

The Bethany Care Foundation

Financial Statements
March 31, 2015



June 2, 2015

Independent Auditor's Report

**To the Board of Directors of
The Bethany Care Foundation**

Management's responsibility for the financial statements

We have audited the accompanying financial statements of The Bethany Care Foundation, which comprise the statement of financial position as at March 31, 2015 and the statements of operations and changes in fund balances and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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 The Bethany Care Foundation as at March 31, 2015 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.

PricewaterhouseCoopers LLP

Chartered Accountants

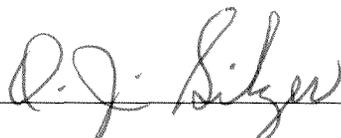
The Bethany Care Foundation

Statement of Financial Position

As at March 31, 2015

			2015	2014
	Unrestricted Fund \$	Restricted Fund \$	Total \$	Total \$
Assets				
Current assets				
Cash	516,948	-	516,948	354,327
Accounts receivable and prepaid expenses	8,524	-	8,524	8,989
	525,472	-	525,472	363,316
Long-term investments (note 3)	-	11,319,560	11,319,560	10,691,316
Other long-term assets	1,932	-	1,932	1,717
	527,404	11,319,560	11,846,964	11,056,349
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	37,335	-	37,335	26,537
Due to Bethany Care Society (note 4)	334,898	-	334,898	220,022
Due (from) to other funds	(320,943)	320,943	-	-
	51,290	320,943	372,233	246,559
Fund balances				
Unrestricted net assets	476,114	-	476,114	437,610
Restricted funds (note 5)	-	10,998,617	10,998,617	10,372,180
	476,114	10,998,617	11,474,731	10,809,790
	527,404	11,319,560	11,846,964	11,056,349
Commitments (note 5)				

Approved by the Board of Directors

 Director  Director

The accompanying notes are an integral part of these financial statements.

The Bethany Care Foundation

Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2015

			2015	2014
	Unrestricted Fund \$	Restricted Funds \$	Total \$	Total \$
Revenue				
Fundraising (note 6)				
Grants and donations	200,599	386,336	586,935	467,426
Special and third party events	-	37,526	37,526	48,709
	200,599	423,862	624,461	516,135
Investment income	1,204,508	-	1,204,508	1,650,998
Increase in value of life insurance	215	-	215	252
	1,405,322	423,862	1,829,184	2,167,385
Expenses				
Fundraising direct costs	133,306	-	133,306	134,667
Fundraising indirect costs	156,915	-	156,915	174,763
Special and third party events expenses	285	14,403	14,688	4,824
Administration costs	80,779	6,854	87,633	120,075
Investment management and other professional fees	63,509	-	63,509	56,338
	434,794	21,257	456,051	490,667
Excess of revenue over expenses before contributions for Society priorities	970,528	402,605	1,373,133	1,676,718
Contributions to Bethany Care Society	28,972	679,220	708,192	502,426
Excess (deficiency) of revenue over expenses	941,556	(276,615)	664,941	1,174,292
Fund balances – Beginning of year, as previously reported	459,698	10,350,092	10,809,790	9,635,498
Reclassified grant (note 6)	(22,088)	22,088	-	-
Fund balances – Beginning of year, as restated	437,610	10,372,180	10,809,790	9,635,498
Appropriations and transfers (note 5)	(903,052)	903,052	-	-
Fund balance – End of year	476,114	10,998,617	11,474,731	10,809,790

The accompanying notes are an integral part of these financial statements.

The Bethany Care Foundation

Statement of Cash Flows

For the year ended March 31, 2015

	2015 \$	2014 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	664,941	1,174,292
Items not affecting cash		
Donations in kind received	(16,781)	(14,970)
Realized loss (gain) on sales of investments	150,135	(322,405)
Increase in fair value of investments	(202,833)	(837,574)
Increase in value of life insurance	(215)	(252)
Donations in kind contributed to Bethany Care Society	11,626	6,247
Net change in non-cash working capital items	11,263	(16,682)
	<hr/> 618,136	<hr/> (11,344)
Investing activities		
Purchase of investments	(1,558,414)	(491,111)
Proceeds on sales of investments	988,023	749,391
	<hr/> (570,391)	<hr/> 258,280
Financing activity		
Due to Bethany Care Society	114,876	(32,272)
	<hr/> 162,621	<hr/> 214,664
Net increase in cash	162,621	214,664
Cash – Beginning of year	354,327	139,663
	<hr/> 516,948	<hr/> 354,327
Cash – End of year	516,948	354,327

The accompanying notes are an integral part of these financial statements.

The Bethany Care Foundation

Notes to Financial Statements

March 31, 2015

1 Description of the Organization

The Bethany Care Foundation (the "Foundation") is a not-for-profit organization which was incorporated under the Companies Act (Alberta) on July 15, 2003 and registered as a charity under the Income Tax Act (Canada) on September 8, 2003. The Foundation carries out fund-raising activities which support the priorities of Bethany Care Society (the "Society", see note 4). The Foundation also manages the endowed funds and other restricted funds held in trust for the Society.

