

Financial Statements of

**SASKATOON MENNONITE
CARE SERVICES INC.**
(OPERATING AS BETHANY MANOR)

Year ended December 31, 2023



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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, 2023
- 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, 2023, 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 auditor's 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 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 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 26, 2024

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Statement of Financial Position

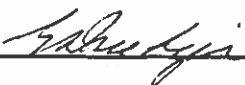
December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 689,530	\$ 349,074
Accounts receivable	17,048	39,602
Short-term investments (note 3)	2,444,260	2,051,252
Prepaid expenses	87,460	80,876
	<u>3,238,298</u>	<u>2,520,804</u>
Long-term receivables	863,240	799,340
Property, plant and equipment (note 4)	21,634,867	22,092,820
	<u>\$ 25,736,405</u>	<u>\$ 25,412,964</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 455,051	\$ 382,682
Deposits	108,575	110,307
Current portion of long-term debt (note 5)	32,708	134,407
	<u>596,334</u>	<u>627,396</u>
Long-term debt (note 5)	-	27,859
Life lease debentures (note 6)	20,183,146	20,010,411
	<u>20,779,480</u>	<u>20,665,666</u>
Net Assets		
Internally restricted (note 7)	1,843,001	1,966,454
Externally restricted (note 7)	398,233	518,092
Net assets invested in capital assets	1,419,013	1,920,143
Unrestricted	1,296,678	342,609
	<u>4,956,925</u>	<u>4,747,298</u>
Contingencies (note 8)		
	<u>\$ 25,736,405</u>	<u>\$ 25,412,964</u>

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, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Rental and operating fees	\$ 5,112,188	\$ 4,730,350
Food service	789,970	780,152
Amortization on life lease debentures	290,733	260,047
Donations and sponsorships	239,883	179,900
Parking	148,287	138,061
Cable TV	103,222	93,267
Provincial subsidy	102,201	93,163
Interest income	96,447	9,089
Grants	27,646	25,225
Other services and fees	27,042	27,884
Suite transfer and deposits	5,660	11,560
Provincial SALS contribution	-	4,956
	6,943,279	6,353,654
Expenses:		
Salaries and benefits	2,422,641	2,265,316
Utilities	920,044	898,280
Amortization of property, plant and equipment	859,686	835,102
Repairs and maintenance	597,428	487,863
Property taxes	509,765	495,453
Materials and supplies	318,443	241,919
Food purchases	309,629	298,425
Insurance	231,405	195,452
Cable TV	149,673	143,613
Fund subsidies	95,033	42,291
Safety and security	74,528	34,097
Other operating	72,412	65,259
Professional fees	48,483	54,877
Food supplies and equipment	44,744	34,719
Waste and recycling	37,145	34,092
Telephone and internet	14,212	18,771
Bank fees and service charges	11,912	10,223
Equipment rental	7,541	10,522
Honoraria	4,020	3,000
Membership and licensing fees	3,089	2,005
Interest on long term debt	1,819	4,022
	6,733,652	6,175,301
Excess of revenue over expenses	\$ 209,627	\$ 178,353

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, 2023, with comparative information for 2022

	Unrestricted Net Assets	Externally Restricted Net Assets	Internally Restricted Net Assets	Net Assets Invested in Capital Assets	2023 Total	2022 Total
Balance, beginning of year	\$ 342,609	\$ 518,092	\$ 1,966,454	\$ 1,920,143	\$ 4,747,298	\$ 4,568,945
Excess (deficiency) of revenues over expenses	1,046,135	(76,356)	(191,199)	(568,953)	209,627	178,353
Repayments (advances) on long term debt	(129,558)	-	-	129,558	-	-
Repayments (advances) on life lease debentures	463,468	-	-	(463,468)	-	-
Net purchase of capital assets	(257,605)	(26,977)	(117,151)	401,733	-	-
Transfer (to) from reserves (note 7)	(168,371)	(16,526)	184,897	-	-	-
Balance, end of year	\$ 1,296,678	\$ 398,233	\$ 1,843,001	\$ 1,419,013	\$ 4,956,925	\$ 4,747,298

See accompanying notes to financial statements.

