

**LACOMBE SENIOR CITIZENS' LODGE, ECKVILLE MANOR HOUSE,  
TERRACE HEIGHTS LANDING AFFORDABLE HOUSING,  
BLACKFALDS AFFORDABLE HOUSING**

**OPERATED BY BETHANY NURSING HOME OF CAMROSE, ALBERTA  
AS MANAGEMENT BODY  
ON BEHALF OF LACOMBE FOUNDATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

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Lacombe Senior Citizens' Lodge, Eckville Manor House, Terrace Heights Affordable Housing, and  
Blackfalds Affordable Housing  
Operated by Bethany Nursing Home of Camrose, Alberta as Management Body  
Financial Statements  
For the Year Ended December 31, 2013

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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 financial statements of Lacombe Senior Citizen Lodge, Eckville Manor House, Terrace Heights Affordable Housing, and Blackfalds Affordable Housing, which comprise the statements of financial position as at December 31, 2013, and the statement operations, statement of 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lacombe Senior Citizen Lodge, Eckville Manor House, Terrace Heights Affordable Housing, and Blackfalds Affordable Housing as at December 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.

**Other matter**

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The schedules of operations for Lacombe Senior Citizen Lodge, Eckville Manor House, Terrace Heights Affordable Housing, and Blackfalds Affordable Housing on pages 7(a), 7(b), 7(c), 7(d) and 7(e) 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.

*Grant Thornton LLP*

Chartered Accountants

Camrose, Canada  
April 10, 2014

**Lacombe Senior Citizens' Lodge, Eckville Manor House, Terrace Heights Affordable Housing, and  
 Blackfalds Affordable Housing**  
**Operated by Bethany Nursing Home of Camrose, Alberta as Management Body**  
**Statement of Financial Position**  
**As At December 31, 2013**

|   | <b>2013</b>              | <b>2012</b>              |
|---|--------------------------|--------------------------|
| <b>Assets</b>   |                          |                          |
| <b>Current</b>  |                          |                          |
| Cash and cash equivalents (Note 3)                        | \$ 649,513               | \$ 740,968               |
| Trust account for security deposits                       | 31,667                   | 33,883                   |
| Receivables (Note 4)                                      | 63,716                   | 170,350                  |
| Prepays   | <u>30,476</u>            | <u>20,874</u>            |
|   | 775,372                  | 966,075                  |
| <br>Tangible capital assets (Note 5)                      | <br><u>10,145,414</u>    | <br><u>10,563,617</u>    |
| <br>Total Assets  | <br><u>\$ 10,920,786</u> | <br><u>\$ 11,529,692</u> |
| <b>Liabilities</b>  |                          |                          |
| <b>Current</b>  |                          |                          |
| Payables and accruals                                     | \$ 170,029               | \$ 306,319               |
| Unearned income and deposits                              | 70,455                   | 187,579                  |
| Deferred contributions (Note 6)                           | 20,400                   | 20,400                   |
| Current portion of capital lease obligation               | <u>25,400</u>            | <u>23,300</u>            |
|   | 286,284                  | 537,598                  |
| <br>Callable debt (Note 7)                                | <br><u>2,103,003</u>     | <br><u>2,466,289</u>     |
|   | 2,389,287                | 3,003,887                |
| <br>Capital lease obligation (Note 8)                     | <br>37,555               | <br>63,002               |
| Deferred contributions related to capital assets (Note 9) | <u>4,987,062</u>         | <u>5,180,221</u>         |
|   | <u>7,413,904</u>         | <u>8,247,110</u>         |
| <b>Net Assets</b>   |                          |                          |
| Unrestricted net assets                                   | 374,088                  | 340,178                  |
| Internally restricted net assets (Note 10)                | 140,400                  | 111,600                  |
| Net assets invested in capital assets                     | <u>2,992,394</u>         | <u>2,830,804</u>         |
|   | <u>3,506,882</u>         | <u>3,282,582</u>         |
| <br>Total Liabilities and Net Assets                      | <br><u>\$ 10,920,786</u> | <br><u>\$ 11,529,692</u> |

