

CAMROSE AND AREA LODGE AUTHORITY

FINANCIAL STATEMENTS

For the year ended December 31, 2018

CAMROSE AND AREA LODGE AUTHORITY
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December 31, 2018

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CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Camrose and Area Lodge Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Camrose and Area Lodge Authority, which comprise the statement of financial position as at December 31, 2018, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the lodge authority as at December 31, 2018, and its financial performance 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 report. We are independent of the lodge authority 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 lodge authority'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 lodge authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the lodge authority'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 these 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:



CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT, continued

- 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 lodge authority'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 lodge authority'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 lodge authority 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.

We 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.

March 15, 2019

A handwritten signature in cursive script that reads "Avail LLP".

Chartered Professional Accountants

CAMROSE AND AREA LODGE AUTHORITY
STATEMENT OF FINANCIAL POSITION
As at December 31, 2018

	2018	2017
ASSETS		
Current		
Cash and cash equivalents (Note 3)	\$ 355,900	\$ 344,493
Short term investment (Note 4)	200,000	-
Accounts receivable (Note 5)	46,525	388
Prepaid expenses	9,505	8,067
	611,930	352,948
Tangible capital assets (Note 6)	41,777	48,044
	\$ 653,707	\$ 400,992
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 12,492	\$ 8,451
Net assets		
Unrestricted	455,465	200,524
Internally restricted (Note 8)	143,973	143,973
Invested in capital assets	41,777	48,044
	641,215	392,541
	\$ 653,707	\$ 400,992

Approved on behalf of the board:

Director Max Lindstrand

Director Doug Lyenny

CAMROSE AND AREA LODGE AUTHORITY
STATEMENT OF OPERATIONS
For the year ended December 31, 2018

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Revenue			
Accommodation	\$ 1,857,400	\$ 1,940,199	\$ 1,825,617
Grants	367,900	417,480	380,110
Recoveries	39,950	152,415	45,842
Investments	6,000	9,170	2,485
Miscellaneous	3,250	89	976
	<u>2,274,500</u>	<u>2,519,353</u>	<u>2,255,030</u>
Expenses			
Wages and benefits	1,199,150	1,203,087	1,128,646
Food and kitchen supplies	231,350	280,721	249,090
Utilities	234,150	214,274	212,658
Building and ground maintenance	138,250	128,532	236,480
Office supplies, expenses, and postage	110,200	110,330	114,323
Administration management	203,600	86,004	84,540
Small equipment	-	39,454	6,429
Laundry and linen supplies	-	29,566	29,148
Telephone	-	10,294	10,419
Professional fees	-	10,165	10,500
Conferences and travel	-	900	238
Insurance	-	-	472
	<u>2,116,700</u>	<u>2,113,327</u>	<u>2,082,943</u>
Excess of revenue over expenses before municipal requisitions and other items	157,800	406,026	172,087
Municipal requisitions (Note 11)	50,000	50,000	50,000
Bashaw Transfer (Note 11)	(195,000)	(195,000)	(195,000)
Excess of revenue over expenses before amortization	12,800	261,026	27,087
Amortization of tangible capital assets	-	(12,352)	(12,468)
Excess of revenue over expenses	\$ 12,800	\$ 248,674	\$ 14,619

CAMROSE AND AREA LODGE AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
For the year ended December 31, 2018

	Unrestricted Net Assets	Internally Restricted Net Assets (Note 8)	Net Assets Invested in Capital Assets	Total 2018	Total 2017
Balance, beginning of year	\$ 200,524	\$ 143,973	\$ 48,044	\$ 392,541	\$ 377,922
Excess of revenue over expenses	248,674	-	-	248,674	14,619
Amortization of capital assets	12,352	-	(12,352)	-	-
Capital asset purchases	(6,085)	-	6,085	-	-
Balance, ending of year	\$ 455,465	\$ 143,973	\$ 41,777	\$ 641,215	\$ 392,541

CAMROSE AND AREA LODGE AUTHORITY
STATEMENT OF CASH FLOWS
For the year ended December 31, 2018

	2018	2017
Cash flows from operating activities		
Excess of revenue over expenses	\$ 248,674	\$ 14,618
Adjustments for items which do not affect cash		
Amortization of tangible capital assets	12,352	12,468
	261,026	27,086
Change in non-cash working capital items		
Accounts receivable	(46,137)	49,607
Prepaid expenses	(1,438)	(8,066)
Accounts payable and accrued liabilities	4,041	(14,388)
	217,492	54,239
Cash flows from investing activity		
Purchase of tangible capital assets	(6,085)	-
Purchase of short term investment	(200,000)	-
	(206,085)	-
Increase (decrease) in cash and cash equivalents	11,407	54,239
Cash and cash equivalents, beginning of year	344,493	290,254
Cash and cash equivalents, end of year	\$ 355,900	\$ 344,493

CAMROSE AND AREA LODGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2018

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 the Rosealta Lodge and Stoney Creek Cottages in Camrose, Alberta. It was also responsible for the operations of the Stoney Creek Lodge until May 2015 when it was closed. Any ongoing costs for the Stoney Creek Lodge are billed to the Province of Alberta. The management body qualifies as a not-for-profit organization as defined in the Income Tax Act and, as such, is exempt from income taxes.