2 Significant accounting policies

The financial statements of the Foundation have been prepared in accordance with Part III of the CPA Handbook. These accounting standards for not-for-profit organizations require management to make assumptions and estimates that affect the reported amount of assets, liabilities, revenues and expenses. Actual amounts could differ from those estimates.

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. Activities of the Foundation are segregated into the following funds:

Unrestricted fund

This fund reflects the Foundation's administrative activities, fund development activities (including the receipt of all unrestricted donations as well as those restricted donations for which no restricted fund exists), investment management activities, and the management of other assets (resources) consumed in the process of raising funds.

Restricted funds

This fund reflects any activity related to the receipt of externally restricted contributions and the expenditures of both externally and internally restricted resources, as directed by third party contributors or the Foundation's Board of Directors, respectively.

Included in the restricted funds are endowments, the original contributed amounts of which must be maintained in perpetuity by the Foundation. The income generated from the endowments is available annually to the Foundation for its general use.

Restricted fund balances

Internally restricted fund balances represent funds restricted by the Foundation's Board of Directors for use in specific programs or projects of the Society. Externally restricted fund balances represent funds endowed or otherwise restricted by outside parties for use in specific programs or projects of the Society.

The Bethany Care Foundation

Notes to Financial Statements

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Revenue recognition

All restricted contributions are recognized as revenue in the appropriate restricted fund when received or, if no restricted fund exists, they are recognized in the unrestricted fund using the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue of the unrestricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income comprises interest, dividends, fund distributions, and gains (losses) realized on the disposal of investments and the change in fair value of investments. Interest and dividends earned on investments, other than those investments managed on behalf of the Society, are included as revenue in the unrestricted fund on the accrual basis.

Donations

Donations in kind

Donations in kind are recorded at estimated fair value at the time of contribution to the extent that fair value can be reasonably estimated. During the year ended March 31, 2015, donations in kind of \$11,626 (2014 – \$6,247) were recognized as donation revenue with the corresponding expense also recorded in the appropriate fund. In addition, donations of marketable securities of \$5,155 (2014 – \$8,723) were received and included in donation revenue of the appropriate fund.

Cash surrender value of life insurance

The Foundation has received gifts of policies of life insurance. Insurance premiums paid by the donor to maintain the policies in good standing are recognized as donation revenue with a corresponding life insurance premium expense. The cash surrender value is recorded as an asset and included in other long-term assets. As the realizable amount in excess of the cash surrender value is not certain, the Foundation will record the benefits as donation revenue when the proceeds are certain.

Volunteers

Each year, volunteers contribute a considerable number of hours which support either fundraising for the Foundation or the delivery of programs within the Society. Due to the difficulty of determining or otherwise estimating these hours and the fact that these services are not otherwise purchased, contributed services are not quantified and recognized in these financial statements.

The Bethany Care Foundation

Notes to Financial Statements

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Investments

Investments are made in accordance with the Foundation's investment policy statement which identifies investment objectives and asset allocation parameters.

Long-term investments are recorded at market value.

Long-term investments may consist of segregated or pooled fund investments in equities, corporate and government bonds, treasury bills, guaranteed investment certificates and money market investments, all of which are recorded at fair value. Transactions related to the purchase or sale of investments are recorded at the settlement date.

Inter-fund balances

Inter-fund balances are non-interest bearing and carry no fixed repayment terms.

3 Long-term investments

The Foundation's long-term investments are comprised of the following:

	2015 \$	2014 \$
Money market investments	384,066	426,476
Guaranteed investment certificates	407,460	-
Canadian bonds	3,667,872	3,742,208
Equity investments		
Canadian	2,411,315	2,382,585
U.S.	2,169,505	1,889,916
International	2,279,342	2,250,131
Total long-term investments	<u>11,319,560</u>	<u>10,691,316</u>

4 Bethany Care Society

The Foundation is considered a controlled foundation of the Society as the Society is the beneficial owner of all of the Foundation's issued shares.

The Society provides continuing care, shelter and lifestyle services to seniors and persons with disabilities. The Society operations include seven care centres in Calgary, Airdrie, Cochrane, Didsbury, Red Deer and Sylvan Lake, its housing facilities at Riverview Village (including Kanerva House, Mikkelsen House and Wilkinson House), Sundance on the Green and Bethany House; and properties it manages (Bethany Village, Luther Place, Foothills Manor, Rose Manor, Sharon Manor, Lions Village and the Town of High River's affordable housing units) on behalf of their owners.