**Lacombe Senior Citizens' Lodge, Eckville Manor House, Terrace Heights Landing**  
**Affordable Housing, and Blackfalds Affordable Housing**  
**Operated by Bethany Nursing Home of Camrose, Alberta as Management Body**  
**Statement of Changes in Net Assets**  
**For the Year Ended December 31, 2013**

|  | <b>2013</b>                        |   |  |                     | <b>2012</b>         |
|--|------------------------------------|---|--|---------------------|---------------------|
|  | <u>Unrestricted<br/>Net Assets</u> | <u>Internally<br/>Restricted<br/>Net Assets</u> | <u>Net Assets<br/>Invested In<br/>Capital<br/>Assets</u> | <u>Total</u>        | <u>Total</u>        |
| Beginning balance                                | \$ 340,178                         | \$ 111,600                                      | \$ 2,830,804   | \$ 3,282,582        | \$ 3,053,969        |
| Excess (deficiency) of<br>revenues over expenses | 454,352                            | -   | (230,052)  | 224,300             | 228,613             |
| Transfer to internally restricted<br>net assets  | (28,800)                           | 28,800  | -  | -                   | -                   |
| Capital Contribution received                    | 88,156                             | -   | (88,156)   | -                   | -                   |
| Repayment of long term debt                      | (386,633)                          | -   | 386,633  | -                   | -                   |
| Purchase of capital assets                       | (93,165)                           | -   | 93,165   | -                   | -                   |
| Ending balance                                   | <u>\$ 374,088</u>                  | <u>\$ 140,400</u>                               | <u>\$ 2,992,394</u>                                      | <u>\$ 3,506,882</u> | <u>\$ 3,282,582</u> |

**Lacombe Senior Citizens' Lodge, Eckville Manor House, Terrace Heights Affordable Housing, and  
 Blackfalds Affordable Housing**  
**Operated by Bethany Nursing Home of Camrose, Alberta as Management Body**  
**Statement of Operations**  
**For the Year Ended December 31, 2013**

|   | 2013<br>Actual    | 2013<br>Budget<br>(Note 13) | 2012<br>Actual    |
|---|-------------------|-----------------------------|-------------------|
| <b>Revenue</b>                                      |                   |                             |                   |
| Accommodation                                       | \$ 2,678,072      | \$ 2,735,500                | \$ 2,691,005      |
| Grants  | 584,258           | 465,100                     | 605,257           |
| Recoveries  | 154,628           | 173,700                     | 177,120           |
| Funding from Alberta Health Services                | 301,640           | 292,500                     | 278,374           |
| Donations   | 11,568            | -                           | 22,927            |
| Interest and miscellaneous                          | 17,731            | 6,300                       | 7,870             |
| Amortization of deferred contributions              | <u>281,315</u>    | <u>-</u>                    | <u>268,355</u>    |
|   | <u>4,029,212</u>  | <u>3,673,100</u>            | <u>4,050,908</u>  |
| <b>Expenses</b>                                     |                   |                             |                   |
| Administration management                           | 69,996            | 70,000                      | 58,607            |
| Amortization of capital assets                      | 511,368           | -                           | 498,883           |
| Building and ground maintenance                     | 112,139           | 95,500                      | 112,723           |
| Equipment and appliances                            | 28,336            | 24,300                      | 22,777            |
| Food and kitchen supplies                           | 432,521           | 494,200                     | 503,198           |
| General operating                                   | -                 | -                           | 4,159             |
| Insurance   | 34,306            | 37,000                      | 37,832            |
| Interest on long term debt                          | 74,703            | 273,600                     | 87,509            |
| Laundry and linen supplies                          | 71,836            | 76,200                      | 79,525            |
| Non-recurring maintenance                           | 88,249            | 87,400                      | 99,576            |
| Office  | 141,477           | 122,500                     | 105,059           |
| Professional fees                                   | 6,050             | 10,500                      | 9,304             |
| Property taxes                                      | 88,942            | 88,000                      | 84,817            |
| Resident life enhancement                           | 7,022             | 6,400                       | 16,311            |
| Utilities   | 265,121           | 300,500                     | 269,356           |
| Vehicle and travel                                  | 29,058            | 24,200                      | 22,423            |
| Wages and benefits                                  | <u>2,468,388</u>  | <u>2,470,000</u>            | <u>2,434,836</u>  |
|   | <u>4,429,512</u>  | <u>4,180,300</u>            | <u>4,446,895</u>  |
| <b>Deficiency of revenue over expenses</b>          |                   |                             |                   |
| before requisition                                  | (400,300)         | (507,200)                   | (395,987)         |
| Requisition (Note 15)                               | <u>624,600</u>    | <u>624,600</u>              | <u>624,600</u>    |
| <b>Excess (deficiency) of revenue over expenses</b> | <u>\$ 224,300</u> | <u>\$ 117,400</u>           | <u>\$ 228,613</u> |

