

Bethany Nursing Home of Camrose, Alberta
Operating as
The Bethany Group

Consolidated Financial Statements
For the Year Ended March 31, 2014

The Bethany Group
March 31, 2014

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Independent auditor's report

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

We have audited the accompanying consolidated financial statements of Bethany Nursing Home of Camrose, Alberta, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and 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 consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Bethany Nursing Home of Camrose, Alberta as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other matter

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. The Statements of Operations by Program on pages 7(a) to 7(e) are presented for purposes of additional information and are not a required part of the consolidated 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 consolidated financial statements taken as a whole.

Grant Thornton LLP

Chartered Accountants

Camrose, Canada
June 26, 2014

The Bethany Group
Consolidated Statement of Financial Position
as at March 31, 2014

Assets

	<u>2014</u>	<u>2013</u>
Current		
Cash and cash equivalents	\$ 410,972	\$ 226,518
Short-term investments (note 4)	2,465,203	1,199,716
Accounts receivable (note 3)	1,723,746	1,800,987
Inventory	36,335	37,324
Prepays	<u>189,019</u>	<u>237,652</u>
	4,825,275	3,502,197
Long-term investments, at fair value (note 4)	4,596,417	5,797,517
Tangible capital assets (note 5)	<u>54,908,189</u>	<u>53,723,149</u>
	<u>\$ 64,329,881</u>	<u>\$ 63,022,863</u>

Liabilities

Current		
Bank indebtedness (note 6)	\$ 949,547	\$ 5,179,615
Accounts payable and accruals (note 7)	6,661,121	7,249,248
Unearned income and deposits	1,337,486	227,654
Deferred contributions (note 8)	835,803	815,705
Mortgage payable - current portion (note 11)	<u>305,829</u>	<u>197,300</u>
	10,089,786	13,669,522
Callable debt (note 10)	-	4,204,753
Life Lease funds (note 12)	<u>19,520,200</u>	<u>17,140,643</u>
	29,609,986	35,014,918
Deferred contributions related to tangible capital assets (note 9)	18,878,849	17,106,693
Mortgage payable (note 11)	<u>10,756,868</u>	<u>4,532,224</u>
	<u>59,245,703</u>	<u>56,653,835</u>

Net Assets

Unrestricted net assets	(1,790,754)	(5,584,795)
Net assets internally restricted (note 13)	1,418,489	1,402,287
Net assets invested in tangible capital assets	5,446,443	10,541,536
Net assets restricted for endowment (note 14)	<u>10,000</u>	<u>10,000</u>
	<u>5,084,178</u>	<u>6,369,028</u>
	<u>\$ 64,329,881</u>	<u>\$ 63,022,863</u>

The Bethany Group
Statement of Changes in Net Assets
For the Year Ended March 31, 2014

	2014				2013	
	Unrestricted Net Assets	Internally Restricted Net Assets	Net Assets Invested In Tangible Capital Assets	Net Assets Restricted for Endowment	Total	Total
Beginning balance						
as previously stated	\$ (5,584,797)	\$ 1,402,287	\$ 10,541,536	\$ 10,000	\$ 6,369,026	\$ 6,807,548
Excess (deficiency) of revenue						
over expenses	109,864	-	(1,494,712)	-	(1,384,848)	(438,519)
Transfer to internally						
restricted net assets	(16,202)	16,202	-	-	-	-
Contribution of land	-	-	100,000	-	100,000	-
Purchase of tangible capital						
assets	(807,596)	-	807,596	-	-	-
Transfer from net assets invested						
in tangible capital assets	4,507,977	-	(4,507,977)	-	-	-
Ending balance	<u>\$ (1,790,754)</u>	<u>\$ 1,418,489</u>	<u>\$ 5,446,443</u>	<u>\$ 10,000</u>	<u>\$ 5,084,178</u>	<u>\$ 6,369,029</u>

The Bethany Group
Consolidated Statement of Operations
For the Year Ended March 31, 2014