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A significant portion of the Foundation's operating costs are paid for by the Society and reimbursed by the Foundation. As a result, cash transfers are made on an ongoing basis between the Foundation and the Society to meet the operating requirements of each organization. As at March 31, 2015, included in the Foundation's statement of financial position is an amount of \$334,898 (2014 – \$220,022) due to the Society by the Foundation. This amount is unsecured, non-interest bearing and has no fixed repayment terms. Other than the reimbursement of operating costs, all significant transactions and balances between the Foundation and the Society are disclosed separately in these financial statements.

The Foundation manages investments in the amount of \$5,008,761 (2014 – \$2,707,046) on behalf of the Society. These managed funds consist of amounts owned by the Society and managed for investment purposes by the Foundation on behalf of the Society.

5 Restricted funds

A summary of the Foundation's restricted funds is as follows:

	Balance 2014 \$ (restated)	Net fund- raising revenue \$	Contributions to Bethany Care Society \$	Interfund transfer \$	Balance 2015 \$
Internally restricted funds					
Pastoral Care	1,669,408	-	(201,738)	-	1,467,670
Palliative Care	606,393	-	-	-	606,393
Therapies	340,120	-	-	-	340,120
Seniors' Health Research	34,281	-	-	-	34,281
Staff Education	83,000	-	-	-	83,000
Making a Difference	-	-	-	103,052	103,052
Bethany Care Society Projects	6,311,198	-	(32,139)	800,000	7,079,059
	<u>9,044,400</u>	<u>-</u>	<u>(233,877)</u>	<u>903,052</u>	<u>9,713,575</u>
Externally restricted funds					
Programs	88,244	72,276	(102,108)	-	58,412
Equipment	-	30,000	-	-	30,000
Special Projects	835,095	297,309	(343,235)	-	789,169
	<u>923,339</u>	<u>399,585</u>	<u>(445,343)</u>	<u>-</u>	<u>877,581</u>
	<u>9,967,739</u>	<u>399,585</u>	<u>(679,220)</u>	<u>903,052</u>	<u>10,591,156</u>
Endowment funds					
	<u>404,441</u>	<u>3,020</u>	<u>-</u>	<u>-</u>	<u>407,461</u>
	<u>10,372,180</u>	<u>402,605</u>	<u>(679,220)</u>	<u>903,052</u>	<u>10,998,617</u>

For the year ended March 31, 2015, the Board of Directors elected to transfer \$903,052 (2014 – \$1,200,000) of unrestricted funds to internally restricted funds.

Contributions of \$679,220 (2014 – \$476,117) from restricted funds and \$28,972 (2014 – \$26,309) from the unrestricted fund were approved by the Board of Directors and provided to the Society during the 2015 fiscal year.

Included in investment income of \$1,204,508 (2014 – \$1,650,998) is an amount of \$17,346 (2014 – \$10,228) that was generated from the above endowment funds.

The Bethany Care Foundation

Notes to Financial Statements

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Future commitments

The Board of Directors has approved grants to the Society, in the amount of \$675,000, to support operating program expenses and capital expenditures budgeted for the Society's 2016 fiscal year.

6 Fund-raising

a) Government grants

The following government grants were received during the year:

	2015 \$	2014 \$
Provincial government		
Community Facility Enhancement Program, granted in support of new therapeutic bathtubs and bathroom renovations at Bethany Airdrie (\$20,044) and Bethany Sylvan Lake (\$17,400)	37,444	-
Community Initiatives Program, granted in support of the Society's Music Therapy Program	-	17,000
Alberta Culture and Community Spirit, granted in support of a new therapeutic bath tub and bathroom renovations at Bethany Calgary (previously reported as an unrestricted grant)	-	22,088
Federal government		
New Horizons for Seniors, granted in support of the creation of resident gardens at Bethany CollegeSide	-	25,000

b) Fund-raising expenses

The Foundation is registered under the Charitable Fund-raising Act (Alberta), and is in compliance with Section 7(2) of the Charitable Fund-raising Regulation (Alberta), which requires disclosure of the following amounts:

	2015 \$	2014 \$
Amounts paid as remuneration to employees whose principal duties involve fund-raising	238,229	270,081
Total expenses incurred for the purposes of soliciting contributions	304,909	314,254

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Notes to Financial Statements

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7 Financial instruments

The Foundation's financial instruments recognized in the statement of financial position consist of cash, accounts receivable, long-term investments (net of managed funds), cash surrender value of life insurance (included in other long-term assets), accounts payable and accrued liabilities and due to Bethany Care Society.

The fair values of these financial instruments, excluding long-term investments and the cash surrender value of life insurance, approximate their carrying amounts due to their short-term maturity. Long-term investments and the cash surrender value of life insurance are recorded at fair value.

The Foundation is subject to fluctuations in market prices of stocks and bonds, interest rates, exchange rates and credit risks on bonds. These risks are mitigated by the Foundation's investment policies, which prescribe the asset mix of investments, including constraints by asset class and eligibility requirements.

