b>	<b><u>\$ (2,263,428)</u></b>	<b><u>\$ 552,481</u></b>	<b><u>\$ 318,142</u></b>	<b><u>\$ 2,444,937</u></b>	<b><u>\$ 1,052,132</u></b>	<b><u>\$ (73,172)</u></b>

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

**The Bethany Group**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ended March 31, 2021

	<u>2021 Budget (unaudited)</u>	<u>2021</u>	<u>2020</u>
<b>Revenue</b>			
Funding - resident care	\$ 28,217,600	\$ 28,138,469	\$ 28,368,118
Resident and others client fees	13,243,900	13,260,696	13,191,079
Special project funding	330,000	2,047,354	419,475
Recoveries, rebates and other services	1,337,500	1,253,741	1,587,945
Sundry	69,800	5,149	137,397
	<u>\$ 43,198,800</u>	<u>\$ 44,705,409</u>	<u>\$ 43,704,014</u>
<b>Expenses</b>			
Wages	\$ 28,112,039	\$ 28,443,153	\$ 28,299,031
Materials and services	8,493,700	7,834,804	8,437,095
Benefits	6,211,311	6,041,237	6,579,738
	<u>\$ 42,817,050</u>	<u>\$ 42,319,194</u>	<u>\$ 43,315,864</u>
<b>Excess of revenue over expenses before other items</b>	<u>381,750</u>	<u>2,386,216</u>	<u>388,150</u>
Amortization of deferred capital contributions	\$ 648,228	\$ 663,880	\$ 657,582
Investment (loss) income	-	512,044	(56,661)
Purchasing rebates	100,000	187,261	131,795
Donations	-	74,800	52,162
Charitable foundation expenses	-	(26,221)	(5,525)
Amortization of equipment	(207,628)	(246,176)	(258,913)
Interest on long term debt	(585,500)	(559,056)	(569,973)
Amortization of buildings	(1,646,866)	(1,867,443)	(1,794,793)
<b>Excess (Deficiency) of revenue over expenses</b>	<u>\$ (1,310,016)</u>	<u>\$ 1,125,304</u>	<u>\$ (1,456,176)</u>

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

**The Bethany Group**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended March 21, 2021

	2021	2020
<b>Cash flows from operating activities:</b>		
Excess (deficiency) of revenue over expenses	\$ 1,125,304	\$ (1,456,176)
Adjustments for items which do not affect cash:		
Unrealized loss (gain) on fair value of investments	(381,783)	194,920
Life lease funds retained	(87,100)	(27,349)
Unrealized mortgage interest earned	(1,838)	(2,838)
Amortization of deferred capital contributions	(663,880)	(657,582)
Amortization of tangible capital assets	2,113,619	2,053,706
	2,104,322	104,681
<b>Change in non-cash working capital items:</b>		
Accounts receivable	258,959	(86,770)
Inventory	(26,398)	(9,883)
Prepaid expense	(112,316)	10,207
Accounts payable and accrued liabilities	(1,903,558)	313,852
Unearned income and deposits	2,339,252	411,430
Deferred contributions	15,477	5,525
	2,675,739	749,042
<b>Cash flows from investing activities:</b>		
Purchase of tangible capital assets	(1,118,458)	(2,583,303)
Purchase investments	(1,150,813)	-
Proceeds on redemption of investments	1,891,104	2,741,681
	(378,167)	158,378
<b>Cash flows from financing activities:</b>		
Tangible capital asset contributions received	415,966	203,579
Mortgage repayment	(236,304)	(346,561)
Life lease funds received	1,758,000	1,704,000
Life lease funds refunded	(2,597,538)	(2,487,350)
	(659,876)	(926,332)
<b>Increase in cash and cash equivalents</b>	1,637,696	(18,912)
<b>Cash and cash equivalents, beginning of year</b>	1,658,735	1,677,647
<b>Cash and cash equivalents, end of year</b>	\$ 3,296,431	\$ 1,658,735

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



# The Bethany Group

## Notes to the Consolidated Financial Statements

### For the year ended March 31, 2021

#### 1. Nature of operations

Bethany Nursing Home of Camrose, Alberta, (TBG) operating under the name "The Bethany Group", is a not-for-profit organization incorporated by an Act of the Alberta Legislature and is a registered charity under the Income Tax Act. From its base in Camrose and through facilities in numerous communities, The Organization provides services to seniors and low-income residents in central Alberta. The Organization provides a range of health, housing and community services in fulfilling its mission to enhance the quality of life of the people it serves.