**Lacombe Senior Citizens' Lodge, Eckville Manor House, Terrace Heights Landing Affordable Housing,  
 and Blackfalds Affordable Housing**  
**Operated by Bethany Nursing Home of Camrose, Alberta as Management Body**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2013**

|  | <b>2013</b>              | <b>2012</b>              |
|--|--------------------------|--------------------------|
| <b>Cash provided (used) by operating activities:</b> |                          |                          |
| Excess (deficiency) of revenue over expenses         | \$ 224,300               | \$ 228,613               |
| Items not involving cash:                            |                          |                          |
| Amortization of tangible capital assets              | 511,368                  | 498,883                  |
| Amortization of deferred capital contributions       | <u>(281,315)</u>         | <u>(268,355)</u>         |
|  | 454,353                  | 459,141                  |
| <br>   |                          |                          |
| <b>Changes in operating net assets:</b>              |                          |                          |
| Receivables  | 106,634                  | 231,550                  |
| Inventory  | -                        | 35,044                   |
| Prepays  | (9,602)                  | 2,281                    |
| Other assets   | -                        | 3,449                    |
| Payables and accruals                                | (136,290)                | 181,443                  |
| Unearned income and deposits                         | (117,124)                | 12,488                   |
| Deferred contributions                               | <u>-</u>                 | <u>-</u>                 |
|  | <u>297,971</u>           | <u>925,396</u>           |
| <br>   |                          |                          |
| <b>Cash provided (used) by financing activities:</b> |                          |                          |
| Contribution of capital assets                       | 88,156                   | 41,448                   |
| Repayment of capital lease obligation                | (23,347)                 | (21,424)                 |
| Issuance of callable debt                            | -                        | -                        |
| Repayment of callable debt                           | <u>(363,286)</u>         | <u>(135,552)</u>         |
|  | <u>(298,477)</u>         | <u>(115,528)</u>         |
| <br>   |                          |                          |
| <b>Cash provided (used) by investing activities:</b> |                          |                          |
| Purchase of tangible capital assets                  | (93,165)                 | (6,832)                  |
| Contributed capital assets put into service          | <u>-</u>                 | <u>(41,448)</u>          |
|  | <u>(93,165)</u>          | <u>(48,280)</u>          |
| <br>   |                          |                          |
| <b>Increase (decrease) in cash during the year</b>   | <b>(93,671)</b>          | <b>761,588</b>           |
| <br>   |                          |                          |
| <b>Cash and cash equivalents, beginning of year</b>  | <b><u>774,851</u></b>    | <b><u>13,263</u></b>     |
| <br>   |                          |                          |
| <b>Cash and cash equivalents, end of year</b>        | <b><u>\$ 681,180</u></b> | <b><u>\$ 774,851</u></b> |



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Lacombe Senior Citizens' Lodge, Eckville Manor House, Terrace Heights Affordable Housing, and  
Blackfalds Affordable Housing  
Operated by Bethany Nursing Home of Camrose, Alberta as Management Body  
Notes to the Financial Statements  
For the Year Ended December 31, 2013

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**1. Nature of operations**

Bethany Nursing Home of Camrose, Alberta is a not-for-profit organization incorporated by an Act of the Alberta Legislature. The organization was established as a management body by Ministerial Order, pursuant to the Alberta Housing Act. It is responsible for the operation and administration of Lacombe Senior Citizens' Lodge, Eckville Manor House, Terrace Heights Affordable Housing, and Blackfalds Affordable Housing on behalf of Lacombe Foundation. These financial statements do not include all the assets, liabilities, revenue and expenses of Bethany Nursing Home of Camrose, Alberta but only those relating to the operation of the lodges and affordable housing projects noted above.

**2. Significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The more significant accounting policies are as follows:

a) Use of Estimates:

The preparation of these 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, estimated useful lives of capital assets, and current portion of capital lease obligation. Actual results could differ from these estimates.

b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks, and guaranteed investment certificates with original maturities of one year or less.

c) 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. Unrestricted contributions, including accommodation, recoveries, and health services funding, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Provincial government grants are recognized as revenue in the year in which the related expenses are incurred. Requisition revenue is recognized as income in the year for which the funding is requisitioned. Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue at the same rate of amortization as the related acquired capital assets.

