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

Consolidated Financial Statements
For the Year Ended March 31, 2013

The Bethany Group
March 31, 2013

Contents

Grant Thornton

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Independent auditor's report

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, 2013, 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 entity'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 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 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, 2013, 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.

Comparative Information

Without modifying our opinion, we draw attention to Note 3 to the consolidated financial statements which describes that the Bethany Nursing Home of Camrose, Alberta adopted Canadian accounting standards for not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these consolidated financial statements, including the consolidated statements of financial position as at March 31, 2012 and April 1, 2011, and the consolidated statements of operations, changes in net assets and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Grant Thornton LLP

Chartered Accountants

Camrose, Canada
June 27, 2013

The Bethany Group
Consolidated Statement of Financial Position
as at March 31, 2013

Assets

	2013	2012 (Note 20)
Current		
Cash	**$ 226,518**	$ 2,360,085
Short-term investments (note 5)	**1,199,716**	2,616,543
Accounts receivable (note 4)	**1,800,987**	4,313,099
Inventory	**37,324**	65,565
Prepaids	**237,652**	169,824
	3,502,197	9,525,116
Long-term investments, at fair value (note 5)	**5,797,517**	4,157,702
Tangible capital assets (note 6)	**53,723,149**	47,119,767
	$ 63,022,863	$ 60,802,585

Liabilities

	2013	2012 (Note 20)
Current		
Bank indebtedness (note 7)	**$ 5,179,615**	$ 5,445,089
Accounts payable and accruals (note 8)	**7,249,248**	6,665,720
Unearned income and deposits	**227,654**	1,249,968
Deferred contributions (note 9)	**815,705**	794,803
Mortgage payable - current portion (note 12)	**197,300**	132,000
	13,669,522	14,287,580
Callable debt (note 11)	**4,204,753**	11,235,056
Life Lease funds (note 13)	**17,140,643**	10,962,846
	35,014,918	36,485,482
Deferred contributions related to tangible capital assets (note 10)	**17,106,693**	14,214,200
Mortgage payable (note 12)	**4,532,224**	3,295,355
	56,653,835	53,995,037

Net Assets

	2013	2012 (Note 20)
Unrestricted net assets	**(5,584,795)**	(1,898,319)
Net assets internally restricted (note 14)	**1,402,287**	1,415,557
Net assets invested in tangible capital assets	**10,541,536**	7,280,310
Net assets restricted for endowment (note 15)	**10,000**	10,000
	6,369,028	6,807,548
	$ 63,022,863	$ 60,802,585

The Bethany Group
Statement of Changes in Net Assets
For the Year Ended March 31, 2013

	2013					2012 (Note 20)
	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	**$ (1,898,319)**	**$ 1,415,557**	**$ 7,280,310**	**$ 10,000**	**$ 6,807,548**	$ 6,461,339
Excess (deficiency) of revenue						
over expenses	**756,019**	**-**	**(1,194,538)**	**-**	**(438,519)**	(53,791)
Transfer from internally						
restricted net assets	**13,270**	**(13,270)**	**-**	**-**	**-**	-
Contribution of land	**-**	**-**	**-**	**-**	**-**	400,000
Purchase of tangible capital assets	**(4,905,428)**		**4,905,428**			
Transfer to net assets invested						
in tangible capital assets	**449,664**	**-**	**(449,664)**	**-**	**-**	-
Ending balance	**$ (5,584,794)**	**$ 1,402,287**	**$ 10,541,536**	**$ 10,000**	**$ 6,369,029**	$ 6,807,548

The Bethany Group
Consolidated Statement of Operations
For the Year Ended March 31, 2013

	2013	2012 (Note 20)
Revenue		
Funding - resident care	**$ 24,599,661**	$ 23,865,176
Resident and other client fees	**9,771,137**	8,715,546
Recoveries, rebates and other services	**2,402,819**	1,527,409
Special project funding	**187,252**	403,098
Sundry	**34,267**	26,253
	36,995,136	34,537,482
Expenses		
Salaries and benefits	**28,921,767**	27,586,740
Materials and services	**7,361,486**	6,571,735
Interest on long-term debt	**217,775**	225,422
Amortization of equipment	**392,233**	246,200
	36,893,261	34,630,097
Excess (deficiency) of revenue over expenses before other items	**101,875**	(92,615)
Donations	**36,945**	41,852
Investment income (note 5)	**224,966**	297,790
Amortization of deferred capital contributions	**403,612**	247,501
Amortization of buildings	**(1,205,917)**	(548,319)
Deficiency of revenue over expenses	**$ (438,519)**	$ (53,791)

