

The Bethany Care Foundation

Financial Statements

March 31, 2022



Independent auditor's report

To the Board of Directors of The Bethany Care Foundation

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Bethany Care Foundation (the Foundation) as at March 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for non-for-profit organizations.

What we have audited

The Foundation's financial statements comprise:

- the statement of financial position as at March 31, 2022;
- the statement of operations and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

PricewaterhouseCoopers LLP
111-5th Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3
T: +1 403 509 7500, F: +1 403 781 1825

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



In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
June 2, 2022

The Bethany Care Foundation
Statement of Financial Position
As at March 31, 2022

	Unrestricted Fund	Restricted Fund	2022	2021
Assets				
Current assets				
Cash	\$ 231,870	\$ -	\$ 231,870	\$ 80,171
Restricted cash (note 7)	-	175,440	175,440	-
Short-term investments	33,305	-	33,305	-
Accounts receivable and prepaid expenses	34,120	-	34,120	10,543
	\$ 299,295	\$ 175,440	\$ 474,735	\$ 90,714
Long-term investments (note 4)	-	11,656,832	11,656,832	11,473,949
Other long-term assets	3,840	-	3,840	3,588
	\$ 303,135	\$ 11,832,272	\$ 12,135,407	\$ 11,568,251
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 35,841	\$ -	\$ 35,841	\$ 37,496
Due to Bethany Care Society (note 5)	712,456	-	712,456	302,312
Due to other funds	(3,284,101)	3,284,101	-	-
	\$ (2,535,804)	\$ 3,284,101	\$ 748,297	\$ 339,808
Fund Balances				
Unrestricted net assets	\$ 2,838,939	\$ -	\$ 2,838,939	\$ 2,322,818
Internally restricted funds (note 6)	-	7,036,874	7,036,874	7,474,894
Externally restricted funds (note 6)	-	1,084,147	1,084,147	1,005,901
Endowment fund (note 6)	-	427,150	427,150	424,830
	\$ 2,838,939	\$ 8,548,171	\$ 11,387,110	\$ 11,228,443
	\$ 303,135	\$ 11,832,272	\$ 12,135,407	\$ 11,568,251

Commitments (note 6)

Approved by the Board of Directors

Chair, Audit & Finance Committee

Board Chair

The Bethany Care Foundation
Statement of Operations and Changes in Fund Balances
For the year ended March 31, 2022

	Unrestricted Fund	Restricted Fund	2022	2021
Revenue				
Fundraising (<i>note 7</i>)				
Grants and donations	\$ 431,001	\$ 331,717	\$ 762,718	\$ 1,155,303
Innovation Projects	-	175,000	175,000	-
Bethany Riverview Capital Campaign	-	-	-	13,658
	\$ 431,001	\$ 506,717	\$ 937,718	\$ 1,168,961
Interest, dividends and other distributions	\$ 662,930	\$ -	\$ 662,930	\$ 406,095
Realized loss on sale of investments	(17,471)	-	(17,471)	(2,202)
Increase in value of life insurance	251	-	251	44
	\$ 1,076,711	\$ 506,717	\$ 1,583,428	\$ 1,572,898
Expenses				
Fundraising direct costs	\$ 155,183	\$ -	\$ 155,183	\$ 186,299
Fundraising indirect costs	91,011	-	91,011	79,650
Special and third party events expenses	-	-	-	18,143
Administration costs	103,930	-	103,930	132,590
Investment management and other professional fees	68,269	-	68,269	52,890
	\$ 418,393	\$ -	\$ 418,393	\$ 469,572
Excess of revenue over expenses before contributions for Society priorities and change in fair value of investments	\$ 658,318	\$ 506,717	\$ 1,165,035	\$ 1,103,326
Contributions to Bethany Care Society	(11,134)	(996,211)	(1,007,345)	(1,304,473)
Increase in fair value of investments	977	-	977	1,915,454
Excess (deficiency) of revenue over expenses	\$ 648,161	\$ (489,494)	\$ 158,667	\$ 1,714,307
Fund balances – Beginning of year	\$ 2,322,818	\$ 8,905,625	\$ 11,228,443	\$ 9,514,136
Appropriations and transfers (<i>note 6</i>)	(132,040)	132,040	-	-
Fund balances – End of year	\$ 2,838,939	\$ 8,548,171	\$ 11,387,110	\$ 11,228,443

