

**STONE CREEK LODGE, ROSEALTA LODGE  
BASHAW VALLEY LODGE**

**OPERATED BY BETHANY NURSING HOME OF CAMROSE, ALBERTA  
AS MANAGEMENT BODY  
ON BEHALF OF CAMROSE AND AREA LODGE AUTHORITY**

**FINANCIAL STATEMENTS**

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

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**Stoney Creek Lodge, Rosealta Lodge and Bashaw Valley Lodge**  
**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 Stoney Creek Lodge, Rosealta Lodge, and Bashaw Valley Lodge, which comprise the statement of financial position as at December 31, 2013, and the statement of 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 auditors' 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 Stoney Creek Lodge, Rosealta Lodge, and Bashaw Valley Lodge 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 Stoney Creek Lodge, Rosealta Lodge, and Bashaw Valley Lodge on pages 7(a), 7(b), and 7(c) 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

**Stoney Creek Lodge, Rosealta Lodge and Bashaw Valley Lodge**  
**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 (Note 3)	\$ 464,078	\$ 518,481
Grant receivable (Note 4)	13,356	-
Prepays	<u>138</u>	<u>-</u>
	477,572	518,481
Tangible capital assets (Note 5)	<u>74,075</u>	<u>87,402</u>
<b>Total Assets</b>	<b><u>\$ 551,647</u></b>	<b><u>\$ 605,883</u></b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable (Note 6)	\$ 243,117	\$ 270,819
Deferred contributions (Note 8)	<u>3,408</u>	<u>103,689</u>
	<u>246,525</u>	<u>374,508</u>
<b>Net Assets</b>		
Unrestricted net assets	87,074	-
Internally restricted net assets (Note 9)	143,973	143,973
Net assets invested in tangible capital assets	<u>74,075</u>	<u>87,402</u>
	<u>305,122</u>	<u>231,375</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 551,647</u></b>	<b><u>\$ 605,883</u></b>

**Stoney Creek Lodge, Rosealta Lodge and Bashaw Valley Lodge**  
**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>
	<b>Unrestricted Net Assets</b>	<b>Internally Restricted Net Assets (Note 9)</b>	<b>Net Assets Invested In Capital Assets</b>	<b>Total Liabilities and Net Assets</b>	<b>Total</b>
Beginning balance	\$ -	\$ 143,973	\$ 87,402	\$ 231,375	\$ 209,587
Excess (deficiency) of revenue over expenses	85,776	-	(12,029)	73,747	21,788
Disposal of tangible capital assets	<u>1,298</u>	<u>-</u>	<u>(1,298)</u>	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 87,074</u>	<u>\$ 143,973</u>	<u>\$ 74,075.00</u>	<u>\$ 305,122</u>	<u>\$ 231,375</u>

**Stoney Creek Lodge, Rosealta Lodge and Bashaw Valley Lodge**  
**Operated by Bethany Nursing Home of Camrose, Alberta as Management Body**  
**Statement of Operations**  
**For the Year Ended December 31, 2013**

	<b>2013 Actual</b>	<b>2013 Budget (Note 10)</b>	<b>2012 Actual</b>
<b>Revenue</b>			
Accommodation	\$ 1,824,333	\$ 1,806,850	\$ 1,987,702
Grants	423,569	334,450	477,695
Recoveries	32,120	37,428	49,456
Investments	4,161	8,994	13,761
Miscellaneous	<u>7,566</u>	<u>7,828</u>	<u>13,366</u>
	<u>2,291,749</u>	<u>2,195,550</u>	<u>2,541,980</u>
<b>Expenses</b>			
Building and ground maintenance	264,832	232,302	209,113
Conferences and travel	1,713	4,094	5,854
Amortization of tangible capital assets	12,029	12,150	11,703
Equipment repairs and maintenance	9,296	11,154	14,487
Food and kitchen supplies	288,775	304,866	339,188
Insurance	3,245	3,886	4,593
Laundry and linen supplies	7,848	8,242	8,624
Administration management	103,200	103,200	116,796
Office supplies, expenses and postage	51,357	52,636	59,498
Professional fees	6,846	5,002	7,092
Small equipment	15,000	6,698	899
Telephone	11,825	12,070	13,789
Utilities	211,626	229,700	264,941
Wages and benefits	<u>1,773,741</u>	<u>1,830,350</u>	<u>2,063,615</u>
	<u>2,761,333</u>	<u>2,816,350</u>	<u>3,120,192</u>
Deficiency of revenue over expenses before requisitions	(469,584)	(620,800)	(578,212)
Requisitions (Note 12)	<u>543,331</u>	<u>625,000</u>	<u>600,000</u>
Excess (deficiency) of revenue over expenses	\$ <u>73,747</u>	\$ <u>4,200</u>	\$ <u>21,788</u>

