

CAMROSE AND AREA LODGE AUTHORITY

FINANCIAL STATEMENTS

For the year ended December 31, 2017

Camrose and Area Lodge Authority
Financial Statements
For the Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of:
Camrose and Area Lodge Authority**

We have audited the accompanying financial statements of the Camrose and Area Lodge Authority, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Camrose and Area Lodge Authority as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements for the year ended December 31, 2016 were audited by another accounting firm who expressed a qualified opinion on those statements in their report dated April 7, 2017.

Lethbridge, Alberta
April 6, 2018

Avail LLP

Chartered Professional Accountants

Camrose and Area Lodge Authority
Statement of Financial Position
As At December 31, 2017

	2017	2016
Assets		
Current		
Cash and cash equivalents (Note 3)	\$ 344,493	\$ 290,254
Accounts receivable (Note 4)	388	49,995
Prepays	<u>8,067</u>	<u>-</u>
	352,948	340,249
Tangible capital assets (Note 5)	<u>48,044</u>	<u>60,512</u>
Total assets	<u>\$ 400,992</u>	<u>\$ 400,761</u>
Liabilities		
Current		
Accounts payable (Note 6)	<u>\$ 8,451</u>	<u>\$ 22,839</u>
	8,451	22,839
Net Assets		
Unrestricted net assets	200,524	173,437
Internally restricted net assets (Note 8)	143,973	143,973
Net assets invested in tangible capital assets	<u>48,044</u>	<u>60,512</u>
	<u>392,541</u>	<u>377,922</u>
Total liabilities and net assets	<u>\$ 400,992</u>	<u>\$ 400,761</u>

SIGNED *Chairman of the Board of Directors*



SIGNED *Member of the Board of Directors*



Camrose and Area Lodge Authority
Statement of Operations
For the Year Ended December 31, 2017

	2017 Actual	2017 Budget (Unaudited)	2016 Actual
Revenue			
Accommodation	\$ 1,825,617	\$ 1,802,878	\$ 1,579,912
Grants	380,110	339,960	360,697
Recoveries	45,842	25,810	35,539
Miscellaneous	<u>3,461</u>	<u>2,622</u>	<u>1,750</u>
	<u>2,255,030</u>	<u>2,171,270</u>	<u>1,977,898</u>
Expenses			
Building and ground maintenance	236,480	135,600	192,744
Conferences and travel	238	-	99
Amortization of tangible capital assets	12,468	-	14,004
Food and kitchen supplies	249,090	-	223,942
Insurance	472	-	1,942
Laundry and linen supplies	29,148	284,000	29,037
Administration management	84,540	-	81,496
Office supplies, expenses and postage	114,323	185,257	110,662
Professional fees	10,500	-	9,428
Small equipment	6,429	-	143,598
Telephone	10,419	-	9,510
Utilities	212,658	220,000	195,720
Wages and benefits	<u>1,128,646</u>	<u>1,142,612</u>	<u>1,098,986</u>
	<u>2,095,411</u>	<u>1,967,469</u>	<u>2,111,168</u>
Excess (deficiency) of revenue over expenses before requisitions and other items	159,619	203,801	(133,270)
Requisitions (Note 10)	50,000	50,000	400,000
Bashaw Transfer (Note 10)	(195,000)	(195,000)	(170,000)
(Loss) on disposal of assets	<u>-</u>	<u>-</u>	<u>(3,957)</u>
Excess (Deficiency) of revenue over expenses \$	<u>14,619</u>	<u>58,801</u>	<u>92,773</u>

Camrose and Area Lodge Authority
Statement of Changes in Net Assets
for the year ended December 31, 2017

	2017			2016	
	Unrestricted Net Assets	Internally Restricted Net Assets (Note 8)	Net Assets Invested In Tangible Capital Assets	Total Net Assets	Total
Beginning balance	\$ 173,437	\$ 143,973	\$ 60,512	\$ 377,922	\$ 285,149
Excess (Deficiency) of revenue over expenses	14,619	-	-	14,619	92,773
Amortization of tangible capital assets	12,468	-	(12,468)	-	-
Purchases of tangible capital assets	-	-	-	-	-
Ending balance	<u>\$ 200,524</u>	<u>\$ 143,973</u>	<u>\$ 48,044</u>	<u>\$ 392,541</u>	<u>\$ 377,922</u>

Camrose and Area Lodge Authority
Statement of Cash Flows
For the Year Ended December 31, 2017

	2017	2016
Cash provided by operating activities:		
Excess (deficiency) of revenue over expenses	\$ 14,619	\$ 92,773
Items not involving cash:		
Amortization of tangible capital assets	12,468	14,004
Realized loss on disposal of assets	<u>-</u>	<u>3,957</u>
	27,087	110,734
Changes in operating net assets:		
Accounts receivable	49,607	(120,343)
Prepaid expenses	(8,067)	-
Accounts payable	<u>(14,388)</u>	<u>16,586</u>
	54,239	6,977
Cash provided (used) by investing activities:		
Purchase of tangible capital assets	<u>-</u>	<u>(5,985)</u>
Increase in cash during the year	54,239	992
Cash and cash equivalents - beginning of year	<u>290,254</u>	<u>289,262</u>
Cash and cash equivalents - end of year	<u>\$ 344,493</u>	<u>\$ 290,254</u>