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash flows from (used in):		
Operations:		
Excess of revenue over expenses	\$ 209,627	\$ 178,353
Items not involving cash:		
Amortization on property, plant and equipment	859,686	835,102
Amortization on debentures	(290,733)	(260,047)
Change in non-cash operating working capital:		
Accounts receivable	22,554	(17,407)
Prepaid expenses	(6,584)	(9,673)
Long term receivables	(63,900)	(93,961)
Deposits	(1,732)	3,983
Accounts payable and accrued liabilities	72,369	(43,508)
	<u>801,287</u>	<u>592,842</u>
Financing:		
Repayment on long-term debt	(129,558)	(127,327)
Advances on life lease debentures	2,020,272	2,759,177
Repayment on life lease debentures	(1,556,804)	(2,267,512)
	<u>333,910</u>	<u>364,338</u>
Investing:		
Acquisition of property, plant and equipment	(401,733)	(244,570)
Short-term investments	(393,008)	(1,504,103)
	<u>(794,741)</u>	<u>(1,748,673)</u>
Increase (decrease) in cash and cash equivalents	340,456	(791,493)
Cash and cash equivalents, beginning of year	349,074	1,140,567
Cash and cash equivalents, end of year	<u>\$ 689,530</u>	<u>\$ 349,074</u>

See accompanying notes to financial statements.

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Notes to Financial Statements

Year ended December 31, 2023

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 eleven 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.

Manor Phase I Rental Division

The Manor Phase I 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.

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. The agreement expires April 1, 2024.

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.

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Notes to Financial Statements (continued)

Year ended December 31, 2023

Nature of operations (continued):

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 29 are occupied under life lease and 27 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.

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.

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Notes to Financial Statements (continued)

Year ended December 31, 2023

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.

(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.

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(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.

(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

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(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.

Unrestricted contributions are recognised as revenue in the unrestricted fund in the year received or receivable. Unrestricted contributions received that relate to future periods or related to general operations are recorded as deferred revenue and recognized in the year in which they relate to or when the related expenditures are incurred.

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.

(i) Net assets- reserves:

Unrestricted net assets:

The unrestricted net asset reserve accounts for the Corporation's 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.

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(i) Net assets- reserves (continued):

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 the building maintenance and capital replacement reserve in the Innovative Housing division. 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: Manor Phase I, 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. Contributions to the Program Fund are to be used for community activities, learning opportunities, and programs for residents. Contributions to the Equipment Fund are to be used for expenditures to enhance the functionality and utility of the Corporation's common areas. Contributions to the Worship Fund are to be used for expenditures that enhance the engagement of the Corporation's worship activities.

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.

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(j) Allocation of expenses of 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.

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Notes to Financial Statements (continued)

Year ended December 31, 2023

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.

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Notes to Financial Statements (continued)

Year ended December 31, 2023

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.

	2023	2022
Total assets	\$ 606,656	\$ 713,978
Total liabilities	410,619	524,813
Net assets	196,037	189,165
	606,656	713,978

Results of operations:

Total revenue	633,561	621,613
Total expenses	626,689	541,980
Excess of revenue over expenses	6,872	79,633

	2023	2022
Cash flows:		
Cash provided by operations	\$ 87,728	\$ 170,472
Cash provided by (used in) financial activities	(109,289)	(107,541)
Increase in cash and cash equivalents	(21,561)	62,931
Cash and cash equivalents, end of year	\$ 343,333	\$ 364,894

3. Short-term investments:

Included in short term investments are guaranteed investment certificates with major Canadian financial institutions which bear interest at rates between 3.50% and 5.50% (2022 - 3.45% and 4.95%) and mature between March 2024 and December 2024 (2022 - November and December 2023). Amounts are invested based on estimated financial requirements of the Corporation.

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Notes to Financial Statements (continued)

Year ended December 31, 2023

4. Property, plant and equipment:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Manor Phase I				
Building, furniture and fixtures, appliances and major equipment	\$ 4,475,107	\$ (3,179,572)	\$ 1,295,535	\$ 1,385,709
Land	179,074	-	179,074	179,074
	4,654,181	(3,179,572)	1,474,609	1,564,783
Innovative Housing Division				
Building, furniture and fixtures, appliances and major equipment	6,327,181	(4,167,069)	2,160,112	2,284,585
Land	277,899	-	277,899	277,899
	6,605,080	(4,167,069)	2,438,011	2,562,484
Bethany Court				
Building, furniture and fixtures and appliances	5,263,786	(1,060,149)	4,203,637	4,079,753
Land	302,888	-	302,888	302,888
	5,566,674	(1,060,149)	4,506,525	4,382,641
Bethany Villa				
Building, furniture and fixtures, appliances and major equipment	1,664,208	(1,350,044)	314,164	345,297
Land	150,562	-	150,562	150,562
	1,814,770	(1,350,044)	464,726	495,859
Bethany Tower				
Building, furniture and fixtures, appliances and major equipment	8,722,635	(3,931,855)	4,790,780	4,944,800
Land	222,977	-	222,977	222,977
	8,945,612	(3,931,855)	5,013,757	5,167,777
Bethany Place				
Building, furniture and fixtures, appliances and major equipment	9,022,144	(3,188,877)	5,833,267	5,956,624
	9,022,144	(3,188,877)	5,833,267	5,956,624
Fellowship Centre and Office Facility				
Building, furniture and fixtures	863,838	(390,542)	473,296	491,704
	863,838	(390,542)	473,296	491,704
Geo-Thermal Heating System				
Building, furniture and fixtures	1,094,689	(394,431)	700,258	722,146
	1,094,689	(394,431)	700,258	722,146
Bethany Walkway				
Building, furniture and fixtures	825,097	(94,679)	730,418	748,802
	825,097	(94,679)	730,418	748,802
	\$ 39,392,085	\$ (17,757,218)	\$ 21,634,867	\$ 22,092,820