	<u>2014</u>	<u>2013</u>
Revenue		
Funding - resident care	\$ 25,454,451	\$ 24,599,661
Resident and other client fees	11,148,630	9,771,137
Recoveries, rebates and other services	2,590,289	2,402,819
Special project funding	414,008	187,252
Sundry	<u>52,043</u>	<u>34,267</u>
	<u>39,659,421</u>	<u>36,995,136</u>
Expenses		
Salaries and benefits	31,475,489	28,921,767
Materials and services	7,913,423	7,361,486
Interest on long-term debt	359,693	217,775
Amortization of equipment	<u>551,692</u>	<u>392,233</u>
	<u>40,300,297</u>	<u>36,893,261</u>
Excess (deficiency) of revenue over expenses before other items	(640,876)	101,875
Donations	16,750	36,945
Investment income (note 4)	182,298	224,966
Amortization of deferred capital contributions	477,362	403,612
Amortization of buildings	<u>(1,420,382)</u>	<u>(1,205,917)</u>
Deficiency of revenue over expenses	<u>\$ (1,384,848)</u>	<u>\$ (438,519)</u>

The Bethany Group
Consolidated Statement of Cash Flows
For the Year Ended March 31, 2014

	<u>2014</u>	<u>2013</u>
Cash provided (used) by operating activities:		
Deficiency of revenue over expenses	\$ (1,384,848)	\$ (438,519)
Items not involving cash:		
Amortization of tangible capital assets	1,972,073	1,598,150
Life Lease funds retained	-	(62,597)
Unrealized loss on fair value of investments	21,926	8,553
Amortization of deferred capital contributions	(477,362)	(403,612)
Amortization of bond discounts	<u>7,897</u>	<u>8,459</u>
	139,686	710,434
Changes in operating net assets:		
Accounts receivable	77,241	2,512,112
Inventory	989	28,241
Prepays	48,633	(67,828)
Accounts payable and accruals	(588,127)	583,528
Unearned income and deposits	1,109,832	(1,022,314)
Deferred contributions	<u>20,098</u>	<u>20,902</u>
	<u>808,352</u>	<u>2,765,075</u>
Cash provided (used) by financing activities:		
Capital contributions received	2,249,518	3,296,105
Callable debt and mortgage repayment	(4,443,780)	(7,203,142)
Proceeds from callable debt	-	1,475,008
Proceeds from mortgages	6,572,200	-
Life Lease funds received	3,226,177	6,782,653
Life Lease funds refunded	<u>(846,620)</u>	<u>(542,259)</u>
	<u>6,757,495</u>	<u>3,808,365</u>
Cash provided (used) by investing activities:		
Purchase of investments	(1,294,211)	(2,850,000)
Proceeds on disposal of investments	1,200,000	2,610,000
Purchase of tangible capital assets	<u>(3,057,114)</u>	<u>(8,201,533)</u>
	<u>(3,151,325)</u>	<u>(8,441,533)</u>
Increase (decrease) in cash during the year	4,414,522	(1,868,093)
Cash - beginning of year	<u>(4,953,097)</u>	<u>(3,085,004)</u>
Cash - end of year	\$ <u><u>(538,575)</u></u>	\$ <u><u>(4,953,097)</u></u>
Cash comprised of:		
Cash and bank accounts	\$ 410,972	\$ 226,518
Bank overdraft	<u>(949,547)</u>	<u>(5,179,615)</u>
	<u><u>\$ (538,575)</u></u>	<u><u>\$ (4,953,097)</u></u>

The Bethany Group
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2014

1. Nature of operations

Bethany Nursing Home of Camrose, Alberta, 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 of 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. 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 capital assets. Restricted contributions for the purchase of 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.

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 and must be added to the resources held for endowment are recognized as direct increases or decreases in net assets in the endowment funds. 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.

The Bethany Group
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2014

2. Summary of significant accounting policies (continued)

e) Cash and cash equivalents

Cash and cash equivalents consist of cash in chartered bank and Alberta Treasury Branch accounts and petty cash at The Bethany Group sites. Funds are maintained to cover resident damage deposits and endowments. See note 14 regarding 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 the Organization's operations and would otherwise have been purchased. Volunteers contribute hours to assist the Organization 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	2-1/2% to 10%
Land Improvements	10%
Equipment	5% to 20%

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 to the Organization, 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, 2014

2. Summary of significant accounting policies (continued)

i) Financial instruments

Upon initial measurement, the Organization's 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 Organization measures its financial assets and liabilities at amortized cost, including any impairment in the case of financial assets, except for investments quoted in an active market 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 of the Organization's investments are recorded in the consolidated statement of operations. The Organization uses the straightline 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 the Organization determines 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	<u>2014</u>	<u>2013</u>
Resident fees	\$ 69,004	\$ 44,618
Life lease purchases receivable	-	193,650
Goods and services tax refundable	99,730	99,226
Due from related parties (net) (note 15)	1,186,289	996,926
Special project funding and miscellaneous	<u>368,723</u>	<u>466,568</u>
	<u>\$ 1,723,746</u>	<u>\$ 1,800,988</u>
4. Investments, at fair value	<u>2014</u>	<u>2013</u>
Fixed income securities:		
Short term investments		
Term to maturity less than 1 year		
- Yields of 3.20% to 4.50% (2013- 1.55% to 4.75		
maturing September 2014 to March 2015 (2013-		
June 2013 to July 2013)	<u>\$ 2,465,203</u>	<u>\$ 1,199,716</u>

