

**STONEY 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, 2014**

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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, 2014

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CONTENTS

Auditors' Report	1
Statement of Financial Position	2
Statement of Changes in Net Assets	3
Statement of Operations	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Schedules of Operations by Lodge	7

## 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, 2014, 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, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Other matter**

Our audit was conducted for the purposes of forming an opinion on the 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  
March 26, 2015

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, 2014

	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
Current		
Cash (Note 3)	\$ 231,421	\$ 464,078
Accounts Receivable (Note 4)	158,942	13,356
Prepays	<u>-</u>	<u>138</u>
	390,363	477,572
 Tangible capital assets (Note 5)	 <u>81,749</u>	 <u>74,075</u>
 Total Assets	 <u>\$ 472,112</u>	 <u>\$ 551,647</u>
<b>Liabilities</b>		
Current		
Accounts payable (Note 6)	\$ 115,743	\$ 243,117
Deferred contributions (Note 8)	<u>-</u>	<u>3,408</u>
	<u>115,743</u>	<u>246,525</u>
<b>Net Assets</b>		
Unrestricted net assets	130,647	87,074
Internally restricted net assets (Note 9)	143,973	143,973
Net assets invested in tangible capital assets	<u>81,749</u>	<u>74,075</u>
	<u>356,369</u>	<u>305,122</u>
 Total Liabilities and Net Assets	 <u>\$ 472,112</u>	 <u>\$ 551,647</u>

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, 2014

	<b>2014</b>				2013
	<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>	Total
Beginning balance	\$ 87,074	\$ 143,973	\$ 74,075	\$ 305,122	\$ 231,375
Excess (deficiency) of revenue over expenses	51,247	-	-	51,247	73,747
Amortization of tangible capital assets	11,699	-	(11,699)	-	-
Purchase of tangible capital assets	(19,373)	-	19,373	-	-
Ending balance	<u>\$ 130,647</u>	<u>\$ 143,973</u>	<u>\$ 81,749</u>	<u>\$ 356,369</u>	<u>\$ 305,122</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, 2014

	<b>2014 Actual</b>	<b>2014 Budget (Note 10)</b>	<b>2013 Actual</b>
<b>Revenue</b>			
Accommodation	\$ 1,493,877	\$ 1,670,000	\$ 1,824,333
Grants	385,675	330,500	423,569
Recoveries	35,844	22,600	32,120
Investments	5,149	2,000	4,161
Miscellaneous	<u>2,308</u>	<u>-</u>	<u>7,566</u>
	<u>1,922,853</u>	<u>2,025,100</u>	<u>2,291,749</u>
<b>Expenses</b>			
Building and ground maintenance	258,064	241,350	264,832
Conferences and travel	1,016	2,200	1,713
Amortization of tangible capital assets	11,699	10,400	12,029
Equipment repairs and maintenance	13,874	10,000	9,296
Food and kitchen supplies	236,618	265,400	288,775
Insurance	1,901	2,400	3,245
Laundry and linen supplies	5,666	5,700	7,848
Administration management	88,700	88,700	103,200
Office supplies, expenses and postage	39,662	47,100	51,358
Professional fees	9,268	7,300	6,846
Small equipment	5,790	22,950	15,000
Telephone	2,251	9,000	11,825
Utilities	210,035	206,000	211,626
Wages and benefits	<u>1,472,058</u>	<u>1,587,000</u>	<u>1,773,740</u>
	<u>2,356,602</u>	<u>2,505,500</u>	<u>2,761,333</u>
Deficiency of revenue over expenses before requisitions	(433,749)	(480,400)	(469,584)
Requisitions (Note 12)	<u>484,996</u>	<u>485,000</u>	<u>543,331</u>
Excess (deficiency) of revenue over expenses	<u>\$ 51,247</u>	<u>\$ 4,600</u>	<u>\$ 73,747</u>

**Stoney Creek Lodge and Rosealta Lodge**  
 Operated by Bethany Nursing Home of Camrose, Alberta as Management Body  
**Statement of Cash Flows**  
 For the Year Ended December 31, 2014

