Financial Statements of

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Year ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Saskatoon Mennonite Care Services Inc. (Operating as Bethany Manor)

Opinion

We have audited the financial statements of Saskatoon Mennonite Care Services Inc. (the Entity), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of revenue and expenses for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting standards for not-for-profit organizations.

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 auditors’ report.

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

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

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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 Entity 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.

- 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.

KPMG LLP

Chartered Professional Accountants

Saskatoon, Canada
March 28, 2023

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Statement of Financial Position

December 31, 2022, with comparative information for 2021

		2022		2021
Assets				
Current assets:				
Cash and cash equivalents	$	349,074	$	1,140,567
Accounts receivable		39,602		22,195
Short-term investments (note 3)		2,051,252		547,149
Prepaid expenses		80,876		71,203
		2,520,804		1,781,114
Long-term receivables		799,340		705,379
Property, plant and equipment (note 4)		22,092,820		22,683,352
	$	25,412,964	$	25,169,845
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$	382,682	$	426,190
Deposits		110,307		106,324
Current portion of long-term debt (note 5)		134,407		127,832
		627,396		660,346
Long-term debt (note 5)		27,859		161,761
Life lease debentures (note 6)		20,010,411		19,778,793
		20,665,666		20,600,900
Net Assets				
Internally restricted (note 7)		1,966,454		1,944,090
Externally restricted (note 7)		518,092		519,955
Net assets invested in capital assets		1,920,143		2,614,966
Unrestricted (deficit)		342,609		(510,066)
		4,747,298		4,568,945
Contingencies (note 8)				
	$	25,412,964	$	25,169,845

See accompanying notes to financial statements.

On behalf of the Board:

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Statement of Revenue and Expenses

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Rental and operating fees	$ 4,730,350	$ 4,449,682
Food service	780,152	663,313
Amortization on life lease debentures	260,047	274,514
Donations	179,900	117,255
Parking	138,061	129,173
Cable TV	93,267	98,702
Provincial subsidy	93,163	73,850
Other services and fees	27,884	16,328
Grants	25,225	65,271
Suite transfer and deposits	11,560	5,970
Interest income	9,089	7,378
Provincial SALS contribution	4,956	4,956
	6,353,654	5,906,392
Expenses:		
Salaries and benefits	2,265,316	2,144,409
Utilities	898,280	820,604
Amortization of property, plant and equipment	835,102	820,482
Property taxes	495,453	479,843
Repairs and maintenance	487,863	492,127
Food purchases	298,425	253,750
Materials and supplies	241,919	270,378
Insurance	195,452	152,693
Cable TV	143,613	136,755
Other operating	65,259	37,032
Professional fees	54,877	63,615
Fund subsidies	42,291	39,748
Food supplies and equipment	34,719	36,760
Safety and security	34,097	60,381
Waste and recycling	34,092	33,303
Telephone and internet	18,771	18,441
Equipment rental	10,522	9,652
Bank fees and service charges	10,223	9,208
Interest on long term debt	4,022	6,915
Honoraria	3,000	1,050
Membership and licensing fees	2,005	2,268
Loss on disposal of property, plant and equipment	-	621
	6,175,301	5,890,035
Excess of revenue over expenses	$ 178,353	$ 16,357

See accompanying notes to financial statements.

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)
Statement of Changes in Net Assets

Year ended December 31, 2022, with comparative information for 2021

	Unrestricted Net Assets	Externally Restricted Net Assets	Internally Restricted Net Assets	Net Assets Invested in Capital Assets	2022 Total	2021 Total
Balance, beginning of year	$ (510,066)	$ 519,955	$ 1,944,090	$ 2,614,966	$ 4,568,945	$ 4,552,588
Excess (deficiency) of revenues over expenses	756,847	(25,803)	22,364	(575,055)	178,353	16,357
Repayments (advances) on long term debt	(127,327)	-	-	127,327	-	-
Repayments (advances) on life lease debentures	491,665	-	-	(491,665)	-	-
Net purchase of capital assets	(244,570)	-	-	244,570	-	-
Transfer (to) from reserves (note 7)	(23,940)	23,940	-	-	-	-
Balance, end of year	$ 342,609	$ 518,092	$ 1,966,454	$ 1,920,143	$ 4,747,298	$ 4,568,945

See accompanying notes to financial statements.

