

Financial Statements of

**SASKATOON MENNONITE
CARE SERVICES INC.**

(OPERATING AS BETHANY MANOR)

Year ended December 31, 2024



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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, 2024
- 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, 2024, 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 18, 2025

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,260,447	\$ 689,530
Accounts receivable	144,202	17,048
Short-term investments (note 3)	2,431,606	2,444,260
Prepaid expenses	80,736	87,460
	<u>3,916,991</u>	<u>3,238,298</u>
Long-term receivables	802,328	863,240
Property, plant and equipment (note 4)	21,436,125	21,634,867
	<u>\$ 26,155,444</u>	<u>\$ 25,736,405</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 485,552	\$ 455,051
Deposits	120,625	108,575
Current portion of long-term debt (note 5)	-	32,708
	<u>606,177</u>	<u>596,334</u>
Life lease debentures (note 6)	20,114,548	20,183,146
	<u>20,720,725</u>	<u>20,779,480</u>
Net Assets		
Internally restricted (note 7)	1,675,915	1,843,001
Externally restricted (note 7)	347,645	398,233
Net assets invested in capital assets	1,321,577	1,419,013
Unrestricted	<u>2,089,582</u>	<u>1,296,678</u>
	<u>5,434,719</u>	<u>4,956,925</u>
Contingencies (note 8)		
	<u>\$ 26,155,444</u>	<u>\$ 25,736,405</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, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Rental and operating fees	\$ 5,313,469	\$ 5,112,188
Food service	838,702	789,970
Amortization on life lease debentures	314,414	290,733
Donations and sponsorships	246,492	239,883
Parking	151,600	148,287
Other services and fees	138,255	27,042
Interest income	105,714	96,447
Provincial subsidy	77,918	102,201
Cable TV	41,562	103,222
Grants	18,650	27,646
Suite transfer and deposits	5,000	5,660
Provincial assisted living contribution	4,956	-
	<u>7,256,732</u>	<u>6,943,279</u>
Expenses:		
Salaries and benefits	2,512,578	2,422,641
Utilities	918,790	920,044
Amortization of property, plant and equipment	892,874	859,686
Repairs and maintenance	693,495	597,428
Property taxes	529,705	509,765
Food purchases	324,350	309,629
Insurance	249,042	231,405
Materials and supplies	227,018	318,443
Fund subsidies	80,384	95,033
Cable TV	64,224	149,673
Other operating	57,109	72,412
Professional fees	55,258	48,483
Waste and recycling	44,550	37,145
Safety and security	44,093	74,528
Food supplies and equipment	38,770	44,744
Bank fees and service charges	14,609	11,912
Telephone and internet	13,111	14,212
Equipment rental	11,496	7,541
Honoraria	5,294	4,020
Membership and licensing fees	3,144	3,089
Interest on long term debt	64	1,819
Gain on disposal of property, plant and equipment	(1,020)	-
	<u>6,778,938</u>	<u>6,733,652</u>
Excess of revenue over expenses	\$ 477,794	\$ 209,627

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, 2024, with comparative information for 2023

	Unrestricted Net Assets	Externally Restricted Net Assets	Internally Restricted Net Assets	Net Assets Invested in Capital Assets	2024 Total	2023 Total
Balance, beginning of year	\$ 1,296,678	\$ 398,233	\$ 1,843,001	\$ 1,419,013	\$ 4,956,925	\$ 4,747,298
Excess (deficiency) of revenues over expenses	1,430,507	(14,006)	(361,267)	(577,440)	477,794	209,627
Repayments (advances) on long term debt	(32,708)	-	-	32,708	-	-
Net repayments (advances) on life lease debentures	245,816	-	-	(245,816)	-	-
Net purchase of capital assets	(382,142)	(42,567)	(268,403)	693,112	-	-
Transfer (to) from reserves (note 7)	(468,569)	5,985	462,584	-	-	-
Balance, end of year	\$ 2,089,582	\$ 347,645	\$ 1,675,915	\$ 1,321,577	\$ 5,434,719	\$ 4,956,925

See accompanying notes to financial statements.

