

**CAMROSE AND AREA LODGE AUTHORITY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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## Independent Auditor's Report

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

### Opinion

We have audited the financial statements of Camrose and Area Lodge Authority (the "Management Body"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and 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 Management Body as at December 31, 2019, and the results of its 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 report. We are independent of the Management Body 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.

### Other Matter

The financial statements of the Management Body for the year ended December 31, 2018 were audited by another public accounting firm who expressed an unmodified opinion on those statements on March 15, 2019.

### 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 Management Body'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 Management Body or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Management Body'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:

- 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 Management Body'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 Management Body'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 Management Body 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.

Lacombe, Alberta

April 7, 2020

*MNP* LLP

Chartered Professional Accountants

**MNP**

**CAMROSE AND AREA LODGE AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
As at December 31, 2019

	2019		2018
			(Restated, Note 13)
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents (Note 3)	\$ 342,352	\$	308,877
Short term investments (Note 4)	200,000		200,000
Accounts receivable (Note 5)	109,978		93,548
Prepaid expense	10,783		9,505
	663,113		611,930
<b>Tangible capital assets (Note 6)</b>	29,917		41,777
	\$ 693,030	\$	653,707
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current</b>			
Accounts payable and accrued liabilities (Note 7)	\$ 146,866	\$	12,492
<b>Net assets</b>			
Unrestricted	372,274		455,465
Internally restricted (Note 8)	143,973		143,973
Invested in capital assets	29,917		41,777
	546,164		641,215
	\$ 693,030	\$	653,707

Approval on behalf of the board:

Director Max Lundstrand

Director P. Shantz

**CAMROSE AND AREA LODGE AUTHORITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
For the year ended December 31, 2019

	2019			2018	
	Unrestricted Net Assets	Internally Restricted Net Assets (Note 8)	Net Assets Invested In Capital Assets	Total Net Assets	Total
<b>Beginning balance</b>	\$ 455,465	\$ 143,973	\$ 41,777	\$ 641,215	392,541
<b>Excess (deficiency) of revenue over expenses</b>	(95,051)	-	-	(95,051)	248,674
<b>Amortization of tangible capital assets</b>	11,860	-	(11,860)	-	-
<b>Ending balance</b>	<u>\$ 372,274</u>	<u>\$ 143,973</u>	<u>\$ 29,917</u>	<u>\$ 546,164</u>	<u>\$ 641,215</u>

**CAMROSE AND AREA LODGE AUTHORITY**  
**STATEMENT OF OPERATIONS**  
For the year ended December 31, 2019

	2019 Budgeted (unaudited)	2019	2018
<b>Revenue</b>			
Accommodation	\$ 1,975,000	\$ 1,991,813	\$ 1,940,199
Grants	415,000	402,292	417,480
Recoveries	67,500	158,436	152,430
Investments	6,850	11,237	9,170
Miscellaneous	-	-	75
	<u>2,464,350</u>	<u>2,563,777</u>	<u>2,519,354</u>
<b>Expenses</b>			
Administration management	201,500.00	178,643.04	176,004.00
Building and ground maintenance	105,000	108,730	114,489
Conferences and travel	-	3,198	900
Equipment repairs and maintenance	-	6,149	5,121
Food and kitchen supplies	275,000	292,474	280,721
General administration	-	40,508	23,180
Insurance	-	11,615	-
Laundry and linen supplies	125,650	33,581	29,566
Professional fees	-	9,325	10,165
Small equipment	-	11,030	34,333
Telephone	-	11,860	10,293
Utilities	245,000	217,103	225,469
Wages and benefits	1,332,000	1,456,073	1,203,087
	<u>2,284,150</u>	<u>2,380,289</u>	<u>2,113,328</u>
<b>Excess of revenue over expenses before municipal requisitions and other items</b>	180,200	183,488	406,026
Municipal requisitions (Note 11)	50,000	50,000	50,000
Bashaw Transfer (Note 11)	(195,000)	(195,000)	(195,000)
Non-recoverable GST	-	(121,679)	-
<b>Excess (deficiency) of revenue over expenses before amortization</b>	35,200	(83,191)	261,026
Amortization of tangible capital assets	(13,500)	(11,860)	(12,352)
<b>Excess (deficiency) of revenue over expenses</b>	\$ 21,700	\$ (95,051)	\$ 248,674