#### 2. Summary of significant accounting policies

a) Basis of presentation

The Organization has prepared these consolidated financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO). The consolidated financial statements include the accounts of all the divisions of the Organization, except those divisions operated under the Alberta Housing Act as management body.

b) Consolidation

The Organization accounts for its subsidiaries using the consolidation method. These consolidated financial statements include the accounts of its wholly-owned subsidiary, TBG Properties Inc as well as The Bethany Foundation whose board consists of members of The Bethany Group board. All significant intercompany balances and transactions have been eliminated.

c) Measurement uncertainty

The preparation of these consolidated financial statements requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statements, and the reported amounts of revenues and expenses during the reporting period. Significant accounting estimates include allowance for doubtful accounts, inventory obsolescence, estimated useful lives of tangible capital assets, and current portion of mortgage payable. Actual results could differ from these estimates.

d) Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for the purchase of tangible capital assets that will be amortized are deferred and recognized as revenue at the same rate of amortization as the related acquired tangible capital assets. Restricted contributions for the purchase of tangible capital assets that will not be amortized are recognized as direct increases in net assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in net assets.

# The Bethany Group

## Notes to the Consolidated Financial Statements

### For the year ended March 31, 2021

#### Summary of significant accounting policies (continued)

Net investment income that is not externally restricted is recognized in the statement of operations as it is earned. Net investment income that is externally restricted is deferred and added to the amounts held for endowment. Other externally restricted net investment income is recognized in the statement of operations, in deferred contributions, or in net assets, depending on the nature of restrictions imposed.

e) Cash and cash equivalents

Cash and cash equivalents consist of cash in chartered banks, Alberta Treasury Branch accounts and petty cash at the Organization's sites. Funds are maintained to cover resident damage deposits and endowments.

f) Contributed materials and services

Contributed materials and services are recognized at their fair value in the consolidated financial statements when the amount can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

Volunteers contribute hours to assist in carrying out its service delivery activities; because of the difficulty of determining their fair value, these contributed services are not recognized in the consolidated financial statements.

g) Inventory

Inventory of pharmaceutical drugs and educational materials are valued at the lower of cost and current replacement cost with cost determined on a weighted-average basis. Cost includes original purchase price and any costs incurred in bringing inventory to its present location and condition.

h) Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution; when fair value cannot be reasonably determined, the tangible capital asset is recorded at a nominal value. Tangible capital assets are amortized on a "straight-line" basis over their estimated useful lives as follows:

Buildings	40 years
Land Improvements	10 years
Equipment	5 to 20 years

Buildings under construction are not amortized until construction is complete and the asset is in use.

When a tangible capital asset no longer has any long-term service potential, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any write-downs recognized are not reversed.

# The Bethany Group

## Notes to the Consolidated Financial Statements

### For the year ended March 31, 2021

#### Summary of significant accounting policies (continued)

i) Financial instruments

Upon initial measurement, financial assets and liabilities are measured at fair value, which, in the case of financial assets or liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related transaction costs. Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

At each reporting date, The Bethany Group measures its financial assets and liabilities at amortized cost, including any impairment in the case of financial assets, except for investments quoted in an activemarket which are measured at fair value. The Organization has also irrevocably elected to measure its investments in bonds at fair value. All changes in fair value are recorded in the consolidated statement of operations. The Organization uses the straight-line method over the term of the related financial instrument to amortize any premiums, discounts, transaction costs, and financing fees to the consolidated statement of operations.