Camrose and Area Lodge Authority
Notes to the Financial Statements
For the Year Ended December 31, 2017

1. Nature of Operations:

Camrose and Area Lodge authority (CALA) was established as a management body by Ministerial Order, pursuant to the Alberta Housing Act. It is responsible for the operation and administration of Stoney Creek Lodge, until its closure in May 2015, and Rosealta Lodge in Camrose, Alberta. Any ongoing costs for maintenance of Stoney Creek Lodge are billed to the Province of Alberta.

2. Significant Accounting Policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

a) Use of Estimates:

The preparation of these statements requires the management body to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statements, and the reported amounts of revenues and expenses during the reporting period. Significant accounting estimates include estimated useful lives of property and equipment. Actual results could differ from these estimates.

b) Revenue Recognition:

The management body follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, including accommodation and recoveries, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Provincial government grants are recognized as revenue in the year in which the related expenses are incurred. Requisition revenue is recognized as income in the year for which the funding is requisitioned. Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting. Net investment income that is not subject to externally imposed restrictions is recognized in the statement of operations.

c) Contributed supplies and services:

The management body may recognize contributed supplies and services when the fair value of these contributions can be reasonably estimated and if it would have had to otherwise acquire these supplies and services for its normal operations.

d) Net assets invested in capital assets:

The management body has chosen to continue to treat net assets invested in capital assets as a separate component of net assets.

Camrose and Area Authority Lodge
Notes to the Financial Statements
For the Year Ended December 31, 2017

2. Significant Accounting Policies (continued):

e) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand and balances with banks and guaranteed investment certificates with original maturities of 3 months or less.

f) Tangible capital assets:

Tangible capital assets acquired are recorded at cost. When the management body receives contributions of tangible capital assets, their cost is equal to their fair value at the contribution date. When fair value cannot be reasonably determined, the tangible capital asset is recorded at a nominal value. These assets are then amortized on the straight-line method over the estimated useful life of each asset using the following expected life:

Equipment	3 to 30 years
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When the management body recognizes that a tangible capital asset no longer has any long-term service potential, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

g) Financial assets and liabilities:

Upon initial measurement, the management body's financial assets and liabilities are measured at fair value, which, in the case of financial assets or liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related transaction costs. Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

At each reporting date, the management body measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets). The financial instruments measured at amortized cost are cash and cash equivalents, accounts receivable and accounts payable.

With respect to financial assets measured at amortized cost, the management body assesses whether there are any indications of impairment. When there is a indication of impairment, and if the management body determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

Camrose and Area Lodge Authority
Notes to the Financial Statements
For the Year Ended December 31, 2017

3. Cash and Cash Equivalents:

	2017	2016
Cash and cash equivalents consist of		
Cash on hand	\$ 600	\$ 600
Balances with banks, net of outstanding cheques and deposits	<u>343,893</u>	<u>289,654</u>
	<u>\$ 344,493</u>	<u>\$ 290,254</u>

The Board of Camrose and Area Lodge Authority has internally restricted \$143,973 of cash as reserves for future major maintenance repairs and upgrades to the lodges as indicated in Note 8.

4. Account Receivable:

	2017	2016
Resident rents receivable	\$ 61	\$ 640
GST Receivable	-	9,514
Due from Bethany Nursing Home of Camrose, Alberta	-	39,693
Accrued interest receivable	<u>327</u>	<u>148</u>
	<u>\$ 388</u>	<u>\$ 49,995</u>

5. Tangible Capital Assets:

	2017			2016
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	<u>\$ 175,548</u>	<u>\$ (127,504)</u>	<u>\$ 48,044</u>	<u>\$ 60,512</u>

6. Accounts Payable:

	2017	2016
Accrued expenses	7,500	5,800
Trade payables	951	731
Accrued vacation and salaries	<u>-</u>	<u>16,308</u>
	<u>\$ 8,451</u>	<u>\$ 22,839</u>

Camrose and Area Lodge Authority
Notes to the Financial Statements
For the Year Ended December 31, 2017

7. Related Party Transactions:

The Bethany Nursing Home of Camrose, Alberta acts as Chief Administrative Officer (CAO) for CALA providing management, administrative, and operational support for the organization.

Bethany Nursing Home of Camrose, Alberta pays all expenditures on behalf of the lodges and is reimbursed monthly. As at December 31, 2017, the amount due from the management body for expenditures incurred for the lodges amounted to \$NIL (2016 - \$39,693).