**CAMROSE AND AREA LODGE AUTHORITY**  
**STATEMENT OF CASH FLOW**  
For the year ended December 31, 2019

	2019	2018
		(Restated, Note 13)
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses	\$ (95,051)	\$ 248,674
Adjustments for items which do not affect cash		
Amortization of tangible capital assets	11,860	12,352
	(83,191)	261,026
Change in non-cash working capital items		
Accounts receivable	(16,430)	(93,160)
Prepaid expense	(1,278)	(1,438)
Accounts payable and accrued liabilities	134,374	4,041
	33,475	170,469
<b>Cash flows from investing activity</b>		
Purchase of tangible capital assets	-	(6,085)
Purchase of short term investment	-	(200,000)
	-	(206,085)
<b>Increase (decrease) in cash and cash equivalents</b>	33,475	(35,616)
<b>Cash and cash equivalents, beginning of year</b>	308,877	344,493
<b>Cash and cash equivalents, end of year</b>	342,352	308,877



(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. 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. A full year of amortization is calculated in the year of acquisition, no amortization is calculated in the year of disposal.

(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 supplies 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.

(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 (including any impairment in the case of financial assets). Financial instruments measured at amortized cost include cash and cash equivalents, accounts receivable and accounts payable. Short term investments are recorded at fair market value.

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 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.

**3. Cash and cash equivalents:**

	2019	2018
		(Restated, Note 13)
Cash and cash equivalents consist of:		
Cash on hand	\$ 600	\$ 600
Balances with banks, net of outstanding cheques and deposits	341,752	308,277
	<u>\$ 342,352</u>	<u>\$ 308,877</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. Short term investment:**

The management body holds a \$200,000 guaranteed investment certificate at Alberta Treasury Branch. This GIC matures on December 17, 2020 and has an interest rate of 2.05% (2018 – 2.15%).

**5. Account receivable:**

	2019	2018
		(Restated, Note 13)
Alberta Social Housing Corporation	\$ 24,693	\$ 30,155
Resident rents receivable	1,097	927
GST Receivable	84,031	14,948
Accrued interest receivable	157	495
Due to The Bethany Nursing Home of Camrose, Alberta	-	47,023
	<u>\$ 109,978</u>	<u>\$ 93,548</u>

**6. Tangible capital assets:**

	Cost	Accumulated Amortization	2019	2018
Equipment	\$136,596	\$106,679	\$29,917	\$ 41,777

**7. Accounts payable and accrued liabilities:**

	2019	2018
Accrued expenses and prepaid rent	\$ 9,450	\$ 8,500
Trade payables	2,192	3,992
Due to The Bethany Nursing Home of Camrose, Alberta	135,224	-
	\$ 146,866	\$ 12,492

**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.

**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, 2019, the amount due (from) to the management body for expenditures incurred for the lodges amounted to (\$135,224) (2018 - \$47,023).

The lodges paid \$178,643 (2018 - \$176,004) for shared administrative services, \$0 (2018 - \$5,763) for yard maintenance services, and \$0 (2018 - \$33,157) for shared general maintenance services to Bethany Nursing Home of Camrose, Alberta for the year ended December 31, 2019. 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 credit, liquidity and market risk; market risk arises from changes in interest rates and other price risks.

## Credit Risk

The management body is exposed to credit risk as it grants credit to its residents in the normal course of operations. The risk is mitigated by the fact that the receivables are from various residents and government agencies.