	<b>2014</b>	<b>2013</b>
Cash provided (used) by operating activities:		
Excess (deficiency) of revenue over expenses	\$ 51,247	\$ 73,747
Items not involving cash:		
Amortization of tangible capital assets	<u>11,699</u>	<u>12,029</u>
	62,946	85,776
Changes in operating net assets:		
Accounts receivable	(145,585)	(13,356)
Prepaid expenses	138	(138)
Accounts payable	(127,375)	(26,897)
Deferred contributions	<u>(3,408)</u>	<u>(101,086)</u>
	<u>(213,284)</u>	<u>(55,701)</u>
Cash provided (used) by investing activities:		
Disposal of tangible capital assets	-	1,298
Purchase of tangible capital assets	<u>(19,373)</u>	<u>-</u>
	<u>(19,373)</u>	<u>1,298</u>
Increase (decrease) in cash during the year	(232,657)	(54,403)
Cash and cash equivalents - beginning of year	<u>464,078</u>	<u>518,481</u>
Cash and cash equivalents - end of year	<u>\$ 231,421</u>	<u>\$ 464,078</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, 2014

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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 and Rosealta Lodge in Camrose, Alberta and, until its closure in June 2013, Bashaw Valley Lodge in Bashaw, Alberta. 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 and Rosealta 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  
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Notes to the Financial Statements  
For the Year Ended December 31, 2014

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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:

Equipment	10%
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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). The financial instruments measured at amortized cost are cash, accounts receivable and accounts payable.

With respect to financial assets measured at amortized cost, the management body assesses whether there are any indications of impairment. When there is a 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, 2014

**3. Cash and Cash Equivalents:**

	<b>2014</b>	2013
Cash and cash equivalents consist of		
Cash on hand	\$ 600	\$ 600
Balances with banks, net of outstanding cheques and deposits	<u>230,821</u>	<u>463,478</u>
	<u>\$ 231,421</u>	<u>\$ 464,078</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. Account Receivable:**

	<b>2014</b>	2013
Resident rents receivable	\$ 100	\$ -
Grant receivable	158,556	13,356
Accrued interest receivable	<u>286</u>	<u>-</u>
	<u>\$ 158,942</u>	<u>\$ 13,356</u>

Grant receivable for \$158,556 is to be reimbursed by Alberta Seniors, Housing Division from Capital Project Funding of the Rosealta Lodge expansion .

**5. Tangible Capital Assets:**

	<b>2014</b>			2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	<u>\$ 183,959</u>	<u>\$ 102,210</u>	<u>\$ 81,749</u>	<u>\$ 74,075</u>

**6. Accounts Payable:**

	<b>2014</b>	2013
Due to Bethany Nursing Home of Camrose, Alberta	\$ 109,435	\$ 236,709
Accrued expenses and prepaid rent	<u>6,308</u>	<u>6,408</u>
	<u>\$ 115,743</u>	<u>\$ 243,117</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, 2014

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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, 2014, the amount due to the management body for expenditures incurred for the lodges amounted to \$109,435 (2013 - \$236,709) This amount is included in the accounts payable reflected on the statement of financial position.

The lodges paid \$88,700 (2013 - \$103,200) for shared administrative services, \$35,792 (2013 - \$34,041) for yard maintenance services, and \$122,700 (2013 - \$120,522) for shared general maintenance services to Bethany Nursing Home of Camrose, Alberta for the year ended December 31, 2014 . 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.

	<b>2014</b>	2013
Deferred contributions, beginning of the year	\$ 3,408	\$ 103,689
Grants received in the year	<u>382,267</u>	<u>309,932</u>
	385,675	413,621
Less: amount recognized as revenue in the year	<u>(385,675)</u>	<u>(410,213)</u>
Deferred contributions, end of the year	<u>\$ -</u>	<u>\$ 3,408</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, 2014

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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. There has been no significant change in risk from the prior year.

*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. There has been no significant change in risk from the prior year.

**12. Municipal Requisitions:**

	<b>2014</b>	2013
City of Camrose	\$ 365,000	\$ 365,812
County of Camrose	249,563	249,063
Town of Bashaw	<u>10,437</u>	<u>10,125</u>
	625,000	625,000
Less: amount contributed to Bashaw Meadows	<u>(140,004)</u>	<u>(81,669)</u>
Contribution to Lodge Authority operations	<u>\$ 484,996</u>	<u>\$ 543,331</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 2014, the amount of requisition provided to Bashaw Meadows was \$140,004 ( 2013 - \$81,669).