The Bethany Group

Consolidated Statement of Cash Flows
For the Year Ended March 31, 2013

	2013	2012 (Note 20)
Cash provided (used) by operating activities:		
Deficiency of revenue over expenses	**$ (438,519)**	$ (53,791)
Items not involving cash:		
Amortization of tangible capital assets	**1,598,150**	794,519
Life Lease funds retained	**(62,597)**	(103,450)
Loss (gain) on disposal of investments		(81,170)
Unrealized loss on fair value of investments	**8,553**	41,806
Gain on disposal of property and equipment	**-**	(4,500)
Amortization of deferred capital contributions	**(403,612)**	(247,501)
Amortization of bond discounts	**8,459**	8,999
	710,434	354,912
Changes in operating net assets:		
Accounts receivable	**2,512,112**	(2,216,864)
Inventory	**28,241**	738
Prepaids	**(67,828)**	(109,194)
Accounts payable and accruals	**583,528**	(1,029,009)
Unearned income and deposits	**(1,022,314)**	(407,457)
Deferred contributions	**20,902**	18,695
	2,765,075	(3,388,179)
Cash provided (used) by financing activities:		
Capital contributions received	**3,296,105**	5,149,701
Callable debt and mortgage repayment	**(7,203,142)**	(126,846)
Proceeds from callable debt	**1,475,008**	11,235,056
Life Lease funds received	**6,782,653**	4,798,421
Life Lease funds refunded	**(542,259)**	(458,033)
	3,808,365	20,598,299
Cash provided (used) by investing activities:		
Purchase of investments	**(2,850,000)**	(1,482,635)
Proceeds on disposal of investments	**2,610,000**	1,851,600
Proceeds on disposal of tangible capital assets	**-**	10,000
Purchase of tangible capital assets	**(8,201,533)**	(20,026,639)
	(8,441,533)	(19,647,674)
Increase (decrease) in cash during the year	**(1,868,093)**	(2,437,554)
Cash - beginning of year	**(3,085,004)**	(647,450)
Cash - end of year	**$ (4,953,097)**	$ (3,085,004)
Cash comprised of:		
Cash and bank accounts	**$ 226,518**	$ 2,360,085
Bank overdraft	**(5,179,615)**	(5,445,089)
	$ (4,953,097)	$ (3,085,004)

The Bethany Group

Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2013

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. The Organization provides a range of health, housing and community services in fulfilling its mission to enhance the quality of life of the people we serve.

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, 2013

2. Summary of significant accounting policies (continued)

e) 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 determing their fair value, these contributed services are not recognized in the consolidated financial statements.

f) 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.

g) 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.

h) 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.

The Bethany Group

Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2013

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

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. First-time adoption of Canadian accounting standards for not-for-profit organizations

These consolidated financial statements are the Organization's first financial statements prepared using new Canadian accounting standards for not-for-profit organizations. The date of transition to the new accounting standards is April 1, 2011.

The accounting policies presented in Note 2 and resulting from the application of the new accounting standards were used to prepare the consolidated financial statements for the year ended March 31, 2013, the comparative information, and the opening statement of financial position as at the date of transition.

The Organization has applied Section 1501, *First-time adoption by not-for-profit organization*s in preparing these first consolidated financial statements under accounting standards for not-for-profit organizations. The effects of the transition on net assets, income and reported cash flows are presented in this section and explained further.

Exemptions relating to first-time adoption

Section 1501, *First-time adoption by not-for-profit organizations*, contains optional exemptions to full retrospective application which the Organization may use upon transition. The Organization elected to use the following exemption at the date of transition:

a) Financial instruments

The Organization has elected to designate its investments in bonds to be measured at fair value, as opposed to amortized cost, at the date of transition. Under Canadian accounting standards for not-for-profit organizations, changes in the fair value of financial instruments measured at fair value are recorded in the statement of operations. There are no material adjustments to the previously reported statement of operations, as previously the bonds were classified as held-for-trading and unrealized fair value gains and losses were recorded in the statement of operations.