The Bethany Group
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2014

4. Investments, at fair value (continued)

Long term investments	<u>2014</u>	<u>2013</u>
Term to maturity between 1 to 5 years		
- Yields of 1.55% to 7.25% (2013 - 1.90% to 7.25%), maturing June 2015 to January 2018 (2013 - June 2014 to June 2017)	3,954,317	5,144,417
Equities quoted in an active market:		
Preferred shares	<u>642,100</u>	<u>653,100</u>
Total long term investments	<u>4,596,417</u>	<u>5,797,517</u>
	<u>\$ 7,061,620</u>	<u>\$ 6,997,233</u>

Investment income earned is reported as follows:

Interest income	\$ 170,073	\$ 199,394
Dividend income	34,151	34,125
Decrease in fair value of investments	<u>(21,926)</u>	<u>(8,553)</u>
Total investment income recognized as revenue	<u>\$ 182,298</u>	<u>\$ 224,966</u>

Investment income earned on net assets is as follows:

Income earned on unrestricted net assets	\$ 178,050	\$ 220,761
Income earned on restricted net assets	10,337	10,337
Income earned on endowments	103	103
Less: income deferred due to restrictions	<u>(6,192)</u>	<u>(6,235)</u>
Total investment income recognized as revenue	<u>\$ 182,298</u>	<u>\$ 224,966</u>

5. Tangible capital assets

	<u>2014</u>			<u>2013</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 2,273,583	\$ -	\$ 2,273,583	\$ 2,173,583
Land improvements	378,939	164,030	214,908	139,940
Buildings	58,505,570	8,801,607	49,703,963	39,735,867
Buildings under construction	431,637	-	431,636	9,753,758
Equipment	<u>4,988,964</u>	<u>2,704,865</u>	<u>2,284,099</u>	<u>1,920,001</u>
	<u>\$ 66,578,693</u>	<u>\$ 11,670,502</u>	<u>\$ 54,908,189</u>	<u>\$ 53,723,149</u>

The Bethany Group
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2014

6. Bank indebtedness

The Organization maintains a line of credit, which bears interest at the bank's prime lending rate plus 0.5%. The collateral security lodged by the Organization to support the line of credit is a general security agreement covering the Organization's land and investment portfolio.

7. Accounts payable and accruals

	<u>2014</u>	<u>2013</u>
Accounts payable - operating	\$ 1,314,215	\$ 987,084
- capital	221,623	1,447,626
Accrued salaries, vacation and related deductions payable	5,060,864	4,762,439
Accrued interest	40,625	15,100
Other accrued liabilities	<u>23,794</u>	<u>37,000</u>
	<u>\$ 6,661,121</u>	<u>\$ 7,249,249</u>

Included in accounts payable and accruals are government remittances of \$977,942 (2013 - \$970,981).

8. 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>2014</u>	<u>2013</u>
Deferred balance, beginning of year	\$ 815,705	\$ 794,803
Add: contributions received and interest earned	<u>20,098</u>	<u>20,902</u>
Deferred balance, end of year	<u>\$ 835,803</u>	<u>\$ 815,705</u>

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

Building fund	\$ 665,101	\$ 659,309
Other special-purpose funds	<u>170,702</u>	<u>156,396</u>
	<u>\$ 835,803</u>	<u>\$ 815,705</u>

Donations to the building fund are utilized for enhancements to or new The Bethany Group buildings.

The Bethany Group
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2014

9. Deferred contributions related to tangible capital assets

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

	<u>2014</u>	<u>2013</u>
Deferred balance, beginning of year	\$ 17,106,693	\$ 14,214,200
Add: contributions received	2,249,518	3,296,105
Less: recognized as revenue	<u>(477,362)</u>	<u>(403,612)</u>
Deferred balance, end of year	<u>\$ 18,878,849</u>	<u>\$ 17,106,693</u>

Deferred contributions are comprised of the following amounts:

Government grants	\$ 17,907,733	\$ 16,100,362
Contributions from other sources	<u>971,116</u>	<u>1,006,331</u>
	<u>\$ 18,878,849</u>	<u>\$ 17,106,693</u>

10. Callable debt

	<u>2014</u>	<u>2013</u>
Demand loan - Brookside	\$ -	\$ 1,725,098
Demand loan - Bashaw Meadows	<u>-</u>	<u>2,479,655</u>
	<u>\$ -</u>	<u>\$ 4,204,753</u>

The organization's demand loans were paid out or converted to long term debt in the year.