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash flows from (used in):		
Operations:		
Excess of revenue over expenses	$ 178,353	$ 16,357
Items not involving cash:		
Amortization on property, plant and equipment	835,102	820,482
Amortization on debentures	(260,047)	(274,514)
Loss on disposal of property, plant and equipment	-	621
Change in non-cash operating working capital:		
Accounts receivable	(17,407)	7,936
Prepaid expenses	(9,673)	(18,331)
Long term receivables	(93,961)	(7,673)
Deposits	3,983	(9,780)
Accounts payable and accrued liabilities	(43,508)	164,817
	592,842	699,915
Financing:		
Repayment on long-term debt	(127,327)	(155,839)
Advances on life lease debentures	2,759,177	1,417,453
Repayment on life lease debentures	(2,267,512)	(1,459,305)
	364,338	(197,691)
Investing:		
Acquisition of property, plant and equipment	(244,570)	(523,782)
Short-term investments	(1,504,103)	302,736
	(1,748,673)	(221,046)
Increase (decrease) in cash and cash equivalents	(791,493)	281,178
Cash and cash equivalents, beginning of year	1,140,567	859,389
Cash and cash equivalents, end of year	$ 349,074	$ 1,140,567

See accompanying notes to financial statements.

Nature of operations:

Saskatoon Mennonite Care Services Inc. (the “Corporation”) is a non-profit corporation, and a registered charity, that operates as Bethany Manor. The Corporation is controlled by members appointed by twelve Saskatoon and area Mennonite churches. The Corporation was established to provide an active living retirement community in Saskatoon, through the operation of affordable independent, assisted living and personal care facilities, for seniors over 55 years of age.

COVID-19

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. As a result, the Corporation has experienced reduced occupancy rates and a reduction in certain services to residents such as activity and food services throughout 2020 and 2021 As COVID-19 safety measures are lifted, the Corporation has returned to more stable operations in 2022.

The Corporation has applied for and received financial assistance from the Canadian government under the Canada Emergency Wage Subsidy (CEWS) in the amount of $-nil (2021 - $58,004) and has been recorded as grant revenue.

Non-Profit Rental Division

The Non-Profit Rental Division, built in 1986, consists of 70 rental units. Rent is set to cover operating and refurbishing costs and is below market rent for comparable accommodation.

Nature of operations (continued):

Innovative Housing

Innovative Housing, built in 1989, consists of 77 units of which 55 units are occupied under a life lease debenture arrangement and 22 units occupied on a rental basis. Tenants of the life lease debenture units pay a monthly occupancy fee, which varies by type of unit, as established by the Corporation, to recover the resident's proportionate share of the cost of operating the facility. Rent for 21 of the 22 rental units is established on an individual basis using the prescribed Graduated Rental Scale for the basic accommodation. The rental revenue realized on the foregoing basis may be less than the operating expenses on rental units. The federal and provincial governments, through Canada Mortgage and Housing Corporation and Saskatchewan Housing Corporation, have agreed to provide operating assistance to fund certain operating losses incurred in relation to approved expenses.

Bethany Court

Bethany Court, built in 1995, consists of an 18-unit townhouse complex of which 14 are occupied under a life lease arrangement and 4 are occupied on a rental basis. A monthly operating fee is charged, as established by the Corporation, to recover the resident's proportionate share of the cost of operating the facility.

Bethany Villa

Bethany Villa, built in 1996, transitioned from assisted living housing to a personal care facility effective February 1, 2017. Bethany Villa consists of 15 units occupied under a rental basis. Rent is established to cover operating and refurbishing costs.

Bethany Tower

Bethany Tower, built in 2000, consists of a 56-unit multi-level building that is occupied under life lease arrangements. Tenants pay a monthly occupancy fee, which varies by type of unit, as established by the Corporation, to recover the resident's proportionate share of the cost of operating the facility.

Bethany Place

Bethany Place, built in 2008, consists of a 56-unit multi-level building of which 33 are occupied under life lease and 23 are occupied under rental arrangements. Life lease tenants pay a monthly occupancy fee, which varies by type of unit, as established by the Corporation, to recover the resident's proportionate share of the cost of operating the facility.

Nature of operations (continued):

West Ridge Village

In 1992 the Corporation acquired 53 renovated units of the West Ridge Village residential complex in Saskatoon, Saskatchewan. The units are part of a family housing project that includes participation by the Saskatoon Housing Authority. The operations of the project are subject to a management agreement with Saskatoon Housing Authority who reports to a Consortium Board that is responsible for the overall operation of the project.