The lodges paid \$84,540 (2016 - \$81,496) for shared administrative services, \$23,052 (2016 - \$27,683) for yard maintenance services, and \$79,836 (2016 - \$79,836) for shared general maintenance services to Bethany Nursing Home of Camrose, Alberta for the year ended December 31, 2017. These transactions were in the normal course of operations and were recorded at the exchange amount, which is the amount agreed upon by the related parties.

8. Net Assets Internally Restricted:

Internally restricted funds are not available for unrestricted purposes without the approval of the Camrose and Area Lodge Authority Board of Directors. Net assets have been internally restricted to fund major future capital expenditures.

Camrose and Area lodge Authority
Notes to the Financial Statements
For the Year Ended December 31, 2017

9. Financial Instruments:

The management body maintains a risk management framework to monitor, evaluate, and manage the principal risks assumed with financial instruments. The risks that arise from financial instruments include liquidity and market risk; market risk arises from changes in interest rates and other price risks.

Market risk

The management body's financial instruments expose it to market risk, in particular interest rate risk and other price risk, resulting from its operations. There has been no significant change in risk from the prior year.

Liquidity risk

Liquidity risk is the risk the management body may encounter difficulty in meeting its obligations associated with its financial liabilities as they become due. The management body's exposure to liquidity risk is dependent on the receipt of funds from a variety of sources, whether in the form of revenue or advances. There has been no significant change in risk from the prior year.

10. Municipal Requisitions:

	2017	2016
City of Camrose	\$ 28,612	\$ 235,868
County of Camrose	20,601	157,625
Town of Bashaw	<u>787</u>	<u>6,507</u>
	<u>50,000</u>	<u>400,000</u>
 Amount contributed to Bashaw Meadows	 <u>(195,000)</u>	 <u>(170,000)</u>

In June 2013, Bashaw Valley Lodge was closed and the Lodge residents moved to a new facility, Bashaw Meadows, which is owned and operated by Bethany Nursing Home of Camrose, Alberta. Bashaw Meadows provides both Lodge and Supportive Living Services. The Camrose and Area Lodge Authority has committed a contribution to Bashaw Meadows in 2017 of \$195,000 (2016 - \$170,000) from requisition (2016) with the remainder in 2017 from operating surplus .

11. Comparative Figures

Certain comparative amounts for the prior year have been re-categorized in these financial statements. The reclassification has no effect on the surplus (deficiency) from operations or the net assets of the organization as previously reported.

Stoney Creek Cottages
Schedule of Operations
For the Year Ended December 31, 2017

	2017 Actual	2017 Budget (Unaudited)	2016 Actual
Revenue			
Accommodation	\$ 18,043	\$ -	\$ 21,994
Grants	8,834	-	-
Recoveries	1,191	-	1,088
Investments	-	-	-
	<u>28,068</u>	<u>-</u>	<u>23,082</u>
Expenses			
Building and ground maintenance	545	-	6,100
Conferences and travel	-	-	-
Equipment repairs and maintenance	-	-	-
Food and kitchen supplies	-	-	-
Insurance	67	-	465
Laundry and linen supplies	-	-	-
Administration management	-	-	-
General administration	788	-	1,217
Professional fees	-	-	-
Telephone	1,136	-	1,067
Utilities	50,399	-	41,238
Wages and benefits	-	-	-
	<u>52,935</u>	<u>-</u>	<u>50,087</u>
Deficiency of revenue over expenses before other items	<u>(24,867)</u>	<u>-</u>	<u>(27,005)</u>
Gain (Loss) on Disposal of Asset	<u>-</u>	<u>-</u>	<u>(3,957)</u>
Deficiency of revenue over expenses before requisitions	<u>\$ (24,867)</u>	<u>\$ -</u>	<u>\$ (30,962)</u>

Rosealta Lodge
Schedule of Operations
For the Year Ended December 31, 2017

	2017 Actual	2017 Budget (Unaudited)	2016 Actual
Revenue			
Accommodation	\$ 1,807,574	\$ 1,802,878	\$ 1,557,918
Grants	371,276	339,960	360,697
Recoveries	44,651	25,810	34,451
Investments	2,485	1,622	1,585
Miscellaneous	976	1,000	165
	<u>2,226,962</u>	<u>2,171,270</u>	<u>1,954,816</u>
Expenses			
Building and ground maintenance	235,935	135,600	186,644
Conferences and travel	238	-	99
Amortization of tangible capital assets	12,468	-	14,004
Food and kitchen supplies	249,090	-	223,942
Insurance	406	-	1,477
Laundry and linen supplies	29,148	284,000	29,037
Administration management	84,540	-	81,496
General administration	113,534	185,257	109,445
Professional fees	10,500	-	9,428
Small equipment	6,429	-	143,598
Telephone	9,283	-	8,443
Utilities	162,259	220,000	154,482
Wages and benefits	1,128,646	1,142,612	1,098,986
	<u>2,042,476</u>	<u>1,967,469</u>	<u>2,061,081</u>
Excess (deficiency) of revenue over expenses before requisitions	<u>\$ 184,486</u>	<u>\$ 203,801</u>	<u>\$ (106,265)</u>