The Bethany Group
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2014

11. Mortgage payable	<u>2014</u>	<u>2013</u>
RBC mortgage payable , bearing interest at 3.824%, repayable in monthly blended instalments of \$24,677, due July 2017. (Deer Meadows)	\$ 3,095,043	\$ 3,270,129
RBC mortgage payable, bearing interest at 4.59%, repayable in monthly blended instalments of \$7,515, due July 2032. (Jamieson Manor)	1,435,071	1,459,395
RBC mortgage payable, bearing interest at 5.08%, repayable in monthly blended instalments of \$35,389, due October 2033. (Bashaw Meadows)	<u>6,532,583</u>	<u>-</u>
	11,062,697	4,729,524
Less: current portion	<u>305,829</u>	<u>197,300</u>
	<u><u>\$ 10,756,868</u></u>	<u><u>\$ 4,532,224</u></u>

The collateral security lodged by the Organization to support the mortgages is a first mortgage on the properties (carrying value of \$23,606,465), general assignment of rents and revenues from the properties, and first security agreement on personal property.

Principal payments are estimated as:

2015	\$ 305,828
2016	319,100
2017	332,958
2018	347,428
2019	362,567
Thereafter	9,394,844

12. 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>2014</u>	<u>2013</u>
Lakeside Village	\$ 1,861,123	\$ 2,049,013
Hillside Village	6,267,794	5,302,988
Brookside	<u>11,391,283</u>	<u>9,788,642</u>
	<u><u>\$ 19,520,200</u></u>	<u><u>\$ 17,140,643</u></u>

The Bethany Group
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2014

12. Life lease funds (continued)

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 Hillside Village Life Lease funds are secured by registered mortgages on the land and building (carrying value of \$2,039,693). The Brookside Life Lease funds are secured by registered mortgages on the land and building (carrying value of \$16,934,667).

13. Net assets internally restricted

Internally restricted funds are not available for unrestricted purposes without the approval of the Governing Board, unlike net assets which are restricted for endowment (see Note 14). Net assets have been internally restricted for the following purposes:

	<u>2014</u>	<u>2013</u>
Equipment and Facilities Reserve, to be used for equipment acquisition and major facility maintenance and improvements.	\$ 892,430	\$ 892,430
The Bethany Group "Endowment" Fund, the principal portion of which is restricted and invested in order that earnings may be available to finance projects that would not be possible without special funding.		
- principal	416,916	416,916
- interest	63,695	59,585
Resident Life Enhancement Funds	<u>45,448</u>	<u>33,356</u>
	<u>\$ 1,418,489</u>	<u>\$ 1,402,287</u>

14. Net assets restricted for endowment

	<u>2014</u>	<u>2013</u>
Ralph Thompson Memorial Scholarship Fund, the income from which is to be used for educational purposes	<u>\$ 10,000</u>	<u>\$ 10,000</u>

The Bethany Group
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2014

15. Related party transactions

Bethany Nursing Home of Camrose, Alberta manages the operations of three lodges on behalf of the Camrose and Area Lodge Authority, two lodges on behalf of the Wetaskiwin and Area Lodge Authority, two lodges on behalf of Flagstaff Regional Housing Group, two lodges and two affordable housing units on behalf of Lacombe Foundation, two lodges and a life lease unit on behalf of Rimoka Housing Foundation, 309 community housing units of the Red Deer Housing Authority, and fifty-eight subsidized housing projects and a rent supplement program on behalf of the Province of Alberta, Alberta Municipal Affairs. 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 the expenses for the lodges and housing projects and is reimbursed monthly.