Enhanced Services

Bethany Manor provides enhanced services to the residents including an activity program, food services and parking facilities, each of which is provided on a fee for service basis.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, as set out in Part III of the Chartered Professional Accountants (CPA) Handbook.

(b) Organizations subject to control:

The Corporation exerts control over West Ridge Village - Innovation Housing Project #2624 (the Village) by virtue of appointment of the Village's voting Board members and through the ownership of the 53 units that comprise the housing project.

The Corporation's financial statements do not include the accounts of West Ridge Village. The required disclosures have been provided in note 2.

All related party transactions organizations are disclosed in note 10.

1. Significant accounting policies (continued):

(c) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization on capital assets, allowances for uncollectible accounts and the estimation of the fair market value repurchase amount for life leases. Actual results could differ from these estimates.

(d) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits, which are highly liquid with original maturities of less than three months from the date of acquisition. These financial assets are convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and subsequently as follows:

Short-term investments consist of term deposits with financial institutions with terms to maturity between three and twelve months and are measured at amortized cost.

Accounts receivable, long-term receivables, long-term debt, accounts payable and accrued liabilities are measured at amortized cost.

Financial assets at amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Corporation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

1. Significant accounting policies (continued):

(f) Property, Plant and Equipment

Property, plant and equipment are recorded at cost and amortized over their expected useful life on a straight line basis using the following rates:

Buildings and walkway	50 years	Straight-line method
Geothermal heating system	50 years	Straight-line method
Major equipment, paving and landscaping	20 years	Straight-line method
Appliances, furniture and fixtures	7 years	Straight-line method
Computers	3 years	Straight-line method

(g) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements. Volunteer contributors range from the Board of Directors to residents tending flowerbeds, meal servers to musicians, worship leaders to floor representatives and members of other committees, all important to Bethany Manor success and sustainability.

(h) Revenue recognition:

The Corporation follows the restricted fund method of accounting for contributions. Restricted and Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted revenue related to general operations is recorded as deferred revenue and recognized as revenue in the year in which the related expenses are incurred.

Rental and operating fees and fees for other services are recognized as revenue when the services are delivered and ultimate collection is reasonably assured.

1. Significant accounting policies (continued):

(i) Net assets- reserves:

Unrestricted net assets:

The unrestricted net asset reserve accounts for the Corporations operating activities. Resources of the unrestricted fund are used for administrative purposes and are periodically redirected to other restricted funds where the Board has approved such an allocation.

Externally restricted net assets:

The Corporation includes in the externally restricted net assets fund certain donations and contributions designated by the donor or contributor for a specified use.

The Bill and Elma Bergen Fund is to be used for the purpose of providing relief in situations of poverty or hardship faced by residents of the Corporation.

The Corporation is required by Canada Mortgage and Housing Corporation and Saskatchewan Housing Corporation to allocate certain amounts from operations to fund building maintenance and capital replacement reserves in the Non-Profit and Innovative Housing divisions. Such amounts are reflected as transfers from the unrestricted net assets reserve to the externally restricted net assets reserve.

Internally restricted net assets:

The internally restricted net assets fund reflects funds that the Board has allocated for a specific purpose.

As disclosed in note 7, certain internally restricted funds represent resources available to be used by the Corporation for maintenance and capital replacement for the following buildings: Bethany Tower, Life Lease Apartments, Bethany Court, Bethany Villa, Bethany Place, Fellowship Center and Food Services. Contributions to the Housing Assistance Fund, Health and Wellness Assistance Fund, and Assisted Living and Personal Care Support fund are to be used to provide subsidies to residents that meet requirements of the specified purpose of the funds. Contributions to the Spiritual Care Contingency Fund are to be used for expenditures made towards the Spiritual Care division of the Corporation.

Transactions related to these reserves are reflected as transfers from the unrestricted net assets fund to the internally restricted net assets fund. Donations made for the purpose of these funds are reported as contributions in to the fund in the year received.