With respect to financial assets measured at amortized cost, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, and if it is determined that during the year there was a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

### 3. Accounts receivable

	2021	2020
Resident fees	\$ 291,051	\$ 254,994
Due from related parties (Note 13)	154,373	328,585
GST receivable, net	64,523	52,840
Special project funding and miscellaneous	44,902	177,388
	\$ 554,848	\$ 813,807

**The Bethany Group**  
**Notes to the Consolidated Financial Statements**  
**For the year ended March 31, 2021**

**4. Investments, at fair value**

	2021	2020
Fixed income securities:		
Short term investments	<b>\$ 500,000</b>	\$ 1,060,193
Term to maturity less than 1 year		
Yields of 0.38% to 2.93% (2020 - 2.40% to 2.93%) maturing July 2021 to Dec 2021		
Long-term investments	<b>305,507</b>	1,914,617
Term to maturity less than one year (reinvested over the long term)		
Yield of 2.93% (2020 - 2.40% to 2.93%), maturing July 2021 (2020 - July 2020 to July 2022)		
Equities quoted in an active market:		
Preferred shares	<b>954,600</b>	558,200
Mutual funds	<b>1,916,853</b>	502,460
Total long-term investments	<b>\$ 3,176,960</b>	\$ 2,975,277
Total short and long-term investments	<b>\$ 3,676,960</b>	\$ 4,035,470
Investment income (loss) is reported as:		
Interest income	<b>\$ 130,261</b>	\$ 210,443
Gain (loss) on disposal of investments	-	(72,184)
Increase (decrease) in fair value of investments	<b>381,783</b>	(194,920)
Total investment income (loss) recognized as revenue	<b>\$ 512,044</b>	\$ (56,661)
Investment income earned (loss) on net assets is as follows:		
Income earned on unrestricted net assets	<b>\$ 96,270</b>	\$ (20,905)
Income earned on restricted assets	<b>415,774</b>	(35,756)
	<b>\$ 512,044</b>	\$ (56,661)

**The Bethany Group**  
**Notes to the Consolidated Financial Statements**  
**For the year ended March 31, 2021**

**5. Tangible capital assets**

	2021			2020
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 2,273,583	-	2,273,583	\$ 2,273,583
Land Improvements	403,384	352,866	50,518	66,863
Buildings	73,642,291	20,558,472	53,083,820	51,990,486
Buildings under Construction	-	-	-	2,122,335
Equipment	6,227,003	5,383,036	843,967	793,783
	<b>\$ 82,546,261</b>	<b>26,294,374</b>	<b>56,251,887</b>	<b>\$57,247,050</b>

**6. Accounts payable and accruals**

	2021	2020
Accrued salaries and employee future benefits	\$ 3,978,762	\$ 5,426,466
Trade accounts payable	996,196	1,451,247
Accrued interest	40,187	40,990
	<b>\$ 5,015,145</b>	<b>\$ 6,918,703</b>

Included in accounts payable and accruals are source deduction remittances to Canada Revenue Agency (CRA) of nil (2020 -\$846,378)

**The Bethany Group**  
**Notes to the Consolidated Financial Statements**  
**For the year ended March 31, 2021**

**7. Deferred contributions**

Deferred contributions represent unspent resources externally restricted for operating expenses that relate to subsequent periods. Changes in the deferred contributions balance are as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 733,430	\$ 727,905
Contributions received and interest income earned	15,477	5,525
Contributions used during the year	-	-
Balance, end of the year	<u>\$ 748,907</u>	<u>\$ 733,430</u>

Deferred contributions are comprised of donations which have been allocated as follows:

Building fund	\$ 590,451	\$ 590,451
Other special purpose funds	158,457	142,979
	<u>\$ 748,907</u>	<u>\$ 733,430</u>

Donations to the Building fund are utilized for new construction or enhancements to facilities owned by The Bethany Group.

**The Bethany Group**  
**Notes to the Consolidated Financial Statements**  
**For the year ended March 31, 2021**

**8. Deferred contributions related to tangible capital assets**

Deferred contributions related to tangible capital assets represent restricted contributions with which tangible capital assets were purchased. The changes in the deferred contributions balance are as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 20,244,179	\$ 20,698,182
Contributions received	415,964	203,579
Contributions recognized as revenue	(663,880)	(657,582)
Balance, end of year	<u>\$ 19,996,263</u>	<u>\$ 20,244,179</u>
Funds held for the following use:		
Government grants	\$ 19,158,677	\$ 19,371,505
Contributions from other sources	837,586	872,674
	<u>\$ 19,996,263</u>	<u>\$ 20,244,179</u>