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Notes to Financial Statements (continued)

Year ended December 31, 2023

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, 2023, the value of the single remaining life lease unit to be repurchased at market value approximates \$164,700 (2022 - \$164,700).

In the year ended December 31, 2023 the Corporation has assessed for full and partial impairment on property, plant and equipment and determined that there are none.

5. Long-term debt:

	2023	2022
CMHC loan, interest at the CMHC Direct Lending rate of 0.71% (2022 - 1.14%) per annum, repayable in monthly blended payments of \$7,217 (2022 - \$7,217). Due April 2024. Secured by innovative housing division land and buildings with a net book value of \$2.4 million (2022 - \$2.5 million).	\$ 28,648	\$ 114,182
Affinity Credit Union loan, interest at 6.50% (2022 - 4.09%) per annum, repayable in monthly blended payments of \$3,773 (2022 - \$3,773). Due January 2024. Secured by Bethany Place land and buildings with a net book value of \$5.8 million (2022 - \$5.9 million)	4,060	48,084
	32,708	162,266
Amounts payable within one year	32,708	134,407
	\$ -	\$ 27,859

Principal repayments terms are approximately:

2024	\$	32,708
Total	\$	32,708

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Notes to Financial Statements (continued)

Year ended December 31, 2023

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% (7.70% at December 31, 2023). At December 31, 2023, there was no amounts outstanding (2022 - \$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 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:

	2023	2022
Life lease debentures payable to tenants (includes parking)		
Bethany Tower	\$ 8,523,555	\$ 8,350,321
Bethany Manor	5,807,091	5,584,979
Bethany Place	2,714,592	2,989,152
Bethany Court	3,137,908	3,085,959
	<u>\$ 20,183,146</u>	<u>\$ 20,010,411</u>

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.

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Notes to Financial Statements (continued)

Year ended December 31, 2023

7. Restricted net assets- reserves:

	December 31, 2022	Disbursements	Interfund Transfers	December 31, 2023	
Internally restricted net assets:					
Maintenance and capital replacement					
Bethany Tower	\$ 417,319	\$ (62,999)	\$ -	\$ 354,320	
Life Lease Apartments	311,537	(43,583)	-	267,954	
Bethany Court	371,839	(78,830)	-	293,009	
Bethany Villa	233,402	(7,446)	-	225,956	
Bethany Place	133,882	(69,960)	-	63,922	
Manor Phase I	-	-	40,466	40,466	
Fellowship Centre	26,372	-	-	26,372	
Food Services	35,580	-	-	35,580	
Other internally restricted net assets:					
Assisted Living and Personal Care					
Support Fund	253,544	(22,052)	1,650	233,142	
Housing Assistance Fund	70,703	(7,094)	129,091	192,700	
Program Fund	53,715	(1,000)	2,555	55,270	
Health and Wellness Assistance Fund	49,335	(2,766)	500	47,069	
Equipment Fund	8,726	(4,459)	1,250	5,517	
Worship Fund	500	(8,161)	9,385	1,724	
	\$1,966,454	\$ (308,350)	\$ 184,897	\$1,843,001	
Externally restricted net assets:					
	December 31, 2022	Contributions	Disbursements	Interfund Transfers	December 31, 2023
Innovative Housing Rental Units	353,231	-	(13,938)	23,940	363,233
Bill and Elma Bergen Fund	35,000	-	-	-	35,000
Special Projects Fund	-	49,500	(49,500)	-	-
Manor Phase I	129,861	-	(89,395)	(40,466)	-
	\$ 518,092	\$ 49,500	\$ (152,833)	\$ (16,526)	398,233

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.

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Contingencies:

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, 2023, the value of this life lease unit to be repurchased in the future is approximately \$164,700 (2022 - \$164,700).

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 liquidity 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.

(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.

10. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.