The Bethany Group

Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2013

3. First-time adoption of Canadian accounting standards for not-for-profit organizations (continued)

Impact of transition on net assets as at April 1, 2011
The impact of the transition to the new accounting standards on the organization's net assets at the date of transition is not significant.

	Apr 1, 2011 Previous GAAP	Effect of transition	Apr 1, 2011 ASNPO
Assets			
Cash and short term investments	$ 3,149,265	$ -	$ 3,149,265
Receivables	2,096,235	-	2,096,235
Inventory	66,303	-	66,303
Prepaids	60,630	-	60,630
Long term investments	5,593,942	-	5,593,942
Tangible capital assets	27,493,147	-	27,493,147
	$ 38,459,522	$ -	$ 38,459,522
Liabilities and Net Assets			
Bank indebtedness	$ 2,277,812	$ -	$ 2,277,812
Payables and accruals	7,694,729	-	7,694,729
Unearned income and deposits	1,657,425	-	1,657,425
Deferred contributions	776,108	-	776,108
Deferred capital contributions	9,312,000	-	9,312,000
Mortgage payable	3,554,201	-	3,554,201
Life lease funds	6,725,908	-	6,725,908
Unrestricted net assets	(2,867,164)	-	(2,867,164)
Internally restricted net assets	1,417,465	-	1,417,465
Externally restricted net assets	10,000	-	10,000
Net assets invested in capital assets	7,901,038	-	7,901,038
	$ 38,459,522	$ -	$ 38,459,522

Reconciliation of deficiency of revenue over expenses for the period ended March 31, 2012
The deficiency of revenue over expenses as at March 31, 2012 determined using the new accounting standards is approximately equivalent to that determined using the pre-changeover accounting standards.

Statement of cash flows
There are no material adjustments to the previously reported statement of cash flows.

The Bethany Group

Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2013

4. Accounts receivable

	2013	2012 (Note 20)
Resident fees	**$ 44,618**	$ 29,104
Life lease purchases receivable	**193,650**	2,066,600
Goods and services tax refundable	**99,225**	172,353
Due from related parties (net) (note 16)	**996,926**	1,480,415
Special project funding and miscellaneous	**466,568**	564,627
	$ 1,800,987	$ 4,313,099

5. Long-term investments, at fair value

	2013	2012 (Note 20)
Fixed income securities:		
Term to maturity less than 1 year - Yields of 1.55% to 4.75% (2012 - 1.55% to 10.0%), maturing June 2013 to July 2013 (2012 - June 2012 to February 2013)	**$ 1,199,716**	$ 2,616,543
Term to maturity between 1 to 5 years - Yields of 1.90% to 7.25% (2012 - 3.15% to 4.75%), maturing June 2014 to June 2017 (2012 - June 2013 to June 2016)	**5,144,417**	3,441,961
Term to maturity between 5 to 7 years - Yield of nil% (2012 - 7.25%, maturing June 2017)	**-**	64,291
Equities quoted in an active market:		
Preferred shares	**653,100**	651,450
	$ 6,997,233	$ 6,774,245

Investment income earned is reported as follows:

	2013	2012
Interest income	**$ 199,394**	$ 210,051
Dividend income	**34,125**	48,375
Gain on disposal of investments	**-**	81,170
Decrease in fair value of investments	**(8,553)**	(41,806)
Total investment income recognized as revenue	**$ 224,966**	$ 297,790

The Bethany Group
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2013

5. Long term investments, at fair value (continued)

Investment income earned on net assets is as follows:

	2013	2012 (Note 20)
Income earned on unrestricted net assets	$ 220,761	$ 293,403
Income earned on restricted net assets	10,337	10,481
Income earned on endowments	103	102
Less: income deferred due to restrictions	(6,235)	(6,196)
Total investment income recognized as revenue	$ 224,966	$ 297,790

6. Tangible capital assets

	2013 Cost	2013 Accumulated Amortization	2013 Net Book Value	2012 (Note 20) Net Book Value
Land	$ 2,173,583	$ -	$ 2,173,583	$ 2,173,583
Land improvements	276,330	136,390	139,940	131,178
Buildings	47,144,734	7,408,867	39,735,867	15,201,667
Buildings under construction	9,753,758	-	9,753,758	28,003,841
Equipment	4,073,174	2,153,173	1,920,001	1,609,498
	$ 63,421,579	$ 9,698,430	$ 53,723,149	$ 47,119,767

7. 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.