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash flows from (used in):		
Operations:		
Excess of revenue over expenses	\$ 477,794	\$ 209,627
Items not involving cash:		
Amortization on property, plant and equipment	892,874	859,686
Amortization on debentures	(314,414)	(290,733)
Gain on disposal of property, plant and equipment	(1,020)	-
Change in non-cash operating working capital:		
Accounts receivable	(127,154)	22,554
Prepaid expenses	6,724	(6,584)
Long term receivables	60,912	(63,900)
Deposits	12,050	(1,732)
Accounts payable and accrued liabilities	30,501	72,369
	<u>1,038,267</u>	<u>801,287</u>
Financing:		
Repayment on long-term debt	(32,708)	(129,558)
Advances on life lease debentures	2,511,484	2,020,272
Repayment on life lease debentures	(2,265,668)	(1,556,804)
	<u>213,108</u>	<u>333,910</u>
Investing:		
Acquisition of property, plant and equipment	(693,112)	(401,733)
Short-term investments	12,654	(393,008)
	<u>(680,458)</u>	<u>(794,741)</u>
Increase in cash and cash equivalents	570,917	340,456
Cash and cash equivalents, beginning of year	689,530	349,074
Cash and cash equivalents, end of year	<u>\$ 1,260,447</u>	<u>\$ 689,530</u>

See accompanying notes to financial statements.

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Notes to Financial Statements

Year ended December 31, 2024

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

The Manor Phase I, built in 1986, consists of 67 rental units. Rent is set to cover operating and refurbishing costs and is at market rent for comparable accommodation.

Manor Phase II

Manor Phase II, 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. 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 expired April 1, 2024. Rent for 21 of the 22 rental units during the period of the agreement was 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. Rent after expiry of the agreement is set to cover operating and refurbishing costs and is at market rent for comparable accommodation.

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, 2024

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 27 are occupied under life lease and 29 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, 2024

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, 2024

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, 2024

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 is 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, 2024

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 Manor Phase II. 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 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, 2024

1. Significant accounting policies (continued):

(j) Allocation of expenses of Manor Phase II:

The common operating expenses of the Manor Phase II 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 Manor Phase II 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 Manor Phase II 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 lease debentures:

Life lease agreements:

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, 2024

1. Significant accounting policies (continued):

(k) Life lease debentures (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.

Parking service agreements:

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 debenture 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, 2024

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.

	2024	2023
Total assets	\$ 629,758	\$ 646,933
Total liabilities	307,754	410,619
Net assets	322,004	236,314
	629,758	646,933
Results of operations:		
Total revenue	684,547	633,561
Total expenses	598,857	615,837
Excess of revenue over expenses	85,690	17,724
	2024	2023
Cash flows:		
Cash provided by operations	\$ 221,409	\$ 87,728
Cash provided by (used in) financial activities	(111,066)	(109,289)
Increase in cash and cash equivalents	110,343	(21,561)
Cash and cash equivalents, end of year	\$ 453,676	\$ 343,333

3. Short-term investments:

Short term investments are comprised of guaranteed investment certificates with major Canadian financial institutions which bear interest at rates between 2.35% and 4.0% (2023 - 3.5% and 5.5%) and mature between March 2025 and December 2025 (2023 - 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, 2024

4. Property, plant and equipment:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Manor Phase I				
Building, furniture and fixtures, appliances and major equipment	\$ 4,482,564	\$ (3,293,573)	\$ 1,188,991	\$ 1,295,535
Land	179,074	-	179,074	179,074
	4,661,638	(3,293,573)	1,368,065	1,474,609
Manor Phase II				
Building, furniture and fixtures, appliances and major equipment	6,397,428	(4,330,433)	2,066,995	2,160,112
Land	277,899	-	277,899	277,899
	6,675,327	(4,330,433)	2,344,894	2,438,011
Bethany Court				
Building, furniture and fixtures and appliances	5,498,627	(1,105,448)	4,393,179	4,203,637
Land	302,888	-	302,888	302,888
	5,801,515	(1,105,448)	4,696,067	4,506,525
Bethany Villa				
Building, furniture and fixtures, appliances and major equipment	1,724,338	(1,394,520)	329,818	314,164
Land	150,562	-	150,562	150,562
	1,874,900	(1,394,520)	480,380	464,726
Bethany Tower				
Building, furniture and fixtures, appliances and major equipment	8,904,174	(4,127,773)	4,776,401	4,790,780
Land	222,977	-	222,977	222,977
	9,127,151	(4,127,773)	4,999,378	5,013,757
Bethany Place				
Building, furniture and fixtures, appliances and major equipment	9,141,449	(3,439,400)	5,702,049	5,833,267
	9,141,449	(3,439,400)	5,702,049	5,833,267
Fellowship Centre and Office Facility				
Building, furniture and fixtures	863,838	(408,950)	454,888	473,296
	863,838	(408,950)	454,888	473,296
Geo-Thermal Heating System				
Building, furniture and fixtures	1,094,689	(416,319)	678,370	700,258
	1,094,689	(416,319)	678,370	700,258
Bethany Walkway				
Building, furniture and fixtures	825,097	(113,063)	712,034	730,418
	825,097	(113,063)	712,034	730,418
	\$ 40,065,604	\$ (18,629,479)	\$ 21,436,125	\$ 21,634,867