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Lacombe Senior Citizens' Lodge, Eckville Manor House, Terrace Heights Affordable Housing, and  
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**2. Significant accounting policies (continued)**

d) Contributed supplies and services:

The organization may recognize contributed supplies and services when the fair value of these contributions can be reasonably estimated and if it would have had to otherwise acquire these supplies and services for its normal operations.

e) Tangible capital assets:

Tangible capital assets are recorded at cost. When the organization receives contributions of tangible capital assets, their cost is equal to their fair value at the contribution date. When fair value cannot be reasonably determined, the tangible capital asset is recorded at a nominal value. These assets are then amortized on the "straight-line" method over the estimated useful life of each asset using the following annual rates:

|           |            |
|-----------|------------|
| Buildings | 4%         |
| Equipment | 10% to 25% |

When the organization recognizes that 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.

f) Financial assets and liabilities:

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.

With respect to financial assets measured at amortized cost, the organization assesses whether there are any indications of impairment. When there is a 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.

**Lacombe Senior Citizens' Lodge, Eckville Manor House, Terrace Heights Affordable Housing, and  
 Blackfalds Affordable Housing**  
 Operated by Bethany Nursing Home of Camrose, Alberta as Management Body  
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 For the Year Ended December 31, 2013

**3. Cash and cash equivalents**

|  | <u>2013</u>       | <u>2012</u>       |
|--|-------------------|-------------------|
| Cash on hand and balances with banks, net of outstanding<br>cheques and deposits | \$ 49,513         | \$ 40,968         |
| Guaranteed investment certificates   | <u>600,000</u>    | <u>700,000</u>    |
|  | <u>\$ 649,513</u> | <u>\$ 740,968</u> |

The Board of Lacombe Foundation has internally restricted \$140,400 of cash as reserves for future major maintenance repairs and upgrades to the lodges and affordable housing facilities as indicated in Note 10.

**4. Receivables**

|                                 | <u>2013</u>      | <u>2012</u>    |
|---------------------------------|------------------|----------------|
| Resident and tenant receivables | \$ 9,485         | \$ 4,529       |
| GST recoverable                 | 23,236           | 20,672         |
| Grant receivable                | -                | 131,122        |
| Interest receivable             | 2,819            | 3,736          |
| Receivable from related parties | 17,399           | -              |
| Other receivables               | <u>10,777</u>    | <u>10,291</u>  |
|                                 | <u>\$ 63,716</u> | <u>170,350</u> |

**5. Tangible capital assets**

|           | <u>2013</u>          |                             |                      | <u>2012</u>          |
|-----------|----------------------|-----------------------------|----------------------|----------------------|
|           | Cost                 | Accumulated<br>Amortization | Net Book<br>Value    | Net Book<br>Value    |
| Land      | \$ 1,980,648         | \$ -                        | \$ 1,980,648         | \$ 1,980,648         |
| Buildings | 12,517,358           | 4,654,372                   | 7,862,986            | 8,254,256            |
| Equipment | <u>832,366</u>       | <u>530,586</u>              | <u>301,780</u>       | <u>328,713</u>       |
|           | <u>\$ 15,330,372</u> | <u>\$ 5,184,958</u>         | <u>\$ 10,145,414</u> | <u>\$ 10,563,617</u> |

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Lacombe Senior Citizens' Lodge, Eckville Manor House, Terrace Heights Affordable Housing, and  
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**6. Deferred contributions**

Deferred contributions relate to donations made for designated purposes, and are recorded as revenue when expended:

|  | <u>2013</u>      | <u>2012</u>      |
|--|------------------|------------------|
| Deferred contributions, beginning of the year  | \$ 20,400        | \$ 20,400        |
| Contributions received in the year             | <u>-</u>         | <u>-</u>         |
|  | 20,400           | 20,400           |
| Less: amount recognized as revenue in the year | <u>-</u>         | <u>-</u>         |
| Deferred contributions, end of the year        | <u>\$ 20,400</u> | <u>\$ 20,400</u> |

**7. Callable debt**

|   | <u>2013</u>         | <u>2012</u>         |
|---|---------------------|---------------------|
| ATB Financial demand loan, bearing interest at 3.00%,<br>repayable in monthly blended instalments of \$6,850. | \$ 929,159          | \$ 985,093          |
| ATB Financial demand loan, bearing interest at prime,<br>repayable in monthly blended instalments of \$6,300. | 1,173,844           | 1,217,418           |
| ATB Financial demand loan, bearing interest at prime,<br>paid in full in May 2013.                            | <u>-</u>            | <u>263,778</u>      |
|   | <u>\$ 2,103,003</u> | <u>\$ 2,466,289</u> |

The collateral security lodged by the organization to support the callable debt is a first charge over land and building with a carrying value of \$9,843,634 and an assignment of rents.