The amounts due from (to) the Camrose and Area Lodge Authority, Wetaskiwin and Area Lodge Authority, Flagstaff Regional Housing Group, Lacombe Foundation, Red Deer Housing Authority, Rimoka Housing Foundation and Alberta Municipal Affairs are included in accounts receivable. As at March 31, 2014 these amounts receivable (payable) were as follows:

	<u>2014</u>	<u>2013</u>
Camrose and Area Lodge Authority	\$ 117,875	\$ 283,332
Wetaskiwin and Area Lodge Authority	455,818	488,689
Flagstaff Lodges	189,614	-
Rimoka Lodges	(255,110)	-
Flagstaff, Lacombe, Rimoka and Red Deer Housing Groups	445,151	57,363
TBGP from Flagstaff Lodges	35,078	-
TBGP from Flagstaff Housing	50,101	-
Alberta Municipal Affairs	<u>147,762</u>	<u>167,542</u>
	<u>\$ 1,186,289</u>	<u>\$ 996,926</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, Rimoka Housing Foundation, Red Deer Housing Authority and Alberta Municipal Affairs. For the year ended March 31, 2014, the amount received from these related entities totaled:

	<u>2014</u>	<u>2013</u>
Camrose and Area Lodge Authority	\$ 350,395	\$ 369,420
Wetaskiwin and Area Lodge Authority	188,375	184,865
Flagstaff Regional Housing Group	91,500	76,600
Lacombe Foundation	103,717	92,530
Rimoka Housing Foundation	98,584	103,916
Red Deer Housing Authority	204,000	-
TBGP	388,992	-
Other Management Fees	54,249	-
Alberta Municipal Affairs	479,582	529,655

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

The Bethany Group
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2014

16. 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 11.39% of employees' pensionable earnings up to Canada Pension Plan Yearly Maximum Pensionable Earnings, and 15.84% on pensionable earnings above this amount. Contributions to the Local Authorities Pension Plan in the reporting period by Bethany Nursing Home of Camrose, Alberta totalled \$2,411,924 (2013 - \$2,126,972). At December 31, 2012, the Plan disclosed an actuarial deficit of \$5.0 billion.

17. 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's callable debt and mortgage payable consist of loans that are subject to fluctuations in interest rates. For each 1% change in the rate of interest on financial instruments subject to floating rates, the change in annual interest expense is \$141,150. The Organization does not use derivative financial instruments to alter the effects of this risk.

Liquidity risk

Liquidity risk is the risk the Organization may encounter difficulty in meeting its obligations associated with its financial liabilities as they become due. The Organization's exposure to liquidity risk 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 Ended March 31, 2014

18. Commitments

At 2014 March 31 there was a Letter of Guarantee outstanding in favour of the City of Camrose for \$55,000 related to landscaping and paving.

The Bethany Group
Statement of Operations - Health Services
(Continuing Care, Designated Supportive Living, Rosehaven Provincial Program)
For the Year Ended March 31, 2014

	<u>2014</u>	<u>2013</u>
Revenue		
Resident care services	\$ 24,664,002	\$ 23,513,288
Resident fees	7,757,937	6,717,682
Recoveries	466,773	442,414
Other grants	213,089	187,252
Sundry	8,008	5,108
	<u>33,109,809</u>	<u>30,865,744</u>
Expenses		
Wages and benefits		
Resident care	20,934,402	19,466,236
Food services	1,021,542	792,034
Housekeeping	992,620	783,170
Maintenance	1,942,863	1,676,122
Outreach education	138,778	204,888
Administration	343,396	269,778
	<u>25,373,601</u>	<u>23,192,228</u>
Materials and supplies		
Resident care	1,274,115	1,344,403
Food services	1,453,634	1,545,286
Housekeeping and laundry	730,269	718,684
Maintenance and repairs	413,278	300,451
Utilities	1,223,787	1,130,023
Outreach education	22,503	19,673
Staff education	194,670	188,518
Administration	2,218,162	1,905,039
	<u>7,530,418</u>	<u>7,152,077</u>
Amortization of equipment	<u>238,675</u>	<u>177,614</u>
Total expenses	<u>33,142,694</u>	<u>30,521,919</u>
Excess (deficiency) of revenue over expenses	<u>\$ (32,885)</u>	<u>\$ 343,825</u>

The Bethany Group
Statement of Operations - Housing and Community Services
(Life Lease, Deer Meadows, Homecare, Affordable Housing)
For the Year Ended March 31, 2014