**Stoney Creek Lodge, Rosealta Lodge and Bashaw Valley Lodge**  
**Operated by Bethany Nursing Home of Camrose, Alberta as Management Body**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2013**

	2013	2012
<b>Cash provided (used) by operating activities:</b>		
Excess (deficiency) of revenue over expenses	\$ 73,747	\$ 21,788
Items not involving cash:		
Amortization of tangible capital assets	<u>12,029</u>	<u>11,703</u>
	85,776	33,491
<b>Changes in operating net assets:</b>		
Grant receivable	(13,356)	-
Inventories	-	16,437
Prepaid expenses	(138)	-
Accounts payable	(26,897)	24,600
Deferred contributions	<u>(101,086)</u>	<u>(17,464)</u>
	<u>(55,701)</u>	<u>57,064</u>
<b>Cash provided (used) by investing activities:</b>		
Disposal of tangible capital assets	1,298	-
Purchase of tangible capital assets	<u>-</u>	<u>(10,726)</u>
	<u>1,298</u>	<u>(10,726)</u>
Increase (decrease) in cash during the year	(54,403)	46,338
Cash and cash equivalents - beginning of year	<u>518,481</u>	<u>472,143</u>
Cash and cash equivalents - end of year	<u>\$ 464,078</u>	<u>\$ 518,481</u>



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**Stoney Creek Lodge, Rosealta Lodge and Bashaw Valley Lodge**  
**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 Stoney Creek Lodge, Rosealta Lodge and Bashaw Valley Lodge. 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 Stoney Creek Lodge, Rosealta Lodge and Bashaw Valley Lodge.

**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 management body 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 estimated useful lives of property and equipment. Actual results could differ from these estimates.

b) Revenue Recognition:

The management body 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 and recoveries, 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. Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting. Net investment income that is not subject to externally imposed restrictions is recognized in the statement of operations.

c) Contributed supplies and services:

The management body 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.

d) Cash and cash equivalents:

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

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Stoney Creek Lodge, Rosealta Lodge and Bashaw Valley Lodge  
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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2. **Significant Accounting Policies (continued):**

e) **Tangible capital assets:**

Tangible capital assets acquired are recorded at cost. When the management body 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 and improvements	5%
Equipment	10%

When the management body 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 management body'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 management body 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 management body assesses whether there are any indications of impairment. When there is an indication of impairment, and if the management body 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.

**Stoney Creek Lodge, Rosealta Lodge and Bashaw Valley Lodge**  
**Operated by Bethany Nursing Home of Camrose, Alberta as Management Body**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2013**

**3. Cash and Cash Equivalents:**

	<b>2013</b>	<b>2012</b>
Cash and cash equivalents consist of		
Cash on hand	\$ 600	\$ 900
Balances with banks, net of outstanding cheques and deposits	463,478	267,437
Guaranteed investment certificates	<u>-</u>	<u>250,144</u>
	<u>\$ 464,078</u>	<u>\$ 518,481</u>

The Board of Camrose and Area Lodge Authority has internally restricted \$143,973 of cash as reserves for future major maintenance repairs and upgrades to the lodges as indicated in Note 9.

**4 Grant Receivable:**

In 2013, hazardous materials assessments were performed at the Stoney Creek and Bashaw Family lodges. The cost of these assessments, \$13,356 is expected to be recovered by a one time grant from the Government of Alberta.