1. Significant accounting policies (continued):

(j) Allocation of expenses between non-profit rental units and innovative housing:

The common operating expenses of the Innovative Housing building are allocated between the rental and lease units contained therein based on the following method approved by Saskatchewan Housing Corporation for the determination of its subsidy in relation to the rental units.

i. Expenses that are specifically identifiable with rental or lease units are charged to the appropriate division.
ii. Administration expenses are allocated, to the rental division, in amounts approved by Saskatchewan Housing Corporation.
iii. The Innovative Housing costs of capital replacements and refurbishing suites are allocated between the rental and lease divisions. This allocation excludes elements of these costs within lease units that are the responsibility of the lessee.
iv. Other common operating expenses of Innovative Housing are allocated between the rental and lease divisions based on the number of units of each division. Common operating expenses are allocated regardless of whether the units are occupied.

(k) Life leases:

Some units in the facility are occupied under the terms of life lease debenture arrangements. These life leases provide the resident with the right to occupy a particular unit for their lifetime subject to rules of occupancy and payment of a monthly occupancy fee. In order to acquire a life lease the residents must have purchased a non-interest bearing debenture. These debentures carry security in the form of a fixed and specific charge on the land and buildings of the Corporation, a fixed and specific first charge on other property of the Corporation, subordinate to certain mortgages on the property. The Corporation has further pledged not to encumber its assets by providing a guarantee of the indebtedness of any third party. The life lease debentures are not transferable to third parties. The Corporation has agreed to re-purchase the debentures and cancel the leases upon ninety days notice by the holder. Life lease holders in 2014 and 2015 had the option to defer future increases to operating fees which are instead settled at the same time the life lease debenture is settled. Such deferrals are recorded as long term receivables.

For debentures on certain of the townhouse units issued prior to 2007, the re-purchase price is the market value less depreciation charge of 1% per annum to a maximum of 10%, calculated on the market value of the debenture. In this type of life lease debenture arrangement, the risks and rewards of ownership are considered to have passed to the lessee upon signing of the agreement and the transaction is treated as a sale. Any resulting gain or loss is recorded in the statement of revenue and expenses.

1. Significant accounting policies (continued):

(k) Life lease debentures payable to tenants (continued):

For debentures issued prior to April 1, 2014 the repurchase price is the original purchase price less a depreciation charge of 1% per annum up to a maximum of 10% of the original purchase price. Proceeds received on entering into this type of life lease debenture arrangement are reflected as life lease debentures on the balance sheet.

For any debentures issued on or after April 1, 2014 the repurchase price is the original purchase price less depreciation charge of 2% per annum for the first ten years and an additional 1% for the next ten years. Proceeds received on entering into this type of life lease debenture arrangement are reflected as life lease debentures on the balance sheet.

Depreciation on debentures is accrued on a monthly basis as a reduction of the outstanding life lease debenture payable to tenants and an increase in revenue.

(l) Parking service agreements payable:

The Corporation has parking facilities for the use of residents who acquire the rights to use a specific indoor stall in the facility under the terms of a parking service agreement. These arrangements are entered into by residents making a payment of $7,000 and agreeing to pay a monthly fee. The parking service agreement may be terminated on 90 days notice.

For parking service agreements issued prior to June 23, 2020 the redemption amount is the original purchase price less a depreciation charge of 1% per annum to a maximum of 10% of the original purchase price.

For parking service agreements issued on or after June 23, 2020 the redemption amount is the original purchase price less a depreciation charge of 2% per annum for the first ten years and an additional 1% for the next ten years.

Any gain realized as a result of reductions in the amount payable under the parking service agreement is recorded as an increase in revenue.

2. Controlled entity:

The Corporation owns a controlling interest in West Ridge Village - Innovation Housing Project #2624 the accounts of which are not consolidated in these statements. The following summarized financial information has been taken from its published audited financial statements.

	2022	2021
Total assets	$ 713,978	$ 738,513
Total liabilities	524,813	628,981
Net assets	189,165	109,532
	713,978	738,513
Results of operations:		
Total revenue	621,613	634,424
Total expenses	541,980	582,452
Excess of revenue over expenses	79,633	51,972

	2022	2021
Cash flows:		
Cash provided by operations	$ 170,472	$ 139,676
Cash provided by (used in) financial activities	(107,541)	(105,822)
Increase in cash and cash equivalents	62,931	33,854
Cash and cash equivalents, end of year	$ 364,894	$ 301,963

3. Short-term investments:

Included in short term investments are guaranteed investment certificates with major Canadian financial institutions which bear interest at rates of 3.45% and 4.95% and mature in November and December 2023 respectively. Amounts are invested based on estimated financial requirements of the Corporation.