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Notes to Financial Statements (continued)

Year ended December 31, 2024

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, 2024, the value of any remaining life lease unit to be repurchased at market value is \$nil (2023 - \$164,700).

In the year ended December 31, 2024 the Corporation has assessed for full and partial impairment on property, plant and equipment and determined that there are none.

5. Long-term debt:

	2024	2023
CMHC loan, interest at the CMHC Direct Lending rate of 0.71% (2023 - 0.71%) per annum, repayable in monthly blended payments of \$7,217 (2023 - \$7,217). Due April 2024. Secured by Manor Phase II land and buildings with a net book value of \$2.3 million (2023 - \$2.4 million).	\$ -	\$ 28,648
Affinity Credit Union loan, interest at 6.50% (2023 - 6.50%) per annum, repayable in monthly blended payments of \$3,773 (2023 - \$3,773). Due January 2024. Secured by Bethany Place building with a net book value of \$5.7 million (2023 - \$5.8 million)	-	4,060
	-	32,708
Amounts payable within one year	-	32,708
	\$ -	\$ -

SASKATOON MENNONITE CARE SERVICES INC.

(OPERATING AS BETHANY MANOR)

Notes to Financial Statements (continued)

Year ended December 31, 2024

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% (5.95% at December 31, 2024). At December 31, 2024, there was no amounts outstanding (2023 - \$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 loans:

- First mortgage on all Manor Phase II land and buildings;
- First mortgage on Bethany Place building;
- 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:

	2024	2023
Bethany Tower	\$ 8,560,091	\$ 8,523,555
Manor Phase II	5,789,345	5,807,091
Bethany Place	2,548,626	2,714,592
Bethany Court	3,216,486	3,137,908
	<u>\$ 20,114,548</u>	<u>\$ 20,183,146</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, 2024

7. Restricted net assets- reserves:

	December 31, 2023	Disbursements	Interfund Transfers	December 31, 2024
Internally restricted net assets:				
Maintenance and capital replacement				
Bethany Tower	\$ 354,320	\$ (193,348)	\$ 123,653	\$ 284,625
Bethany Court	293,009	(33,658)	-	259,351
Life Lease Apartments	267,954	(38,236)	-	229,718
Bethany Villa	225,956	(56,718)	-	169,238
Manor Phase I	40,466	(155,845)	160,581	45,202
Bethany Place	63,922	(71,481)	26,372	18,813
Fellowship Centre	26,372	-	(26,372)	-
Food Services	35,580	-	(35,580)	-
Other internally restricted net assets:				
Housing Assistance Fund	192,700	(10,940)	30,297	212,057
Assisted Living and Personal Care Support Fund	233,142	(52,687)	21,886	202,341
Special Projects	-	-	147,599	147,599
Program Fund	55,270	(9,017)	9,000	55,253
Health and Wellness Assistance Fund	47,069	(2,053)	-	45,016
Equipment Fund	5,517	(1,462)	888	4,943
Worship Fund	1,724	(4,225)	4,260	1,759
	\$1,843,001	\$ (629,670)	\$ 462,584	\$1,675,915
Externally restricted net assets:				
Manor Phase II	\$ 363,233	\$ -	\$ (56,573)	\$ 5,985
Bill and Elma Bergen Fund	35,000	-	-	35,000
	\$ 398,233	\$ -	\$ (56,573)	\$ 5,985

All internal and external fund transfers are approved by the Board of Directors. Fund allocations relating to the Manor Phase II 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, 2024

8. Contingencies:

Life Leases

The Corporation has agreed within a certain life lease agreement to repurchase the life lease unit at market value. In the year ended December 31, 2024, one life lease unit subject to this term has been repurchased at a fair market value of \$380,000 and the value of life lease units to be purchased at market value in the future is \$nil (2023 - \$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.