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Lacombe Senior Citizens' Lodge, Eckville Manor House, Terrace Heights Affordable Housing, and  
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Notes to the Financial Statements  
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**7. Callable debt (continued)**

Although the bank loans are of a demand nature, management does not believe that the demand feature will be exercised. Accordingly, the scheduled principal repayments on the callable debt for the next five years are as follows:

|  |                  |    |                  |
|--|------------------|----|------------------|
|  | 2014             | \$ | 96,000           |
|  | 2015             |    | 98,950           |
|  | 2016             |    | 101,950          |
|  | 2017             |    | 105,000          |
|  | 2018             |    | 108,250          |
|  | Subsequent years |    | <u>1,592,853</u> |
|  |                  | \$ | <u>2,103,003</u> |

**8. Capital lease obligation**

2013                      2012

The following is a schedule of future minimum lease payments under the capital lease expiring April 1, 2016 together with the balance of the obligation under capital lease.

|   |      |    |                |    |                 |
|---|------|----|----------------|----|-----------------|
|   | 2013 | \$ | -              | \$ | 29,886          |
|   | 2014 |    | 29,886         |    | 29,886          |
|   | 2015 |    | 29,886         |    | 29,886          |
|   | 2016 |    | <u>9,959</u>   |    | <u>9,959</u>    |
| Total minimum lease payments                |      |    | 69,731         |    | 99,617          |
| Less: amount representing interest at 8.63% |      |    | <u>(6,776)</u> |    | <u>(13,315)</u> |
|   |      |    | 62,955         |    | 86,302          |
| Less: current portion                       |      |    | <u>25,400</u>  |    | <u>23,300</u>   |
|   |      | \$ | <u>37,555</u>  | \$ | <u>63,002</u>   |

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Lacombe Senior Citizens' Lodge, Eckville Manor House, Terrace Heights Affordable Housing, and  
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Notes to the Financial Statements  
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**9. Deferred contributions related to capital assets**

Deferred contributions related to capital assets represent restricted contributions from government and donations with which some of the capital assets were purchased. The changes in the deferred contributions balance for the year are as follows:

|                                     | <u>2013</u>         | <u>2012</u>         |
|-------------------------------------|---------------------|---------------------|
| Deferred balance, beginning of year | \$ 5,180,221        | \$ 5,407,128        |
| Add: contributions received         | 88,156              | 41,448              |
| Less: recognized as revenue         | <u>(281,315)</u>    | <u>(268,355)</u>    |
| Deferred balance, end of year       | <u>\$ 4,987,062</u> | <u>\$ 5,180,221</u> |

**10. Net assets internally restricted**

The organization has established reserve funds to fund future major maintenance repairs and upgrades to the lodges and affordable housing facilities. A portion of the annual operating surplus from affordable housing operations is transferred into the affordable housing reserve. In 2013, the amount transferred is \$28,800 (2012 - \$28,800), increasing the reserve amount to \$118,400 (2012 - \$89,600). The reserve for lodge operations remains unchanged in 2013 at \$22,000.

**11. Commitments**

The organization leases a 2010 Ford Edge under an 48 month operating lease agreement with Ford Credit. The organization is committed to monthly payments of \$406.81 plus GST until March 2014.

The organization has leased their office space for a five year, four month term at \$1,500 per month ending June 3, 2015.

**12. Related party transactions**

The organization paid management fees of \$69,996 to Bethany Nursing Home of Camrose, Alberta for the year ended December 31, 2013 (2012 - \$58,607). This transaction was in the normal course of operations and was recorded at the exchange amount, which is the amount agreed upon by the related parties.

**13. Budget figures**

The budget information, while not forming part of the audited financial statements, is included for information purposes.

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Lacombe Senior Citizens' Lodge, Eckville Manor House, Terrace Heights Affordable Housing, and  
Blackfalds Affordable Housing  
Operated by Bethany Nursing Home of Camrose, Alberta as Management Body  
Notes to the Financial Statements  
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**14. 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 guaranteed investment certificates 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 consists 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 \$14,812. 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.