The Bethany Group

Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2013

8. Accounts payable and accruals

		2013		2012 (Note 20)
Accounts payable - operating	**$**	**987,084**	$	1,402,831
- capital		**1,447,626**		747,314
Accrued salaries, vacation and related deductions payable		**4,762,439**		4,389,854
Accrued interest		**15,100**		17,150
Other accrued liabilities		**37,000**		108,571
	$	**7,249,249**	$	6,665,720

Included in accounts payable and accruals are government remittances of $970,981 (2012 - $929,516).

9. 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:

		2013		2012 (Note 20)
Deferred balance, beginning of year	**$**	**794,803**	$	776,108
Add: contributions received and interest earned		**20,902**		18,695
Less: recognized as revenue		**-**		-
Deferred balance, end of year	**$**	**815,705**	$	794,803

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

Building fund	**$**	**659,309**	$	653,478
Other special-purpose funds		**156,396**		141,325
	$	**815,705**	$	794,803

The Bethany Group

Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2013

10. 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:

	2013	2012 (Note 20)
Deferred balance, beginning of year	**$ 14,214,200**	$ 9,312,000
Add: contributions received	**3,296,105**	5,149,701
Less: recognized as revenue	**(403,612)**	(247,501)
Deferred balance, end of year	**$ 17,106,693**	$ 14,214,200

Deferred contributions are comprised of the following amounts:

Government grants	**$ 16,100,362**	$ 13,169,980
Contributions from other sources	**1,006,331**	1,044,220
	$ 17,106,693	$ 14,214,200

11. Callable debt

	2013	2012
Demand loan - Brookside	**$ 1,725,098**	$ 10,076,825
Demand loan - Bashaw Meadows	**2,479,655**	-
Demand loan - Jamieson Manor	**-**	1,158,231
	$ 4,204,753	$ 11,235,056

The organization has a demand loan for the Brookside project, to be repaid from 100% of the Net Sales Proceeds received on the closing of sales of units in the Project. Interest is charged at RBP plus 1.15% per annum and was repaid April 29, 2013.

The organization has a demand loan for the Bashaw Meadows project, repayable October 30, 2013. Interest is charged at RBP plus 1.15% per annum.

The Bethany Group

Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2013

12. Mortgage payable

	2013	2012 (Note 20)
RBC mortgage payable, bearing interest at 3.824%, repayable in monthly blended instalments of $24,677, due July 2017.	**$ 3,270,129**	$ 3,427,355
RBC mortgage payable, bearing interest at 4.59%, repayable in monthly blended instalments of $7,515, due July 2032.	**1,459,395**	-
	4,729,524	3,427,355
Less: current portion	**197,300**	132,000
	$ 4,532,224	$ 3,295,355

The collateral security lodged by the Organization to support the mortgages is a first mortgage on the properties (carrying value of $12,041,245), general assignment of rents and revenues from the properties, and first security agreement on personal property.

Principal payments are estimated as:

2014	$ 197,300
2015	204,450
2016	212,650
2017	220,850
2018	2,568,279
Thereafter	1,325,995

13. 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:

	2013	2012 (Note 20)
Lakeside Village	**$ 2,049,013**	$ 2,205,637
Hillside Village	**5,302,988**	5,313,209
Brookside	**9,788,642**	3,444,000
	$ 17,140,643	$ 10,962,846

The Bethany Group

Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2013

13. 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 $2,131,041). The Brookside Life Lease funds are secured by registered mortgages on the land and building (carrying value of $17,272,460).