**5. Tangible Capital Assets:**

	<b>2013</b>		<b>2012</b>	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings and improvements	\$ 324,755	\$ 324,755	\$ -	\$ -
Equipment	<u>173,536</u>	<u>99,461</u>	<u>74,075</u>	<u>87,402</u>
	<u>\$ 498,291</u>	<u>\$ 424,216</u>	<u>\$ 74,075</u>	<u>\$ 87,402</u>

**6. Accounts Payable:**

	<b>2013</b>	<b>2012</b>
Due to Bethany Nursing Home of Camrose, Alberta	\$ 236,709	\$ 261,016
Accrued expenses (Audit fees, prepaid rent)	<u>6,408</u>	<u>9,803</u>
	<u>\$ 243,117</u>	<u>\$ 270,819</u>

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Stoney Creek Lodge, Rosealta Lodge and Bashaw Valley Lodge  
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 Notes to the Financial Statements  
 For the Year Ended December 31, 2013

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**7. Related Party Transactions:**

Bethany Nursing Home of Camrose, Alberta pays all expenditures on behalf of the lodges and is reimbursed monthly. As at December 31, 2013, the amount due to the management body for expenditures incurred for the lodges amounted to \$236,709 (2012 - \$261,016) This amount is included in the accounts payable reflected on the statement of financial position.

The lodges paid \$104,200 (2012 - \$116,796) for shared administrative services, \$34,041 (2012 - \$23,364) for yard maintenance services, and \$120,522 (2012 - \$75,006) for shared general maintenance services to Bethany Nursing Home of Camrose, Alberta for the year ended December 31, 2013 . These transactions were in the normal course of operations and were recorded at the exchange amount, which is the amount agreed upon by the related parties.

**8. Deferred Contributions:**

Deferred contributions represent provincial government operating grants received in the current year that are related to the subsequent year.

	2013	2012
Deferred contributions, beginning of the year	\$ 103,689	\$ 121,153
Grants received in the year	<u>309,932</u>	<u>420,517</u>
	413,621	541,670
Less: amount recognized as revenue in the year	<u>(410,213)</u>	<u>(437,981)</u>
Deferred contributions, end of the year	<u>\$ 3,408</u>	<u>\$ 103,689</u>

**9. Net Assets Internally Restricted:**

Internally restricted funds are not available for unrestricted purposes without the approval of the Camrose and Area Lodge Authority. Net assets have been internally restricted to fund major future capital expenditures.

**10. Budget Figures:**

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

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Stoney Creek Lodge, Rosealta Lodge and Bashaw Valley Lodge  
 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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**11. Financial Instruments:**

The management body 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 liquidity and market risk; market risk arises from changes in interest rates and other price risks.

*Market risk*

The management body'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 management body is therefore exposed to the risk of changes in fair value resulting from interest rate fluctuations. The organization's exposure to credit risk is minimized substantially by ensuring that these investments are either issued or fully guaranteed by the Government of Canada or any provincial government, or issued by municipalities or corporations that maintain a minimum rating of A/A- from all credit rating agencies.

*Liquidity risk*

Liquidity risk is the risk the management body may encounter difficulty in meeting its obligations associated with its financial liabilities as they become due. The management body'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.

**12. Municipal Requisitions:**

	2013	2012
City of Camrose	\$ 365,812	\$ 341,580
County of Camrose	249,063	248,100
Town of Bashaw	<u>10,125</u>	<u>10,320</u>
	<u>\$ 625,000</u>	<u>\$ 600,000</u>

In June 2013, Bashaw Valley Lodge was closed and the Lodge residents moved to a new facility, Bashaw Meadows, which is owned and operated by Bethany Nursing Home of Camrose, Alberta. Bashaw Meadows provides both Lodge and Supportive Living Services. The Camrose and Area Lodge Authority has committed a contribution of \$140,000 annually from requisition. In 2013, the amount of requisition provided to Bashaw Meadows was \$81,669 for 7 months of operations.