**The Bethany Group**  
**Notes to the Consolidated Financial Statements**  
**For the year ended March 31, 2021**

**9. Mortgages payable**

	2021	2020
RBC mortgage payable, bearing interest at 3.81% repayable in monthly blended instalments of \$13,359, due Jan 2022. (Deer Meadows)	<b>\$ 2,077,503</b>	\$ 2,116,443
RBC mortgage payable, bearing interest at 4.59%, repayable in monthly blended instalments of \$7,515, due July 2032. (Jamieson Manor)	<b>1,246,969</b>	1,263,489
RBC mortgage payable, bearing interest at 5.08%, repayable in monthly blended instalments of \$35,390, due October 2033. (Bashaw Meadows)	<b>5,793,377</b>	5,859,948
First Calgary Financial Credit Union mortgage payable, bearing interest at 3.95%, interest only repayable for two years; effective May 2016 repayable in monthly blended instalments of \$20,214, due April 2023. (Wetaskiwin Meadows)	<b>3,191,405</b>	3,305,677
	<b>12,309,254</b>	12,545,557
Less: current portion	<b>375,990</b>	362,576
	<b>\$ 11,933,264</b>	\$ 12,182,981

The collateral security lodged by the Organization to support the mortgages is a first mortgage on the properties with a carrying value of \$26,586,559 (2020 - \$27,438,191), general assignment of rents and revenues from the properties and first security agreement on personal property.

Principal payments are estimated as follows:

2022	\$	375,990	
2023		392,750	
2024		410,269	
2025		428,582	
2026		447,756	
Thereafter		10,253,907	
	<b>\$</b>	<b>12,309,254</b>	



**The Bethany Group**  
**Notes to the Consolidated Financial Statements**  
**For the year ended March 31, 2021**

**10. Life lease funds**

Funds are received from individuals upon occupancy of the Life Lease residential units.

The nature of the Hillside and Lakeside programs is such that 5% of the entry fee is initially recognized as revenue; a further 1% is recognized each year the residential unit is occupied until the 5th year. The remaining entry fee is refundable within 90 days following the date that an occupant vacates the property.

The nature of the Brookside program is such that 100% of the amounts are refundable within 90 days following the date that an occupant vacates the property. These Life Lease funds are non-interest bearing. The refundable portion of the Life Lease funds are as follows:

	<u>2021</u>	<u>2020</u>
Lakeside Village	\$ 3,101,798	\$ 2,574,376
Hillside Village	5,511,487	5,468,547
Brookside	<u>12,888,148</u>	<u>14,386,986</u>
	<u>\$ 21,501,433</u>	<u>\$ 22,429,909</u>

It is the nature of the Life Lease arrangements that funds being refunded are replaced by funds received from new residents on a continuing basis. These fees therefore do not have a current portion.

The Brookside Life Lease funds are secured by registered mortgages on the land and building (carrying value of \$13,760,070.)

The Hillside Village Life Lease funds are secured by registered mortgages on the land and building (carrying value of \$3,921,068).

# The Bethany Group

## Notes to the Consolidated Financial Statements

### For the year ended March 31, 2021

#### 11. Net assets internally restricted

Internally restricted funds are not available for unrestricted purposes without the approval of the Governing Board. Net assets have been internally restricted for the following purposes:

	2021	2020
Equipment and Facilities Reserve	\$ 756,281	\$ 756,281
Bethany Group Employee Wellness Fund	500,165	339,856
Life Lease Entry Fee Retirement Reserve	(1,125,478)	70,272
Resident Life Enhancement Funds	187,174	138,195
	\$ 318,142	\$ 1,304,604

The Bethany Group has set aside internally restricted investments for the full amount of the net assets internally restricted.

#### 12. Net assets externally restricted

The following externally restricted funds are not available for unrestricted purposes without the approval of the lender for the Jamieson and Bashaw Meadows facilities. The funds can be utilized for maintenance of the respective buildings only with express permission from Royal Bank of Canada. Net assets have been restricted for the following amounts:

	2021	2020
Trust Bank Reserve Bashaw Meadows	\$ 422,238	\$ 358,038
Trust Bank Reserve Jamieson Manor	130,243	115,560
	\$ 552,481	\$ 473,598

#### 13. Related party transactions

Bethany Nursing Home of Camrose, Alberta manages the operations of one lodge on behalf of the Camrose and Area Lodge Authority, two lodges on behalf of the Wetaskiwin and Area Lodge Authority, one lodge on behalf of Flagstaff Regional Housing Group, two lodges and two affordable housing projects on behalf of Lacombe Foundation, and 58 subsidized housing projects and a rent supplement program on behalf of the Province of Alberta, Alberta Seniors.