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Lacombe Senior Citizens' Lodge, Eckville Manor House, Terrace Heights Affordable Housing, and  
Blackfalds Affordable Housing  
Operated by Bethany Nursing Home of Camrose, Alberta as Management Body  
Notes to the Financial Statements  
For the Year Ended December 31, 2013

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**15. Municipal requisitions**

|                    | <u>2013</u>       | <u>2012</u>       |
|--------------------|-------------------|-------------------|
| Lacombe County     | \$ 437,470        | \$ 442,279        |
| City of Lacombe    | 102,622           | 100,373           |
| Town of Blackfalds | 57,463            | 55,027            |
| Town of Eckville   | 7,620             | 7,683             |
| Town of Bentley    | 7,245             | 7,370             |
| Village of Alix    | 7,495             | 7,183             |
| Village of Clive   | <u>4,685</u>      | <u>4,685</u>      |
|                    | <u>\$ 624,600</u> | <u>\$ 624,600</u> |



**Lacombe Senior Citizen Lodge, Eckville Manor House, Terrace Heights Affordable Housing, and  
 Blackfalds Affordable Housing**  
**Operated by Bethany Nursing Home of Camrose, Alberta as Management Body**  
**Statement of Operations by Lodge and Affordable Housing**  
**For the Year Ended December 31, 2013**

|   | 2013<br>Lodges    | 2013<br>Affordable Housing | 2013<br>Total     |
|---|-------------------|----------------------------|-------------------|
| <b>Revenue</b>  |                   |                            |                   |
| Accommodation   | \$ 2,223,403      | \$ 454,669                 | \$ 2,678,072      |
| Grants  | 569,258           | 15,000                     | 584,258           |
| Recoveries  | 142,975           | 11,653                     | 154,628           |
| Funding from Alberta Health Services  | 301,640           | -                          | 301,640           |
| Donations   | 11,568            | -                          | 11,568            |
| Interest and miscellaneous  | <u>12,071</u>     | <u>5,660</u>               | <u>17,731</u>     |
|   | <u>3,260,915</u>  | <u>486,982</u>             | <u>3,747,897</u>  |
| <b>Expenses</b>   |                   |                            |                   |
| Administration management   | 60,000            | 9,996                      | 69,996            |
| Building and ground maintenance   | 96,886            | 15,253                     | 112,139           |
| Equipment and appliances  | 25,759            | 2,577                      | 28,336            |
| Food and kitchen supplies   | 432,521           | -                          | 432,521           |
| Insurance   | 18,166            | 16,140                     | 34,306            |
| Interest on long term debt  | 9,546             | 65,157                     | 74,703            |
| Laundry and linen supplies  | 66,791            | 5,045                      | 71,836            |
| Non-recurring maintenance   | 80,563            | 7,686                      | 88,249            |
| Office  | 136,080           | 5,397                      | 141,477           |
| Professional fees   | 5,550             | 500                        | 6,050             |
| Property taxes  | -                 | 88,942                     | 88,942            |
| Resident life enhancement   | 7,022             | -                          | 7,022             |
| Utilities   | 234,101           | 31,020                     | 265,121           |
| Vehicle and travel  | 26,156            | 2,902                      | 29,058            |
| Wages and benefits  | <u>2,401,256</u>  | <u>67,132</u>              | <u>2,468,388</u>  |
|   | <u>3,600,397</u>  | <u>317,747</u>             | <u>3,918,144</u>  |
| Excess (deficiency) of revenue over expenses<br>before requisition and amortization | (339,482)         | 169,235                    | (170,247)         |
| Requisition   | <u>624,600</u>    | <u>-</u>                   | <u>624,600</u>    |
| Excess of revenue over expenses<br>before amortization                              | 285,118           | 169,235                    | 454,353           |
| Amortization of deferred contributions  | 73,240            | 208,075                    | 281,315           |
| Amortization of capital assets  | <u>(202,360)</u>  | <u>(309,008)</u>           | <u>(511,368)</u>  |
| Excess of revenue over expenses   | <u>\$ 155,998</u> | <u>\$ 68,302</u>           | <u>\$ 224,300</u> |

**Lacombe Senior Citizen Lodge**  
 Operated by Bethany Nursing Home of Camrose, Alberta as Management Body  
**Statement of Operations**  
 For the Year Ended December 31, 2013