Stoney Creek Lodge  
Schedule of Operations  
For the Year Ended December 31, 2014

	<b>2014 Actual</b>	<b>2014 Budget (Note 10)</b>	<b>2013 Actual</b>
<b>Revenue</b>			
Accommodation	\$ 514,730	\$ 730,000	\$ 730,968
Grants	159,771	150,500	173,157
Recoveries	8,939	13,600	14,506
Investments	2,569	1,000	1,862
Miscellaneous	-	-	760
	<u>686,009</u>	<u>895,100</u>	<u>921,253</u>
<b>Expenses</b>			
Building and ground maintenance	121,980	119,200	133,371
Conferences and travel	531	1,100	725
Amortization of tangible capital assets	6,467	5,300	6,132
Equipment repairs and maintenance	5,177	3,000	3,340
Food and kitchen supplies	87,841	133,800	130,854
Insurance	965	900	989
Laundry and linen supplies	2,428	2,200	2,911
Administration management	44,350	44,350	43,050
General administration	19,110	23,250	26,674
Professional fees	5,718	3,800	2,343
Small equipment	-	8,000	7,500
Telephone	1,211	5,500	5,358
Utilities	115,133	106,000	102,027
Wages and benefits	<u>676,582</u>	<u>752,000</u>	<u>738,966</u>
	<u>1,087,493</u>	<u>1,208,400</u>	<u>1,204,240</u>
Deficiency of revenue over expenses before requisitions	<u>\$ (401,484)</u>	<u>\$ (313,300)</u>	<u>\$ (282,987)</u>

Rosealta Lodge  
Schedule of Operations  
For the Year Ended December 31, 2014

	<b>2014 Actual</b>	<b>2014 Budget (Note 10)</b>	<b>2013 Actual</b>
<b>Revenue</b>			
Accommodation	\$ 979,147	\$ 940,000	\$ 959,320
Grants	225,904	180,000	207,849
Recoveries	26,905	9,000	12,433
Investments	2,580	1,000	1,530
Miscellaneous	<u>2,308</u>	<u>-</u>	<u>2,730</u>
	<u>1,236,844</u>	<u>1,130,000</u>	<u>1,183,862</u>
<b>Expenses</b>			
Building and ground maintenance	136,084	122,150	122,342
Conferences and travel	485	1,100	597
Amortization of tangible capital assets	5,232	5,100	5,232
Equipment repairs and maintenance	8,697	7,000	5,427
Food and kitchen supplies	148,777	131,600	127,381
Insurance	936	1,500	1,012
Laundry and linen supplies	3,238	3,500	3,542
Administration management	44,350	44,350	43,050
General administration	20,552	23,850	22,339
Professional fees	3,549	3,500	2,193
Small equipment	5,790	14,950	7,500
Telephone	1,040	3,500	3,541
Utilities	94,903	100,000	89,449
Wages and benefits	<u>795,476</u>	<u>835,000</u>	<u>809,841</u>
	<u>1,269,109</u>	<u>1,297,100</u>	<u>1,243,446</u>
Deficiency of revenue over expenses before requisitions	<u>\$ (32,265)</u>	<u>\$ (167,100)</u>	<u>\$ (59,584)</u>

Bashaw Valley Lodge  
Schedule of Operations  
For the Year Ended December 31, 2014  
(Comparative figures represent 5 months of operations)

	<b>2014 Actual</b>	<b>2014 Budget (Note 10)</b>	<b>2013 Actual</b>
<b>Revenue</b>			
Accommodation	\$ -	\$ -	\$ 134,045
Grants	-	-	42,563
Recoveries	-	-	5,181
Investments	-	-	769
Miscellaneous	-	-	4,076
	<u>-</u>	<u>-</u>	<u>186,634</u>
<b>Expenses</b>			
Building and ground maintenance	-	-	9,119
Conferences and travel	-	-	391
Amortization of tangible capital assets	-	-	665
Equipment repairs and maintenance	-	-	529
Food and kitchen supplies	-	-	30,540
Insurance	-	-	1,244
Laundry and linen supplies	-	-	1,396
Administration management	-	-	17,100
Office supplies, expenses and postage	-	-	2,345
Professional fees	-	-	2,310
Small equipment	-	-	0
Telephone	-	-	2,925
Utilities	-	-	20,150
Wages and benefits	-	-	224,933
	<u>-</u>	<u>-</u>	<u>313,647</u>
Deficiency of revenue over expenses before requisitions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (127,013)</u>