	<u>2014</u>	<u>2013</u>
Revenue		
Funding - Homecare services	\$ 790,449	\$ 1,086,373
Resident fees	3,176,378	2,849,391
Sundry	<u>14,373</u>	<u>9,706</u>
	<u>3,981,200</u>	<u>3,945,470</u>
Expenses		
Wages and benefits		
Homecare	621,189	900,634
Food services and housekeeping	543,428	526,769
Administration	<u>135,031</u>	<u>137,408</u>
	<u>1,299,648</u>	<u>1,564,811</u>
Materials and supplies		
Homecare	84,943	87,914
Food services	168,979	184,054
Housekeeping and laundry	39,175	41,683
Maintenance and repairs	768,202	515,010
Utilities	407,839	367,607
Property taxes	500,157	414,777
Staff education	636	-
Administration	<u>253,510</u>	<u>512,071</u>
	<u>2,223,441</u>	<u>2,123,116</u>
Interest on long term debt	359,693	217,775
Amortization of equipment	<u>149,612</u>	<u>145,605</u>
Total expenses	<u>4,032,394</u>	<u>4,051,307</u>
(Deficiency) excess of revenue over expenses	<u>\$ (51,194)</u>	<u>\$ (105,837)</u>

The Bethany Group
Statement of Operations - Ancillary
(Laundry Services, Hairdressing Services)
For the Year Ended March 31, 2014

	<u>2014</u>	<u>2013</u>
Revenue		
Laundry services - contract clients	\$ 581,129	\$ 893,751
Personal laundry and mending	49,244	46,069
Hairdressing services	165,072	157,995
Sundry	<u>14,920</u>	<u>835</u>
	<u>810,365</u>	<u>1,098,650</u>
Expenses		
Wages and benefits		
Laundry	785,107	951,863
Hairdressing	<u>182,932</u>	<u>163,158</u>
	<u>968,039</u>	<u>1,115,021</u>
Materials and supplies		
Laundry supplies and linens	72,909	125,647
Maintenance and repairs	57,294	64,355
Vehicle expenses - laundry	64,118	52,599
Utilities - laundry	96,937	119,883
Hairdressing supplies	5,874	7,060
Administration	<u>27,853</u>	<u>47,330</u>
	<u>324,985</u>	<u>416,874</u>
Less: recovery of services - internal clients	(515,644)	(490,294)
Amortization of equipment	<u>28,632</u>	<u>37,991</u>
Total expenses	<u>806,012</u>	<u>1,079,592</u>
Excess of revenue over expenses	<u>\$ 4,353</u>	<u>\$ 19,058</u>

The Bethany Group
Statement of Operations - Administration Services
 (Corporate Administration, Communication, Financial Services, Human Resources and Education)
 For the Year Ended March 31, 2014

	<u>2014</u>	<u>2013</u>
Revenue		
Administration and management services-external	\$ 1,133,379	\$ 1,027,057
Project management - external	20,017	-
Other grants	200,920	-
Sundry	14,741	18,618
	<u>1,369,057</u>	<u>1,045,675</u>
Expenses		
Wages and benefits		
Corporate administration and communications	1,333,736	1,076,375
Financial services	953,544	862,603
Human resources and claims management	569,923	462,485
Education and Workplace Health and Safety	297,797	259,724
Information technology and systems support	596,352	358,680
	<u>3,751,352</u>	<u>3,019,867</u>
Materials and supplies		
General administration supplies and expense	213,401	202,686
Communications	16,461	36,565
Board expenses	7,953	4,356
Conferences and travel	70,050	57,850
Professional fees	103,927	77,955
Education and workplace health and safety supplies	40,181	57,574
Material management services	95	-
Purchases from donated funds	33,733	49,333
	<u>485,801</u>	<u>486,319</u>
Less:		
Recovery - administration services - internal	(2,415,880)	(2,118,031)
Recovery - project management - internal	(45,602)	(216,892)
Amortization of equipment	134,773	31,023
	<u>1,910,444</u>	<u>1,202,286</u>
Excess of revenue over expenses	<u>\$ (541,387)</u>	<u>\$ (156,611)</u>

The Bethany Group
Statement of Operations - TBG Properties Inc.
For the Year Ended March 31, 2014

	<u>2014</u>	<u>2013</u>
Revenue		
Administration and management services-external	\$ 265,756	\$ 39,596
Project renovations	<u>123,235</u>	<u>-</u>
	<u>388,991</u>	<u>39,596</u>
Expenses		
Wages and benefits		
Maintenance	<u>82,850</u>	<u>29,840</u>
Materials and supplies		
General administration supplies and expense	5,285	3,304
Conferences and travel	178	1,644
Professional fees	2,375	3,369
Materials management services	<u>318,066</u>	<u>-</u>
	<u>325,904</u>	<u>8,317</u>
Total expenses	<u>408,754</u>	<u>38,157</u>
Net income	<u>\$ (19,763)</u>	<u>\$ 1,439</u>