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Camrose and Area Lodge Authority  
Financial Statements  
For the Year Ended December 31, 2015

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## Independent auditors' report

Grant Thornton LLP  
12th Floor  
50 Bay Street  
Toronto, ON  
M5J 2Z8  
T (416) 366-4240  
F (416) 360-4944  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

To the Board of Directors of Camrose and Area Lodge Authority

We have audited the accompanying financial statements of Camrose and Area Lodge Authority, which comprise the statement of financial position as at December 31, 2015, and the statement of operations, statement of 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 public sector accounting standards 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.

### **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 is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Camrose and Area Lodge Authority as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Other matter**

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The schedules of operations for Stoney Creek Lodge and Rosealta Lodge, on pages 7(a) and 7(b) are presented for purposes of additional information and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Camrose, Canada  
April 1, 2016

Chartered Professional Accountants,  
Chartered Accountants

Camrose and Area Lodge Authority  
Statement of Financial Position  
As At December 31, 2015

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Current		
Cash and cash equivalents (Note 3)	\$ 289,262	\$ 231,421
Accounts receivable (Note 4)	<u>139</u>	<u>158,942</u>
	289,401	390,363
Tangible capital assets (Note 5)	<u>72,487</u>	<u>81,749</u>
Total assets	<u>\$ 361,888</u>	<u>\$ 472,112</u>
<b>Liabilities</b>		
Current		
Accounts payable (Note 6)	<u>\$ 76,739</u>	<u>\$ 115,743</u>
	<u>76,739</u>	<u>115,743</u>
<b>Net Assets</b>		
Unrestricted net assets	68,689	130,647
Internally restricted net assets (Note 8)	143,973	143,973
Net assets invested in tangible capital assets	<u>72,487</u>	<u>81,749</u>
	<u>285,149</u>	<u>356,369</u>
Total liabilities and net assets	<u>\$ 361,888</u>	<u>\$ 472,112</u>

Camrose and Area Lodge Authority  
Statement of Changes in Net Assets  
for the year ended December 31, 2015

	2015			2014	
	Unrestricted Net Assets	Internally Restricted Net Assets (Note 8)	Net Assets Invested In Capital Assets	Total Net Assets	Total
Beginning balance	\$ 130,647	\$ 143,973	\$ 81,749	\$ 356,369	305,122
(Deficiency) Excess of revenue over expenses	(71,220)	-	-	(71,220)	51,247
Amortization of tangible capital assets	9,262	-	(9,262)	-	-
Ending balance	<u>\$ 68,689</u>	<u>\$ 143,973</u>	<u>\$ 72,487</u>	<u>\$ 285,149</u>	<u>\$ 356,369</u>

Camrose and Area Lodge Authority  
Statement of Operations  
For the Year Ended December 31, 2015

	<b>2015 Actual</b>	<b>2015 Budget (Unaudited)</b>	<b>2014 Actual</b>
<b>Revenue</b>			
Accommodation	\$ 1,087,807	\$ 1,355,000	\$ 1,493,877
Grants	316,460	331,700	385,675
Recoveries	28,546	16,000	35,844
Investments	2,397	3,500	5,149
Miscellaneous	<u>3,454</u>	<u>-</u>	<u>2,308</u>
	<u>1,438,664</u>	<u>1,706,200</u>	<u>1,922,853</u>
<b>Expenses</b>			
Building and ground maintenance	214,792	239,600	258,064
Conferences and travel	927	1,025	1,016
Amortization of tangible capital assets	9,262	13,310	11,699
Equipment repairs and maintenance	4,093	10,000	13,874
Food and kitchen supplies	180,396	194,300	236,618
Insurance	2,070	2,000	1,901
Laundry and linen supplies	2,158	5,200	5,666
Administration management	93,000	93,000	88,700
Office supplies, expenses and postage	109,797	24,875	39,662
Professional fees	6,302	6,600	9,268
Small equipment	4,216	10,700	5,790
Telephone	2,968	2,700	2,251
Utilities	162,922	234,400	210,035
Wages and benefits	<u>1,106,981</u>	<u>1,447,800</u>	<u>1,472,058</u>
	<u>1,899,884</u>	<u>2,285,510</u>	<u>2,356,602</u>
Deficiency of revenue over expenses before requisitions	(461,220)	(579,310)	(433,749)
Requisitions (Note 10)	<u>390,000</u>	<u>390,000</u>	<u>484,996</u>
(Deficiency) Excess of revenue over expenses \$	<u><u>(71,220)</u></u>	<u><u>(189,310)</u></u>	<u><u>51,247</u></u>