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) 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.

(b) 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 three months or less.

(c) 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. The annual amortization rates are as follows:

Equipment	Straight-line	3 to 30 years
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(d) Net assets invested in capital assets

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

(e) Contributed materials and services

Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations, and would otherwise have been purchased.

CAMROSE AND AREA LODGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2018

2. Significant accounting policies, continued

(f) Financial assets and liabilities

The management body initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The management body subsequently measures all its financial assets and liabilities at amortized cost. Financial instruments measured at amortized cost include 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 an 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.

(g) Use of estimates

The preparation of these statements in conformity with Canadian accounting standards for not-for-profit organizations 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. Actual results could differ from these estimates.

3. Cash and cash equivalents

	2018	2017
Cash and cash equivalents consist of:		
Cash on hand	\$ 600	\$ 600
Balances with banks, net of outstanding cheques and deposits	355,300	343,893
	\$ 355,900	\$ 344,493

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.

CAMROSE AND AREA LODGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2018

4. Short term investment

The lodge authority holds a \$200,000 guaranteed investment certificate at Alberta Treasury Branch. This GIC matures on December 17, 2019 and has an interest rate of 2.15%.

5. Accounts receivable

	2018	2017
Alberta Social Housing Corporation	\$ 30,155	\$ -
GST receivable	14,948	-
Resident rents receivable	927	61
Accrued interest receivable	495	327
	\$ 46,525	\$ 388

6. Tangible capital assets

	Cost	Accumulated amortization	2018	2017
Equipment	\$ 181,633	\$ 139,856	\$ 41,777	\$ 48,044

7. Accounts payable and accrued liabilities

	2018	2017
Trade payables	\$ 3,992	\$ 951
Accrued expenses	8,500	7,500
	\$ 12,492	\$ 8,451

8. Internally restricted net assets

Internally restricted net assets are not available for unrestricted purposes without the approval of the 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, 2018

9. 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, 2018, the amount due from the management body for expenditures incurred for the lodges amounted to \$0 (2017 - \$0).

The lodges paid \$86,004 (2017 - \$84,540) for shared administrative services, \$5,763 (2017 - \$23,052) for yard maintenance services, and \$33,157 (2017 - \$79,836) for shared general maintenance services to Bethany Nursing Home of Camrose, Alberta for the year ended December 31, 2018. 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.

10. 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.

11. Municipal requisitions

	2018	2017
City of Camrose	\$ 29,014	\$ 28,612
County of Camrose	20,224	20,601
Town of Bashaw	762	787
	\$ 50,000	\$ 50,000

<u>Amount contributed to Bashaw Meadows</u>	<u>\$ (195,000)</u>	<u>\$ (195,000)</u>
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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 2018 of \$195,000 (2017 - \$195,000) .

CAMROSE AND AREA LODGE AUTHORITY
SCHEDULE OF OPERATIONS - STONEY CREEK COTTAGES
For the year ended December 31, 2018

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Revenue			
Recoveries	\$ -	\$ 80,265	\$ 1,191
Accommodation	-	13,986	18,043
Grants	-	1,489	8,834
	-	95,740	28,068
Expenses			
Utilities	-	44,194	50,399
Building and ground maintenance	-	17,135	545
Telephone	-	709	1,136
General administration	-	-	788
Insurance	-	-	67
	-	62,038	52,935
Excess (deficiency) of revenue over expenses	\$ -	\$ 33,702	\$ (24,867)

CAMROSE AND AREA LODGE AUTHORITY
SCHEDULE OF OPERATIONS - ROSEALTA LODGE
For the year ended December 31, 2018

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Revenue			
Accommodation	\$ 1,857,400	\$ 1,926,213	\$ 1,807,574
Grants	367,900	415,991	371,276
Recoveries	39,950	72,150	44,651
Investments	6,000	9,170	2,485
Miscellaneous	3,250	89	976
	<u>2,274,500</u>	<u>2,423,613</u>	<u>2,226,962</u>
Expenses			
Wages and benefits	1,199,150	1,203,087	1,128,646
Food and kitchen supplies	231,350	280,721	249,090
Utilities	234,150	170,081	162,259
Building and ground maintenance	138,250	111,397	235,935
General administration	110,200	110,330	113,534
Administration management	203,600	86,004	84,540
Small equipment	-	39,454	6,429
Laundry and linen supplies	-	29,566	29,148
Professional fees	-	10,165	10,500
Telephone	-	9,584	9,283
Conferences and travel	-	900	238
Insurance	-	-	406
	<u>2,116,700</u>	<u>2,051,289</u>	<u>2,030,008</u>
Excess of revenue over expenses before amortization	157,800	372,324	196,954
Amortization of tangible capital assets	-	12,352	12,468
Excess of revenue over expenses	\$ 157,800	\$ 359,972	\$ 184,486