14. 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:

	2013	2012 (Note 20)
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	**59,585**	60,380
Resident Life Enhancement Funds	**33,356**	45,831
	$ 1,402,287	$ 1,415,557

15. Net assets restricted for endowment

	2013	2012 (Note 20)
Ralph Thompson Memorial Scholarship Fund, the income from which is to be used for educational purposes	**$ 10,000**	$ 10,000

The Bethany Group

Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2013

16. 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 and fifty-five 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, Rimoka Housing Foundation and Alberta Municipal Affairs are included in accounts receivable. As at March 31, 2013 these amounts receivable (payable) were as follows:

	2013	2012 (Note 20)
Camrose and Area Lodge Authority	**$ 283,332**	$ 222,625
Wetaskiwin and Area Lodge Authority	**488,689**	436,604
Flagstaff Regional Housing Group	**57,363**	-
Alberta Municipal Affairs	**167,542**	821,186
	$ 996,926	$ 1,480,415

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 and Alberta Municipal Affairs. For the year ended March 31, 2013, the amount received from these related entities totaled:

	2013	2012 (Note 20)
Camrose and Area Lodge Authority	**$ 369,420**	$ 159,614
Wetaskiwin and Area Lodge Authority	**184,865**	85,500
Flagstaff Regional Housing Group	**76,600**	-
Lacombe Foundation	**92,530**	-
Rimoka Housing Foundation	**103,916**	-
Alberta Municipal Affairs	**529,655**	206,298

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, 2013

17. 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 10.43% of employees' pensionable earnings up to Canada Pension Plan Yearly Maximum Pensionable Earnings, and 14.47% 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 $2,126,972 (2012 - $1,900,947). At December 31, 2012, the Plan disclosed an actuarial deficit of $5.4 billion.

18. 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 liablilities 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 Year Ended March 31, 2013

19. Commitments

Construction of a new lodge and supportive living facility in Bashaw has an estimated cost of $12,034,218. To date costs have been incurred for this which total $9,704,216 and the remaining amount of the contract is $2,330,002. The project will be financed through an Affordable Supportive Living Initiative (ASLI) grant from Alberta Seniors and Community Supports ($5,434,005). The remainder will be financed through a mortgage with the Royal Bank.

At 2013 March 31 there was a Letter of Guarantee outstanding in favour of the City of Camrose for $55,000 related to landscaping and paving.

20. Comparative figures

Amounts presented as at April 1, 2011 and the comparative period ending March 31, 2012 have not been audited under Part III of the CICA Handbook, *Accounting Standards for Not-for-Profit Organizations*. The previously issued 2012 financial statements were audited by another firm of Chartered Accountants in accordance with pre-changeover standards in Part V of the CICA Handbook.

The Bethany Group

Statement of Operations - Health Services

(Continuing Care, Designated Supportive Living, Rosehaven Provincial Program)

For the Year Ended March 31, 2013

	2013	2012 (Note 20)
Revenue		
Resident care services	**$ 23,513,288**	$ 22,839,704
Resident fees	**6,717,682**	6,280,786
Recoveries	**442,414**	67,671
Other grants	**187,252**	389,720
Sundry	**5,108**	4,633
	30,865,744	29,582,514
Expenses		
Wages and benefits		
Resident care	**19,466,236**	19,357,088
Food services	**792,034**	924,497
Housekeeping	**783,170**	742,308
Maintenance	**1,676,122**	1,071,428
Outreach education	**204,888**	275,108
Administration	**269,778**	246,555
	23,192,228	22,616,984
Materials and supplies		
Resident care	**1,344,403**	1,421,793
Food services	**1,545,286**	1,334,162
Housekeeping and laundry	**718,684**	697,106
Maintenance and repairs	**300,451**	764,903
Utilities	**1,130,023**	1,308,442
Outreach education	**19,673**	18,764
Staff education	**188,518**	190,182
Administration	**1,905,039**	1,515,233
	7,152,077	7,250,585
Amortization of equipment	**177,614**	173,763
Total expenses	**30,521,919**	30,041,332
Excess (deficiency) of revenue over expenses	**$ 343,825**	$ (458,818)

The Bethany Group

Statement of Operations - Housing and Community Services

(Life Lease, Deer Meadows, Homecare, Affordable Housing)