Camrose and Area Lodge Authority  
Statement of Cash Flows  
For the Year Ended December 31, 2015

	<b>2015</b>	<b>2014</b>
Cash provided (used) by operating activities:		
Excess (deficiency) of revenue over expenses	\$ (71,220)	\$ 51,247
Items not involving cash:		
Amortization of tangible capital assets	<u>9,262</u>	<u>11,699</u>
	(61,958)	62,946
Changes in operating net assets:		
Accounts receivable	158,803	(145,585)
Prepaid expenses	-	138
Accounts payable	(39,004)	(127,375)
Deferred contributions	<u>-</u>	<u>(3,408)</u>
	<u>57,841</u>	<u>(213,284)</u>
Cash provided (used) by investing activities:		
Purchase of tangible capital assets	<u>-</u>	<u>(19,373)</u>
Increase (decrease) in cash during the year	57,841	(232,657)
Cash and cash equivalents - beginning of year	<u>231,421</u>	<u>464,078</u>
Cash and cash equivalents - end of year	<u><u>\$ 289,262</u></u>	<u><u>\$ 231,421</u></u>

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Camrose and Area Lodge Authority  
Notes to the Financial Statements  
For the Year Ended December 31, 2015

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**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.

CALA is a government not-for-profit organization (GNFPO) that is defined as a government organization that meets the definition of a not-for-profit organization and has counterparts outside the public sector.

**2. Significant Accounting Policies:**

These financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organization set out in the CPA Canada Public Sector Accounting (PSA) Handbook. There is no change in measurement or recognition in CALA's financial statements that were prepared in accordance with Canadian accounting standards for not-for-profit organization in the prior year.

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.



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Camrose and Area Authority Lodge  
Notes to the Financial Statements  
For the Year Ended December 31, 2015

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**2. Significant Accounting Policies (continued):**

d) 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.

e) 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 annual rates:

Equipment	10%
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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.

f) 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, 2015

**3. Cash and Cash Equivalents:**

	<b>2015</b>	2014
Cash and cash equivalents consist of		
Cash on hand	\$ 638	\$ 600
Balances with banks, net of outstanding cheques and deposits	<u>288,623</u>	<u>230,821</u>
	<u>\$ 289,261</u>	<u>\$ 231,421</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:**

	<b>2015</b>	2014
Resident rents receivable	\$ -	\$ 100
Grant receivable	-	158,556
Accrued interest receivable	<u>139</u>	<u>286</u>
	<u>\$ 139</u>	<u>\$ 158,942</u>

**5. Tangible Capital Assets:**

	<b>2015</b>			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	<u>\$ 183,959</u>	<u>\$ (111,472)</u>	<u>\$ 72,487</u>	<u>\$ 81,749</u>

**6. Accounts Payable:**

	<b>2015</b>	2014
Due to Bethany Nursing Home of Camrose, Alberta	\$ 70,487	\$ 109,435
Accrued expenses and prepaid rent	<u>6,252</u>	<u>6,308</u>
	<u>\$ 76,739</u>	<u>\$ 115,743</u>

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Camrose and Area Lodge Authority  
Notes to the Financial Statements  
For the Year Ended December 31, 2015

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**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, 2015, the amount due to the management body for expenditures incurred for the lodges amounted to \$70,487 (2014 - \$109,435) This amount is included in the accounts payable reflected on the statement of financial position.