Bethany Nursing Home of Camrose, Alberta, in its capacity as management body, has no economic interest in any of these related entities. Bethany Nursing Home of Camrose, Alberta pays part of the expenses for the lodges and housing projects and is reimbursed monthly.

# The Bethany Group

## Notes to the Consolidated Financial Statements

### For the year ended March 31, 2021

#### Related party transactions, continued

The amounts due from (to) the related parties Camrose and Area Lodge Authority, Wetaskiwin and Area Lodge Authority, Flagstaff Regional Housing Group, Lacombe Foundation, and Alberta Seniors Housing Division are included in accounts receivable and accounts payable. As at March 31, 2021 these amounts receivable (payable) were as follows:

	<u>2021</u>	<u>2020</u>
Provincial Housing Management Body Operations	\$ 36,838	\$ 142,160
Wetaskiwin and Area Lodge Authority	(31,943)	125,706
Camrose and Area Lodge Authority	104,751	41,596
Flagstaff Regional Housing Group	12,784	39,007
Lacombe Foundation	-	(19,886)
	<u>\$ 122,430</u>	<u>\$ 328,583</u>

Bethany Nursing Home of Camrose, Alberta, also receives a mutually agreed fee for shared administrative services, maintenance, education services and workplace health and safety services from the Camrose and Area Lodge Authority, Wetaskiwin and Area Lodge Authority, Flagstaff Regional Housing Group, Lacombe Foundation, Parkland Foundation and Provincial Housing Management Body operations. For the year ended March 31, 2021, the amount received from these related entities totaled:

	<u>2021</u>	<u>2020</u>
Provincial Housing Management Body Operations	\$ 533,249	\$ 517,086
Camrose and Area Lodge Authority	144,375	173,357
Flagstaff Regional Housing Group	61,500	67,692
Lacombe Foundation	171,866	185,432
Parkland Foundation	91,823	116,294
Red Deer Housing Authority	-	17,784
Wetaskiwin and Area Lodge Authority	175,500	195,374
	<u>\$ 1,178,313</u>	<u>\$ 1,273,019</u>

These transactions were in the normal course of operations and were recorded at the exchange amount, which is the amount agreed upon by the related parties.

# The Bethany Group

## Notes to the Consolidated Financial Statements

### For the year ended March 31, 2021

#### 14. Local Authorities Pension Plan

Employees of Bethany Nursing Home of Camrose, Alberta participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The plan is financed by employer and employee contributions and investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

Bethany Nursing Home of Camrose, Alberta is required to make current service contributions to the Plan of 9.39% of employees' pensionable earnings up to Canada Pension Plan yearly maximum pensionable earnings, and 13.84% on pensionable earnings above this amount. Contributions to the Local Authorities Pension Plan in the reporting period by Bethany Nursing Home of Camrose, Alberta totaled \$2,396,460 (2020 - \$2,521,600). At December 31, 2019, the Plan disclosed an actuarial surplus of \$7.9 billion.

#### 15. Financial instruments

The Organization maintains a risk management framework to monitor, evaluate, and manage the principal risks assumed with financial instruments. The risks that arise from financial instruments include credit, liquidity, and market risk; market risk arises from changes in interest rates and other price risks.

##### *Credit risk*

The Organization is exposed to credit risk in the event of non-performance by counterparties in connection with its receivables. The Organization does not obtain collateral or other security to support the receivables subject to credit risk, and does not anticipate significant loss for non-performance beyond that already provided for as an allowance for doubtful accounts.

##### *Market risk*

The Organization's financial instruments expose it to market risk, in particular interest rate risk and other price risk, resulting from its operations.