4. Property, plant and equipment:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Non-Profit Rental Division				
Building, furniture and fixtures, appliances and major equipment	$ 4,449,491	$ (3,063,782)	$ 1,385,709	$ 1,498,711
Land	179,074	-	179,074	179,074
	4,628,565	(3,063,782)	1,564,783	1,677,785
Innovative Housing Division				
Building, furniture and fixtures, appliances and major equipment	6,287,244	(4,002,659)	2,284,585	2,254,952
Land	277,899	-	277,899	277,899
	6,565,143	(4,002,659)	2,562,484	2,532,851
Bethany Court				
Building, furniture and fixtures and appliances	5,094,604	(1,014,851)	4,079,753	4,120,522
Land	302,888	-	302,888	302,888
	5,397,492	(1,014,851)	4,382,641	4,423,410
Bethany Villa				
Building, furniture and fixtures, appliances and major equipment	1,652,235	(1,306,938)	345,297	387,455
Land	150,562	-	150,562	150,562
	1,802,797	(1,306,938)	495,859	538,017
Bethany Tower				
Building, furniture and fixtures, appliances and major equipment	8,681,274	(3,736,474)	4,944,800	5,130,772
Land	222,977	-	222,977	222,977
	8,904,251	(3,736,474)	5,167,777	5,353,749
Bethany Place				
Building, furniture and fixtures, appliances and major equipment	8,908,480	(2,951,856)	5,956,624	6,140,512
	8,908,480	(2,951,856)	5,956,624	6,140,512
Fellowship Centre and Office Facility				
Building, furniture and fixtures	863,838	(372,134)	491,704	507,041
	863,838	(372,134)	491,704	507,041
Geo-Thermal Heating System				
Building, furniture and fixtures	1,094,689	(372,543)	722,146	744,034
	1,094,689	(372,543)	722,146	744,034
Bethany Walkway				
Building, furniture and fixtures	825,097	(76,295)	748,802	765,953
	825,097	(76,295)	748,802	765,953
	$ 38,990,352	$ (16,897,532)	$ 22,092,820	$ 22,683,352

4. Property, plant and equipment (continued):

Certain units at the Corporation are traded on a life lease basis, whereby the tenant purchases the “right to use” ownership of the unit and the Corporation retains legal title and also manages the common operations thereof. Based upon management’s estimated market prices at December 31, 2022, the value of the single remaining life lease unit to be repurchased at market value approximates $164,700 (2021 - $333,900).

In the year ended December 31, 2022 the Corporation has assessed for full and partial impairment on property, plant and equipment and determined that there are none.

5. Long-term debt:

	2022	2021
CMHC loan, interest at the CMHC Direct Lending rate of 1.14% (2021 - 1.14%) per annum, repayable in monthly blended payments of $7,217 (2021 - $7,217). Due April 2024. Secured by innovative housing division land and buildings.	$ 114,182	$ 199,113
Affinity Credit Union loan, interest at 4.09% (2021 - 4.09%) per annum, repayable in monthly blended payments of $3,773 (2021 - $3,773). Due July 2023. Secured by land and buildings.	48,084	90,480
	162,266	289,593
Amounts payable within one year	134,407	127,832
	$ 27,859	$ 161,761

Principal repayments terms are approximately:

2023	$ 134,407
2024	27,859
Total	$ 162,266

5. Long-term debt (continued):

The Corporation has an operating line of credit available with Affinity Credit Union (AFC) for $500,000 with interest at AFC prime plus .50% (6.95% at December 31, 2022). At December 31, 2022, there was no amounts outstanding (2021 - $nil).

The AFC operating line of credit is secured by a general security agreement over all present and after acquired assets.

The Corporation has pledged the following as security for its CMHC loans:

- First mortgage on all Non-Profit Rental Division land and buildings;
- First mortgage on all Innovative Housing Division land and buildings;
- First mortgage on Bethany Place land and buildings;
- Assignment of policy proceeds on the insured assets of the Corporation;
- Assignment of accounts receivable;
- Covenant that debentures issued will contain a subordination clause that subordinates the holder's rights to the mortgages registered against the properties.