For the Year Ended March 31, 2013

	2013	2012 (Note 20)
Revenue		
Funding - Homecare services	**$ 1,086,373**	$ 1,025,472
Resident fees	**2,849,391**	2,220,178
Sundry	**9,706**	4,552
	3,945,470	3,250,202
Expenses		
Wages and benefits		
Homecare	**900,634**	832,816
Food services and housekeeping	**526,769**	452,012
Maintenance	**-**	64,762
Administration	**137,408**	102,719
	1,564,811	1,452,309
Materials and supplies		
Homecare	**87,914**	65,772
Food services	**184,054**	151,425
Housekeeping and laundry	**41,683**	31,911
Maintenance and repairs	**515,010**	277,149
Utilities	**367,607**	261,490
Property taxes	**414,777**	220,040
Staff education	**-**	29,072
Administration	**512,071**	189,590
	2,123,116	1,226,449
Interest on long term debt	**217,775**	225,422
Amortization of equipment	**145,605**	4,685
Total expenses	**4,051,307**	2,908,865
(Deficiency) excess of revenue over expenses	**$ (105,837)**	$ 341,337

The Bethany Group
Statement of Operations - Ancillary
(Laundry Services, Hairdressing Services)
For the Year Ended March 31, 2013

	2013	2012 (Note 20)
Revenue		
Laundry services - contract clients	**$ 893,751**	$ 882,569
Personal laundry and mending	**46,069**	43,469
Hairdressing services	**157,995**	171,113
Sundry	**835**	481
	1,098,650	1,097,632
Expenses		
Wages and benefits		
Laundry	**951,863**	901,886
Hairdressing	**163,158**	156,700
	1,115,021	1,058,586
Materials and supplies		
Laundry supplies and linens	**125,647**	119,390
Maintenance and repairs	**64,355**	99,904
Vehicle expenses - laundry	**52,599**	55,828
Utilities - laundry	**119,883**	141,067
Hairdressing supplies	**7,060**	5,262
Staff education	**-**	5,339
Administration	**47,330**	35,449
	416,874	462,239
Less: recovery of services - internal clients	**(490,294)**	(484,072)
Amortization of equipment	**37,991**	36,686
Total expenses	**1,079,592**	1,073,439
Excess of revenue over expenses	**$ 19,058**	$ 24,193

The Bethany Group

Statement of Operations - Administration Services

(Corporate Administration, Communication, Financial Services, Human Resources and Education)

For the Year Ended March 31, 2013

	2013	2012 (Note 20)
Revenue		
Administration and management services-external	**$ 1,027,057**	$ 577,168
Other grants	**-**	13,378
Sundry	**18,618**	16,587
	1,045,675	607,133
Expenses		
Wages and benefits		
Corporate administration and communications	**1,076,375**	875,648
Financial services	**862,603**	728,750
Human resources and claims management	**462,485**	395,197
Education and Workplace Health and Safety	**259,724**	276,568
Information technology and systems support	**358,680**	182,699
	3,019,867	2,458,862
Materials and supplies		
General administration supplies and expense	**202,686**	154,631
Communications	**36,565**	7,068
Board expenses	**4,356**	5,967
Conferences and travel	**57,850**	46,585
Professional fees	**77,955**	69,311
Education and workplace health and safety supplies	**57,574**	10,342
Information technology	**-**	8,312
Material management services	**-**	10
Purchases from donated funds	**49,333**	53,178
	486,319	355,404
Less:		
Recovery - administration services - internal	**(2,118,031)**	(1,800,927)
Recovery - project management - internal	**(216,892)**	(437,941)
Amortization of equipment	**31,023**	31,066
Total expenses	**1,202,286**	606,464
Excess of revenue over expenses	**$ (156,611)**	$ 669

The Bethany Group
Statement of Operations - TBG Properties Inc.
For the Year Ended March 31, 2013

	2013	2012 (Note 20)
Revenue		
Administration and management services-external	**$ 39,596**	$ -
Expenses		
Wages and benefits		
Maintenance	**29,840**	-
	29,840	-
Materials and supplies		
General administration supplies and expense	**3,304**	-
Conferences and travel	**1,644**	-
Professional fees	**3,369**	-
	8,317	-
Total expenses	**38,157**	-
Net income	**$ 1,439**	$ -