Accounts receivable from two government agencies (2018 – two government agencies) in connection with trade receivables represents 99% (2018 – 97%) of total accounts receivable at December 31. The management body believes there is minimal risk associated with the collection of these amounts. The balance of accounts receivable is distributed among the remainder of the management body's resident base.

## 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:

	2019	2018
City of Camrose	\$ 28,460	\$ 29,014
County of Camrose	20,775	20,224
Town of Bashaw	765	762
	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Amount contributed to Bashaw Meadows	\$ (195,000)	\$ (195,000)

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 2019 of \$195,000 (2018 - \$195,000).

**12. Comparative figures**

Certain of the prior year comparative amounts on the Statement of Operations, Statement of Financial Position, Cash Flows and Statement of Operations by Program have been reclassified to conform with the current year's presentation. The reclassification results in no change to the consolidated deficiency of revenue over expenses as previously reported.

**13. Restatement**

Prior year financial statements were restated due to the reclassification of outstanding receivables due from the Bethany Group. This change resulted in a decrease to cash and cash equivalents and an increase to accounts receivable of \$47,023.

**14. Subsequent events:**

Subsequent to year end, the COVID-19 pandemic is causing significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. The management body continues to monitor and assess the impact COVID-19 will have on its activities. The extent of the effect of the COVID-19 pandemic on the management body is uncertain.

**CAMROSE AND AREA LODGE AUTHORITY**  
**SCHEDULE OF OPERATIONS - ROSEALTA LODGE**  
For the year ended December 31, 2019

	2019	2018
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<b>Revenue</b>		
Accommodation	\$ 1,977,629	\$ 1,926,213
Grants	400,803	415,991
Recoveries	93,791	72,165
Investments	11,237	9,170
Miscellaneous	-	75
	<hr/>	<hr/>
	2,483,459	2,423,614
<hr/>		
<b>Expenses</b>		
Administration Management	\$ 178,643	\$ 176,004
Building and ground maintenance	106,906	97,533
Conferences and travel	3,198	900
Equipment repairs and maintenance	5,835	5,121
Food and kitchen supplies	292,474	280,721
General administration	38,892	23,001
Insurance	8,108	-
Laundry and linen supplies	33,581	29,566
Professional fees	9,325	10,165
Small equipment	11,030	34,333
Telephone	11,860	9,584
Utilities	172,074	181,276
Wages and benefits	1,456,073	1,203,087
	<hr/>	<hr/>
	2,328,000	2,051,290
<hr/>		
<b>Excess of revenue over expenses before municipal requisitions and other items</b>	155,459	372,324
Municipal requisitions (Note 11)	50,000	50,000
Bashaw Transfer (Note 11)	(195,000)	(195,000)
Non-recoverable GST	(121,679)	-
	<hr/>	<hr/>
<b>Excess (deficiency) of revenue over expenses before amortization</b>	(111,220)	227,324
Amortization of tangible capital assets	(11,860)	(12,352)
	<hr/>	<hr/>
<b>Excess (deficiency) of revenue over expenses before amortization</b>	\$ (123,080)	\$ 214,972
	<hr/>	<hr/>

**CAMROSE AND AREA LODGE AUTHORITY**  
**SCHEDULE OF OPERATIONS - STONEY CREEK COTTAGES**  
For the year ended December 31, 2019

	2019	2018
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<b>Revenue</b>		
Accommodation	\$ 14,184	\$ 13,986
Grants	1,489	1,489
Recoveries	64,645	80,265
	<hr/>	<hr/>
	80,318	95,740
<hr/>		
<b>Expenses</b>		
Building and Ground Maintenance	\$ 1,824	\$ 16,956
Equipment Repairs and Maintenance	314	-
General Administration	1,616	180
Insurance	3,506	-
Telephone	-	709
Utilities	45,029	44,194
	<hr/>	<hr/>
	52,289	62,038
<hr/>		
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 28,029</b>	<b>\$ 33,702</b>
	<hr/> <hr/>	<hr/> <hr/>