|   | 2013<br>Actual      | 2013<br>Budget<br>(Note 13) | 2012<br>Actual      |
|---|---------------------|-----------------------------|---------------------|
| <b>Revenue</b>  |                     |                             |                     |
| Accommodation   | \$ 1,490,508        | \$ 1,473,700                | \$ 1,445,185        |
| Grants  | 332,029             | 281,300                     | 315,753             |
| Recoveries  | 110,059             | 126,800                     | 123,050             |
| Donations   | 5,422               | -                           | 15,561              |
| Interest and miscellaneous                                | 8,800               | 2,400                       | 3,644               |
| Amortization of deferred contributions                    | <u>60,000</u>       | <u>-</u>                    | <u>60,000</u>       |
|   | <u>2,006,818</u>    | <u>1,884,200</u>            | <u>1,963,193</u>    |
| <b>Expenses</b>   |                     |                             |                     |
| Administration management                                 | 30,000              | 30,000                      | 30,626              |
| Amortization of capital assets                            | 157,389             | -                           | 157,457             |
| Building and ground maintenance                           | 58,162              | 57,000                      | 59,973              |
| Equipment and appliances                                  | 15,719              | 14,000                      | 5,117               |
| Food and kitchen supplies                                 | 304,705             | 341,200                     | 353,987             |
| General operating   | -                   | -                           | 1,902               |
| Insurance   | 14,797              | 15,000                      | 15,953              |
| Interest on long term debt                                | 8,452               | 70,560                      | 14,512              |
| Laundry and linen supplies                                | 39,529              | 39,500                      | 45,099              |
| Non-recurring maintenance                                 | 36,840              | 53,000                      | -                   |
| Office  | 92,590              | 80,900                      | 69,358              |
| Professional fees   | 3,000               | 5,000                       | 4,422               |
| Resident life enhancement                                 | 2,507               | 3,500                       | 7,719               |
| Utilities   | 157,198             | 176,000                     | 157,955             |
| Vehicle and travel  | 14,363              | 12,500                      | 11,555              |
| Wages and benefits  | <u>1,358,274</u>    | <u>1,390,000</u>            | <u>1,357,681</u>    |
|   | <u>2,293,525</u>    | <u>2,288,160</u>            | <u>2,293,316</u>    |
| Deficiency of revenue over expenses<br>before requisition | <u>\$ (286,707)</u> | <u>\$ (403,960)</u>         | <u>\$ (330,123)</u> |

Eckville Manor House  
 Operated by Bethany Nursing Home of Camrose, Alberta as Management Body  
 Statement of Operations  
 For the Year Ended December 31, 2013

|   | 2013<br>Actual      | 2013<br>Budget<br>(Note 13) | 2012<br>Actual     |
|---|---------------------|-----------------------------|--------------------|
| <b>Revenue</b>  |                     |                             |                    |
| Accommodation   | \$ 732,895          | \$ 805,000                  | \$ 787,489         |
| Grants  | 237,229             | 183,800                     | 289,504            |
| Recoveries  | 32,916              | 36,900                      | 42,772             |
| Funding from Alberta Health Services                      | 301,640             | 292,500                     | 278,374            |
| Donations   | 6,146               | -                           | 7,366              |
| Interest and miscellaneous                                | 3,271               | 1,100                       | 1,453              |
| Amortization of deferred contributions                    | 13,240              | -                           | 280                |
|   | <u>1,327,337</u>    | <u>1,319,300</u>            | <u>1,407,238</u>   |
| <b>Expenses</b>   |                     |                             |                    |
| Administration management                                 | 30,000              | 30,000                      | 17,959             |
| Amortization of capital assets                            | 44,971              | -                           | 32,418             |
| Building and ground maintenance                           | 38,724              | 19,000                      | 35,399             |
| Equipment and appliances                                  | 10,040              | 8,100                       | 15,864             |
| Food and kitchen supplies                                 | 127,816             | 153,000                     | 149,211            |
| General operating   | -                   | -                           | 224                |
| Insurance   | 3,369               | 2,000                       | 2,258              |
| Interest on long term debt                                | 1,094               | 47,040                      | 3,458              |
| Laundry and linen supplies                                | 27,262              | 30,500                      | 29,911             |
| Non-recurring maintenance                                 | 43,723              | 22,400                      | 81,196             |
| Office  | 43,490              | 35,600                      | 30,525             |
| Professional fees   | 2,550               | 3,000                       | 2,301              |
| Resident life enhancement                                 | 4,515               | 2,500                       | 8,592              |
| Utilities   | 76,903              | 90,500                      | 81,385             |
| Vehicle and travel  | 11,793              | 7,700                       | 7,132              |
| Wages and benefits  | 1,042,982           | 1,000,000                   | 1,007,487          |
|   | <u>1,509,232</u>    | <u>1,451,340</u>            | <u>1,505,320</u>   |
| Deficiency of revenue over expenses<br>before requisition | \$ <u>(181,895)</u> | \$ <u>(132,040)</u>         | \$ <u>(98,082)</u> |