The Bethany Care Foundation
Statement of Cash Flows
For the year ended March 31, 2022

	2022	2021
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	\$ 158,667	\$ 1,714,307
Items not affecting cash		
Donations in-kind received	(83,350)	(28,387)
Realized loss on sale of investments	17,471	2,202
Increase in fair value of investments	(977)	(1,915,454)
Increase in value of life insurance	(251)	(44)
Donations in-kind contributed to Bethany Care Society	11,134	17,407
Net change in non-cash working capital items	(25,232)	(12,511)
	\$ 77,462	\$ (222,480)
Investing activities		
Purchases of long-term investments	\$ (739,196)	\$ (481,549)
Proceeds from sale of long-term investments	612,034	144,024
(Increase) decrease in short-term investments	(33,305)	600,000
	\$ (160,467)	\$ 262,475
Financing activities		
Increase (decrease) in due to Bethany Care Society	\$ 410,144	\$ (181,266)
Increase (decrease) in cash and restricted cash during the year	\$ 327,139	\$ (141,271)
Cash and restricted cash – Beginning of year	80,171	221,442
Cash and restricted cash – End of year	\$ 407,310	\$ 80,171

1 Description of the organization

The Bethany Care Foundation (the “Foundation”) is a not-for-profit organization 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 fundraising activities that support the priorities of Bethany Care Society (the “Society”, see note 5). The Foundation also manages the endowed funds and other restricted funds held in trust for the Society.

2 Impact of COVID-19

With the global pandemic now in its third year, the transition to endemic phase is underway. However, the situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the overall financial effect on the Society is not known at this time.

Management has assessed the financial impact of COVID-19 on the current year’s financial statements, including the collectability of receivables, valuation of assets, assessment of provisions and operating cash flow. No significant impact has been noted in these areas.

The Foundation will continue to monitor the impacts of the pandemic on the community that it serves and its employees and continue to adjust to the volatile situation.

3 Summary of significant accounting policies

The financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These accounting standards for not-for-profit organizations require management to make assumptions and estimates that affect the reported amounts 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 fund**
These funds reflect 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.

3 Summary of significant accounting policies (*continued*)

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.

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.

The Foundation may receive government grants that are received either directly or indirectly through community organizations. The Foundation recognizes government grants as revenue within the designated fund when received or receivable.

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.

Interest, dividends and other distributions are included as revenue in the unrestricted fund on the accrual basis. Realized gain/loss on sale of investments are recorded at the settlement date.

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, 2022, donations in-kind of \$11,135 (2021 – \$17,407) were recognized as donation revenue in the Foundation and were included in contribution to the Society. In addition, donations of marketable securities of \$72,215 (2021 – \$10,980) were received and included in donation revenue of the appropriate fund.

Cash surrender value of life insurance

The Foundation has received a gift of a life insurance policy. The cash surrender value of the life insurance policy 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 that 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.

Investments

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

Short-term investments comprise investments with terms to maturity, from the dates of inception, of less than one year. Short-term and long-term investments are recorded at fair value.

3 Summary of significant accounting policies (*continued*)

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.

4 Long-term investments

The Foundation's long-term investments comprise the following:

	2022	2021
Guaranteed investment certificates	\$ 427,150	\$ 424,830
Pooled funds		
Cash	516,847	333,942
Canadian bonds	3,054,319	3,342,968
Equity investments		
Canadian	2,828,510	2,775,876
U.S.	2,665,707	2,526,792
International	2,164,299	2,069,541
Total long-term investments	\$ 11,656,832	\$11,473,949

5 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 other services to seniors and persons with disabilities. The Society's operations include eight care centres in Calgary (Bethany Calgary, Bethany Harvest Hills and Bethany Riverview), Airdrie, Cochrane, Didsbury, Red Deer (Bethany CollegeSide) and Sylvan Lake, its housing facilities at Riverview Village (including Kanerva House, Mikkelsen House, Wilkinson House and ABC Blocks), Sundance on the Green, Bethany House and properties (Bethany Village, Luther Place, Foothills Manor, Rose Manor, Sharon Manor, First Assembly Manor, Glenmore Manor, Menno Court, Menno Gardens and Lions Village) it manages on behalf of their owners.