The long term investments bear interest at a fixed rate and the Organization is therefore exposed to the risk of changes in fair value resulting from interest rate fluctuations. The Organization is exposed to other price risk on its investment in equities quoted in an active market since changes in market prices could result in changes in fair value of these instruments. mortgages payable bear interest at a fixed rate and the Organization is therefore exposed to the risk of changes in interest rates upon renewal. The Organization does not use derivative financial instruments to alter the effects of this risk.

##### *Liquidity risk*

Liquidity risk is the risk that the Organization may encounter difficulty in meeting its obligations associated with its financial liabilities as they become due. The organization is exposed to liquidity risk through its life lease obligations and general operations and is dependent on the receipt of funds from a variety of sources, whether in the form of revenue or advances.

**The Bethany Group**  
**Notes to the Consolidated Financial Statements**  
**For the year ended March 31, 2021**

**16. Foundation - balance sheet**

The Bethany Group (Camrose) Foundation was incorporated on February 17, 2011 under the Alberta Societies Act. The majority of the Directors of the Foundation are also members of the Governing Board of Bethany Nursing Home of Camrose, Alberta and as such, control the Foundation. The Foundation is a registered Charity under the Income Tax Act. The Foundation is consolidated in these financial statements for the current year but itemized in the statements below and in the schedules following the income statement.

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash and cash equivalents	\$ <b>984,356</b>	\$ 82,948
Accounts receivable	<b>6,213</b>	24,004
Long term investments	<b>832,482</b>	1,659,764
Total Assets	<b>\$ 1,823,051</b>	<b>\$ 1,766,716</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ <b>16,456</b>	\$ -
Deferred Contributions	<b>748,907</b>	733,430
	<b>765,363</b>	733,430
<b>Net assets</b>		
Unrestricted Net Assets	<b>870,514</b>	895,091
Internally Restricted Net Assets	<b>187,174</b>	138,195
	<b>1,057,688</b>	1,033,296
Total Liabilities and Net Assets	<b>\$ 1,823,051</b>	<b>\$ 1,766,716</b>

**17. Uncertainty Due to COVID-19**

On March 17, 2020, the Government of Alberta declared a public health emergency in response to the COVID-19 pandemic. The measures implemented to combat the spread of the virus have had an impact on the Organization; however, an estimate of the financial impact cannot be made at this time.

The Organization is closely monitoring the recommendations from public health agencies and government authorities while implementing its operational plan to reduce any adverse financial impact and continue operations.

**The Bethany Group**  
**STATEMENT OF OPERATIONS - BETHANY FOUNDATION**  
*(unaudited)*  
**For the Year Ended March 31, 2021**

	<b>2021</b> <i>(unaudited)</i>	<b>2020</b> <i>(unaudited)</i>
<b>Revenue</b>		
Donations	\$ 74,700	\$ 52,162
Interest	17,423	40,094
	92,122	92,256
<b>Expenses</b>		
Materials and services	67,721	47,525
<b>Excess (Deficiency) of revenue over expenses</b>	<b>\$ 24,401</b>	<b>\$ 44,731</b>

**The Bethany Group**  
**STATEMENT OF OPERATIONS – BASHAW MEADOWS LODGE**  
*(unaudited)*  
For the Year Ended March 31, 2021

	<b>2021</b>	<b>2020</b>
	<u><i>(unaudited)</i></u>	<u><i>(unaudited)</i></u>
<b>Revenue</b>		
Resident and other client fees	\$ 531,811	\$ 624,885
Special project funding	233,490	144,868
Recoveries, rebates and other services	3,799	8,157
	<u>769,100</u>	<u>777,910</u>
<b>Expenses</b>		
Salaries and benefits	517,635	482,447
Materials and services	316,448	369,580
	<u>834,083</u>	<u>852,027</u>
<b>Deficiency of revenue over expenses before other items</b>	<b>(64,983)</b>	<b>(74,118)</b>
Transfer from CALA	146,250	195,000
Amortization of deferred capital contributions	133,250	138,450
Amortization of equipment	(63,819)	(68,582)
Interest on long term debt	(146,150)	(148,779)
Amortization of buildings	(283,965)	(283,965)
Investment income (note 4)	-	226
	<u>-</u>	<u>226</u>
<b>Deficiency of revenue over expenses</b>	<b>\$ (279,417)</b>	<b>\$ (241,768)</b>