Stoney Creek Lodge  
Schedule of Operations  
For the Year Ended December 31, 2013

	2013 Actual	2013 Budget (Note 10)	2012 Actual
<b>Revenue</b>			
Accommodation	\$ 730,968	\$ 720,350	\$ 742,818
Grants	173,157	138,800	178,281
Recoveries	14,506	15,850	18,758
Investments	1,862	3,600	4,585
Miscellaneous	759	-	-
	<u>921,252</u>	<u>878,600</u>	<u>944,442</u>
<b>Expenses</b>			
Building and ground maintenance	133,371	114,250	92,663
Conferences and travel	725	1,050	876
Amortization of tangible capital assets	6,132	6,300	5,064
Equipment repairs and maintenance	3,340	4,200	3,730
Food and kitchen supplies	130,854	127,250	129,524
Insurance	989	1,400	1,324
Laundry and linen supplies	2,911	2,400	2,080
Administration management	43,050	43,050	41,796
Office supplies, expenses and postage	26,674	22,750	25,066
Professional fees	2,343	2,000	2,364
Small equipment	7,500	-	150
Telephone	5,358	5,200	4,909
Utilities	102,027	112,200	121,589
Wages and benefits	738,966	769,750	728,550
	<u>1,204,240</u>	<u>1,211,800</u>	<u>1,159,685</u>
Deficiency of revenue over expenses before requisitions	<u>\$ (282,988)</u>	<u>\$ (333,200)</u>	<u>\$ (215,243)</u>

Rosealta Lodge  
Schedule of Operations  
For the Year Ended December 31, 2013

	2013 Actual	2013 Budget (Note 10)	2012 Actual
<b>Revenue</b>			
Accommodation	\$ 959,320	\$ 957,200	\$ 941,311
Grants	207,849	162,700	204,034
Recoveries	12,433	13,750	15,176
Investments	1,530	3,600	4,583
Miscellaneous	<u>2,730</u>	<u>2,950</u>	<u>2,975</u>
	<u>1,183,862</u>	<u>1,140,200</u>	<u>1,168,079</u>
<b>Expenses</b>			
Building and ground maintenance	122,342	110,300	103,648
Conferences and travel	597	1,100	1,511
Amortization of tangible capital assets	5,232	5,050	5,043
Equipment repairs and maintenance	5,427	4,500	6,110
Food and kitchen supplies	127,381	137,100	132,947
Insurance	1,012	1,550	1,436
Laundry and linen supplies	3,542	4,300	4,051
Administration management	43,050	43,050	41,796
Office supplies, expenses and postage	22,339	21,950	25,722
Professional fees	2,193	2,000	2,364
Small equipment	7,500	6,500	449
Telephone	3,541	4,050	3,654
Utilities	89,449	93,650	99,000
Wages and benefits	<u>809,841</u>	<u>799,000</u>	<u>816,371</u>
	<u>1,243,446</u>	<u>1,234,100</u>	<u>1,244,102</u>
Deficiency of revenue over expenses before requisitions	<u>\$ (59,584)</u>	<u>\$ (93,900)</u>	<u>\$ (76,023)</u>

Bashaw Valley Lodge  
Schedule of Operations  
For the Year Ended December 31, 2013

	2013 Actual	2013 Budget (Note 10)	2012 Actual
<b>Revenue</b>			
Accommodation	\$ 134,045	\$ 129,300	\$ 303,572
Grants	42,563	32,950	95,381
Recoveries	5,181	7,828	15,522
Investments	769	1,794	4,593
Miscellaneous	<u>4,076</u>	<u>4,878</u>	<u>10,391</u>
	<u>186,634</u>	<u>176,750</u>	<u>429,459</u>
<b>Expenses</b>			
Building and ground maintenance	9,118	7,752	12,802
Conferences and travel	391	1,944	3,467
Amortization of tangible capital assets	665	800	1,596
Equipment repairs and maintenance	529	2,454	4,647
Food and kitchen supplies	30,540	40,516	76,717
Insurance	1,245	936	1,833
Laundry and linen supplies	1,396	1,542	2,493
Administration management	17,100	17,100	33,204
Office supplies, expenses and postage	2,345	7,936	8,710
Professional fees	2,310	1,002	2,364
Small equipment	-	198	300
Telephone	2,925	2,820	5,226
Utilities	20,150	23,850	44,352
Wages and benefits	<u>224,932</u>	<u>261,600</u>	<u>518,694</u>
	<u>313,646</u>	<u>370,450</u>	<u>716,405</u>
Deficiency of revenue over expenses before requisitions	<u>\$ (127,012)</u>	<u>\$ (193,700)</u>	<u>\$ (286,946)</u>