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, 2022, included in the Foundation's statement of financial position is an amount of \$712,456 (2021 – \$302,312) due to the Society by the Foundation. This amount is unsecured and 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.

6 Restricted reserve funds

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

	Balance 2021	Net fundraising revenue	Contributions To Bethany Care Society	Interfund transfers	Balance 2022
Internally restricted funds					
Pastoral Care	\$ 77,504	\$ -	\$ (77,000)	\$ -	\$ 504
Palliative Care	391,997	-	-	-	391,997
Therapies	253,146	-	(60,634)	-	192,512
Seniors' Health Research	34,281	-	-	-	34,281
Staff Education	49,354	-	-	-	49,354
Making a Difference	417,679	-	(182,552)	132,040	367,167
Legacy Gift	670,187	-	-	-	670,187
Bethany Care Society Projects	5,580,746	-	(249,874)	-	5,330,872
	\$ 7,474,894	\$ -	\$ (570,060)	\$ 132,040	\$ 7,036,874
Externally restricted funds					
Programs	\$ 258,060	\$ 149,741	\$ (190,316)	\$ -	\$ 217,485
Furnishing and equipment	147,378	-	-	-	147,378
Site Specific Projects	600,463	354,656	(235,835)	-	719,284
	\$ 1,005,901	\$ 504,397	\$ (426,151)	\$ -	\$ 1,084,147
	\$ 8,480,795	\$ 504,397	\$ (996,211)	\$ 132,040	\$ 8,121,021
Endowment Fund	424,830	2,320	-	-	427,150
	\$ 8,905,625	\$ 506,717	\$ (996,211)	\$ 132,040	\$ 8,548,171

For the year ended March 31, 2022, \$132,040 (2021 – \$186,417) of the unrestricted fund were transferred to internally restricted making a difference funds to provide financial support for projects or initiatives that will make a difference to the society's residents, tenants or staff.

Contributions of \$996,211 (2021 – \$1,277,558) from restricted funds and \$11,134 (2021 – \$26,915) from the unrestricted fund were provided to the Society during the 2022 fiscal year.

Included in interest, dividends and other distributions income of \$662,930 (2021 – \$406,095) is interest of \$8,933 (2021 – \$9,479) that was generated from the Foundation's endowment fund.

Future commitments

The Board of Directors has approved grants to the Society in the amount of \$1,000,000 to support operating program expenses and capital expenditures budgeted for the Society's 2023 fiscal year.

The Board of Directors has also made the following additional pledges to the Society in support of its programs and initiatives in subsequent years:

- \$15,000 per annum in support of discretionary operating activities at Bethany Didsbury for the 2024 fiscal year.

7 Fundraising

During the year ended March 31, 2022, the Foundation received \$197,500 in government grants (2021 – \$422,511), \$315,474 from individual donors (2021 - \$214,890) and \$424,744 from other organizations (2021 - \$531,560). Included in these amounts is \$175,000 of government grants restricted for innovation projects that are related to other initiatives of the Society.

Fundraising expenses

The Foundation is in compliance with Section 7(2) of the Charitable Fundraising Regulation (Alberta), which requires disclosure of the following amounts:

	2022	2021
Amounts paid as remuneration to employees whose principal duties involve fundraising	\$ 218,527	\$ 234,577
Total expenses incurred for the purpose of soliciting contributions	246,194	284,092

8 Financial instruments

The Foundation's financial instruments recognized in the statement of financial position consist of cash, short-term investments, accounts receivable, long-term investments, 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 foreign exchange rates and market prices of stocks and bonds and to interest 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.

The Foundation believes it is not exposed to undue credit risk.