The lodges paid \$93,000 (2014 - \$88,700) for shared administrative services, \$36,059 (2014 - \$35,792) for yard maintenance services, and \$78,954 (2014 - \$122,700) for shared general maintenance services to Bethany Nursing Home of Camrose, Alberta for the year ended December 31, 2015 . 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.

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Camrose and Area lodge Authority  
Notes to the Financial Statements  
For the Year Ended December 31, 2015

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**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:**

	<b>2015</b>	2014
City of Camrose	\$ 322,575	\$ 365,000
County of Camrose	217,580	249,563
Town of Bashaw	<u>9,845</u>	<u>10,437</u>
	550,000	625,000
Less: amount contributed to Bashaw Meadows	<u>(160,000)</u>	<u>(140,000)</u>
Contribution to Lodge Authority operations	<u>\$ 390,000</u>	<u>\$ 485,000</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 2015 of \$160,000 (2014 - \$140,000) from requisition.

Stoney Creek Lodge  
Schedule of Operations  
For the Year Ended December 31, 2015

	<b>2015 Actual</b>	<b>2015 Budget (Unaudited)</b>	<b>2014 Actual</b>
<b>Revenue</b>			
Accommodation	\$ 50,889	\$ 365,000	\$ 514,730
Grants	87,320	100,000	159,771
Recoveries	2,715	5,000	8,939
Investments	<u>1,210</u>	<u>1,000</u>	<u>2,569</u>
	<u>142,134</u>	<u>471,000</u>	<u>686,009</u>
<b>Expenses</b>			
Building and ground maintenance	57,751	111,500	121,980
Conferences and travel	353	375	531
Amortization of tangible capital assets	2,890	6,940	6,467
Equipment repairs and maintenance	395	3,000	5,177
Food and kitchen supplies	14,254	53,900	87,840
Insurance	1,048	1,000	965
Laundry and linen supplies	441	1,700	2,428
Administration management	15,500	46,500	44,350
General administration	22,635	12,125	19,110
Professional fees	686	3,300	5,719
Telephone	1,697	1,200	1,211
Utilities	65,543	125,400	115,133
Wages and benefits	<u>235,249</u>	<u>609,000</u>	<u>676,582</u>
	<u>418,442</u>	<u>975,940</u>	<u>1,087,493</u>
Deficiency of revenue over expenses before requisitions	<u>\$ (276,308)</u>	<u>\$ (504,940)</u>	<u>\$ (401,484)</u>

Rosealta Lodge  
Schedule of Operations  
For the Year Ended December 31, 2015

	<b>2015 Actual</b>	<b>2015 Budget (Unaudited)</b>	<b>2014 Actual</b>
<b>Revenue</b>			
Accommodation	\$ 1,036,918	\$ 990,000	\$ 979,147
Grants	229,140	231,700	225,904
Recoveries	25,831	11,000	26,905
Investments	1,187	2,500	2,580
Miscellaneous	<u>3,454</u>	<u>-</u>	<u>2,308</u>
	<u>1,296,530</u>	<u>1,235,200</u>	<u>1,236,844</u>
<b>Expenses</b>			
Building and ground maintenance	157,041	128,100	136,084
Conferences and travel	575	650	485
Amortization of tangible capital assets	6,372	6,370	5,232
Equipment repairs and maintenance	3,698	7,000	8,697
Food and kitchen supplies	166,142	140,400	148,777
Insurance	1,022	1,000	936
Laundry and linen supplies	1,717	3,500	3,238
Administration management	77,500	46,500	44,350
General administration	87,161	12,750	20,552
Professional fees	5,615	3,300	3,549
Small equipment	4,216	10,700	5,790
Telephone	1,271	1,500	1,040
Utilities	97,379	109,000	94,903
Wages and benefits	<u>871,733</u>	<u>838,800</u>	<u>795,476</u>
	<u>1,481,442</u>	<u>1,309,570</u>	<u>1,269,109</u>
Deficiency of revenue over expenses before requisitions	<u>\$ (184,912)</u>	<u>\$ (74,370)</u>	<u>\$ (32,265)</u>