Terrace Heights Affordable Housing  
 Operated by Bethany Nursing Home of Camrose, Alberta as Management Body  
 Statement of Operations  
 For the Year Ended December 31, 2013

|  | 2013<br>Actual   | 2013<br>Budget<br>(Note 13) | 2012<br>Actual   |
|--|------------------|-----------------------------|------------------|
| <b>Revenue</b>                         |                  |                             |                  |
| Accommodation                          | \$ 246,166       | \$ 250,000                  | \$ 249,870       |
| Recoveries                             | 11,503           | 10,000                      | 10,898           |
| Interest and miscellaneous             | 2,823            | 800                         | 1,365            |
| Amortization of deferred contributions | <u>135,854</u>   | <u>-</u>                    | <u>135,854</u>   |
|  | <u>396,346</u>   | <u>260,800</u>              | <u>397,987</u>   |
| <b>Expenses</b>                        |                  |                             |                  |
| Administration management              | 4,998            | 5,000                       | 5,746            |
| Amortization of capital assets         | 177,640          | -                           | 177,640          |
| Building and ground maintenance        | 13,212           | 11,500                      | 15,023           |
| Equipment and appliances               | 1,785            | 1,100                       | 555              |
| General operating                      | -                | -                           | 2,033            |
| Insurance                              | 8,145            | 10,000                      | 9,694            |
| Interest on long term debt             | 29,335           | 78,000                      | 32,460           |
| Laundry and linen supplies             | 4,298            | 4,700                       | 3,751            |
| Non-recurring maintenance              | 7,686            | 12,000                      | 18,380           |
| Office                                 | 3,095            | 3,000                       | 2,909            |
| Professional fees                      | 250              | 1,250                       | 2,079            |
| Property taxes                         | 43,341           | 44,000                      | 42,441           |
| Resident life enhancement              | -                | 200                         | -                |
| Utilities                              | 29,888           | 31,000                      | 29,216           |
| Vehicle and travel                     | 1,644            | 2,500                       | 2,132            |
| Wages and benefits                     | <u>39,542</u>    | <u>48,000</u>               | <u>39,721</u>    |
|  | <u>364,859</u>   | <u>252,250</u>              | <u>383,780</u>   |
| Excess of revenue over expenses        | <u>\$ 31,487</u> | <u>\$ 8,550</u>             | <u>\$ 14,207</u> |

**Blackfalds Affordable Housing**  
 Operated by Bethany Nursing Home of Camrose, Alberta as Management Body  
**Statement of Operations**  
 For the Year Ended December 31, 2013

|  | 2013<br>Actual   | 2013<br>Budget<br>(Note 13) | 2012<br>Actual   |
|--|------------------|-----------------------------|------------------|
| <b>Revenue</b>                         |                  |                             |                  |
| Accommodation                          | \$ 208,503       | \$ 206,800                  | \$ 208,461       |
| Grants                                 | 15,000           | -                           | -                |
| Recoveries                             | 150              | -                           | 400              |
| Interest and miscellaneous             | 2,837            | 2,000                       | 1,408            |
| Amortization of deferred contributions | <u>72,221</u>    | <u>-</u>                    | <u>72,221</u>    |
|  | <u>298,711</u>   | <u>208,800</u>              | <u>282,490</u>   |
| <b>Expenses</b>                        |                  |                             |                  |
| Administration management              | 4,998            | 5,000                       | 4,276            |
| Amortization of capital assets         | 131,368          | -                           | 131,368          |
| Building and ground maintenance        | 2,041            | 8,000                       | 2,328            |
| Equipment and appliances               | 792              | 1,100                       | 1,241            |
| Insurance                              | 7,995            | 10,000                      | 9,927            |
| Interest on long term debt             | 35,822           | 78,000                      | 37,079           |
| Laundry and linen supplies             | 747              | 1,500                       | 764              |
| Office                                 | 2,302            | 3,000                       | 2,267            |
| Professional fees                      | 250              | 1,250                       | 502              |
| Property taxes                         | 45,601           | 44,000                      | 42,376           |
| Resident life enhancement              | -                | 200                         | -                |
| Utilities                              | 1,132            | 3,000                       | 800              |
| Vehicle and travel                     | 1,258            | 1,500                       | 1,604            |
| Wages and benefits                     | <u>27,590</u>    | <u>32,000</u>               | <u>29,947</u>    |
|  | <u>261,896</u>   | <u>188,550</u>              | <u>264,479</u>   |
| Excess of revenue over expenses        | <u>\$ 36,815</u> | <u>\$ 20,250</u>            | <u>\$ 18,011</u> |