6. Life lease debentures:

	2022	2021
Life lease debentures payable to tenants (includes parking)		
Bethany Tower	$ 8,350,321	$ 8,529,984
Bethany Manor	5,584,979	5,410,302
Bethany Place	2,989,152	2,722,321
Bethany Court	3,085,959	3,116,186
	$ 20,010,411	$ 19,778,793

Under life lease debenture agreements signed to date, the Corporation has committed to the life occupancy resident that upon termination of the resident's life lease, the Corporation will reimburse the resident from the proceeds. However, as a minimum, the Corporation has guaranteed that the resident will receive not less than the original amount of the life lease debenture proceeds less the amortization charge on the life lease debenture and any amounts owing to the Corporation.

7. Restricted net assets- reserves:

	December 31, 2021	Contributions	Disbursements	Interfund Transfers	December 31, 2022
Internally restricted net assets:					
Maintenance and capital replacement					
Bethany Tower	$ 433,628	$ -	$ (16,309)	$ -	$ 417,319
Life Lease Apartments	323,466	-	(11,929)	-	311,537
Bethany Court	398,984	-	(27,145)	-	371,839
Bethany Villa	233,402	-	-	-	233,402
Bethany Place	157,330	-	(23,448)	-	133,882
Fellowship Centre	26,372	-	-	-	26,372
Food Services	35,580	-	-	-	35,580
Other internally restricted net assets					
Housing Assistance Fund	71,595	13,095	(13,987)	-	70,703
Health and Wellness Assistance Fund	52,065	-	(2,730)	-	49,335
Program and Equipment Fund	-	62,941	-	-	62,941
Assisted Living and Personal Care Support Fund	211,668	67,450	(25,574)	-	253,544
	$1,944,090	$ 143,486	$ (121,122)	$ -	$1,966,454

	December 31, 2021	Contributions	Disbursements	Interfund Transfers	December 31, 2022
Externally restricted net assets:					
Innovative Housing rental units	329,291	-	-	23,940	353,231
Non-profit rental units	155,664	-	(25,803)	-	129,861
Bill and Elma Bergen Fund	35,000	-	-	-	35,000
	$ 519,955	$ -	$ (25,803)	$ 23,940	518,092

All internal and external fund transfers are approved by the Board of Directors.

Fund allocations relating to the subsidized rental unit are pre-approved by the Saskatchewan Housing Corporation and expenditures in excess of the annual allocation are approved by the Board of Directors.

8. Contingencies:

Saskatchewan Housing Corporation Centenary Affordable Housing Program (CAHP)

In 2006 the Corporation entered into an Agreement with Saskatchewan Housing Corporation where by the Corporation was to develop a 56-unit housing development for rental and life lease, of which all units are targeted for low income seniors. Saskatchewan Housing Corporation agreed to provide financial assistance to the Corporation in the amount of $2,800,000 to construct the 56-units. As long as the Corporation follows the terms and conditions of the project the loan is not repayable. In 2006 the Corporation received $2,800,000 which was recorded in the records as a reduction in the cost of property, plant and equipment of the 56-unit development.

The loan is being forgiven at a rate of $11,667 monthly for the first 120 months and $23,333 for the remaining 60 months. As of December 31, 2022 a balance of $2,800,000 has been forgiven leaving an unforgiven balance of $nil (2021 - $23,333).

Life Leases

The Corporation has agreed within a certain life lease agreement to repurchase the life lease unit at market value. Based upon management's estimated market prices at December 31, 2022, the value of this life lease unit to be repurchased in the future is approximately $164,700 (2021 - $333,900).

9. Financial Instruments and Risk Management:

(a) Liquidity risk:

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Corporation manages its liquidly risk by monitoring its operating requirements and ensuring it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk arises from the possibility that residents may be unable to fulfill their lease commitments. The Corporation mitigates this risk by conducting well defined procedures for addressing rent arrears, and by limiting the exposure to credit loss for any individual resident.

9. Financial Instruments and Risk Management (continued):

(c) Interest rate risk:

The Corporation is exposed to interest rate risk on its operating lines of credit, short-term investments and long-term debt. This risk is considered minimal due to the short-term nature of its term deposits as well as its credit lines and the amount of balance drawn. Interest rate risk is mitigated by way of fixed interest mortgages.

(d) Fair values:

Financial instruments are carried at amortized cost. The fair value of cash and cash equivalents, accounts receivable, short-term investments and accounts payable and accrued liabilities approximate their carrying value due to their short-term period to maturity. The fair value of long-term debt approximate their carrying value. The fair value of long-term receivables and life lease debentures is not readily determinable due to uncertainty regarding timing of settlement.