

**CAMROSE AND AREA LODGE AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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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, 2021, and the statements of operations, changes in net assets, cash flow and the related schedules 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, 2021, 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.

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.

Red Deer, Alberta

April 1, 2022

MNP LLP

Chartered Professional Accountants

CAMROSE AND AREA LODGE AUTHORITY
STATEMENT OF FINANCIAL POSITION
As at December 31, 2021

	2021	2020
ASSETS		
Current		
Cash and cash equivalents (Note 3)	\$ 680,029	\$ 432,890
Short term investments (Note 4)	-	200,000
Accounts receivable (Note 5)	98,178	176,184
Prepaid expense	11,201	14,293
	789,408	823,367
Tangible capital assets (Note 6)	31,677	19,969
	\$ 821,085	\$ 843,336
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 216,924	\$ 300,386
Net assets		
Unrestricted	428,511	379,008
Internally restricted (Note 8)	143,973	143,973
Invested in capital assets	31,677	19,969
	604,161	542,950
	\$ 821,085	\$ 843,336

Commitment (Note 12)

Approval on behalf of the board:

e-Signed by Agnes Hoveland
2022-04-01 10:31:13:13 MDT

Chair

Director

e-Signed by Doug Lyseng
2022-04-01 10:31:49:49 MDT

Vice Chair

Director

The accompanying notes are an integral part of these financial statements.

CAMROSE AND AREA LODGE AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
For the year ended December 31, 2021

	<u>2021</u>				<u>2020</u>
	<u>Unrestricted Net Assets</u>	<u>Internally Restricted Net Assets (Note 8)</u>	<u>Net Assets Invested In Capital Assets</u>	<u>Total Net Assets</u>	<u>Total</u>
Beginning balance	\$ 379,008	\$ 143,973	\$ 19,969	\$ 542,950	\$546,164
Excess (deficiency) of revenue over expenses	61,211	-	-	61,211	(3,214)
Purchase of tangible capital assets	(22,337)	-	22,337		
Amortization of tangible capital assets	10,629	-	(10,629)	-	-
Ending balance	<u>\$ 428,511</u>	<u>\$ 143,973</u>	<u>\$ 31,677</u>	<u>\$ 604,161</u>	<u>\$542,950</u>

The accompanying notes are an integral part of these financial statements.

CAMROSE AND AREA LODGE AUTHORITY
STATEMENT OF OPERATIONS
For the year ended December 31, 2021

	<u>2021 Budget</u> <i>(unaudited)</i>	<u>2021</u>	<u>2020</u>
Revenue			
Accommodation	\$ 1,728,244	\$ 1,718,640	\$ 1,884,552
Grants (Note 9)	363,089	836,068	620,609
Recoveries	99,050	98,494	94,479
Investments	4,000	3,854	8,083
	<u>2,194,383</u>	<u>2,657,056</u>	<u>2,607,723</u>
Expenses			
Wages and benefits	1,510,000	1,518,718	1,531,817
Food and kitchen supplies	218,431	256,623	252,401
Utilities	218,060	235,029	211,235
Administration management	157,500	157,500	157,500
Covid 19 expenses	54,000	109,561	111,116
Building and ground maintenance	66,200	72,795	62,750
General administration	25,322	37,070	34,431
Laundry and linen supplies	23,068	30,557	27,747
Telephone	14,040	15,337	13,823
Professional fees	9,515	9,556	9,499
Insurance	6,219	7,278	5,419
Equipment repairs and maintenance	3,925	4,052	2,827
Conferences and travel	3,630	3,571	3,407
Small equipment	3,000	2,569	-
	<u>2,312,910</u>	<u>2,460,216</u>	<u>2,423,971</u>
Excess (deficiency) of revenue over expenses before municipal requisitions and other items	(118,527)	196,840	183,752
Municipal requisitions (Note 12)	25,000	25,000	25,000
Bashaw Transfer (Note 12)	-	(150,000)	(195,000)
Extraordinary expenses	-	-	(7,018)
Excess (deficiency) of revenue over expenses before amortization	(93,527)	71,840	6,734
Amortization of tangible capital assets	(13,580)	(10,629)	(9,947)
Excess (deficiency) of revenue over expenses	<u>(107,107)</u>	<u>61,211</u>	<u>(3,214)</u>

The accompanying notes are an integral part of these financial statements.

CAMROSE AND AREA LODGE AUTHORITY
STATEMENT OF CASH FLOW
For the year ended December 31, 2021

	2021	2020
Cash flows from operating activities		
Deficiency of revenue over expenses	\$ 61,211	\$ (3,214)
Adjustments for items which do not affect cash		
Amortization of tangible capital assets	10,629	9,947
	71,840	6,734
 Change in non-cash working capital items		
Accounts receivable	78,006	(66,206)
Prepaid expense	3,092	(3,510)
Accounts payable and accrued liabilities	(83,462)	153,520
	69,476	90,538
 Cash flows from investing activity		
Purchase of tangible capital assets	(22,337)	-
Purchase of short-term investments	-	(200,000)
Proceeds on sale of investments	200,000	200,000
	177,663	-
 Increase in cash and cash equivalents	247,139	90,538
 Cash and cash equivalents, beginning of year	432,890	342,352
 Cash and cash equivalents, end of year	680,029	432,890

The accompanying notes are an integral part of these financial statements.

CAMROSE AND AREA LODGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

1. Nature of operations

Camrose and Area Lodge Authority (CALA) (the "Management Body") 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, Stony Creek Cottages and Rosealta Lodge in Camrose, Alberta. Any ongoing costs for maintenance of 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 is exempt from income taxes.

Impact on operations of COVID-19 (coronavirus)

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on business through the restrictions put in place by the Canadian, provincial, and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Management Body's operations were impacted by COVID-19 due to matters such as reduced occupancy levels and certain operational changes that were required due to COVID restrictions.

The impact of COVID-19 has been partially offset by available government programs for which the Management Body was eligible. The Management Body has received funding for occupancy losses from July 2020 to December 2021. Further details of these programs are described in Note 9 Grants. Eligibility requirements under these programs have evolved since first announced and can be subject to changes in legislation or administrative positions, further, there is significant uncertainty of the period of time into the future that the Government will continue these programs.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Management Body as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand in the industry, all of which may negatively impact the Management Body's business and financial condition.

2. Significant accounting policies

These financial statements have been 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.

2. Significant accounting policies (*continued*)

(a) Revenue recognition (*continued*)

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.

Government assistance grants are recognized when there is reasonable assurance that it will comply with the conditions required to qualify for the assistance and that the assistance will be received. Government assistance is recognized as income when the conditions have been met.

Requisition revenue is recognized as income in the year for which the funding is requisitioned.

Investment income is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(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) Marketable Securities

Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at costs with accrued interest less impairment.

(d) Tangible capital assets

Tangible capital assets acquired are recorded at cost. When the Management Body receives contributions of tangible capital assets, the cost is equal to the 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 amortized in the month following acquisition, utilizing the straight-line method over the estimated useful life of each asset as follows:

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.

The Management Body performs impairment testing on tangible capital assets whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable.

(e) 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.

2. Significant accounting policies (continued)

(f) 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.

(g) 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.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenue over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized costs.

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.

(h) 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 tangible capital assets. Actual results could differ from these estimates.

3. Cash and cash equivalents:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents consist of:		
Cash on hand	\$ 630	\$ 600
Balances with banks, net of outstanding cheques and deposits	679,399	432,290
	<u>\$ 680,029</u>	<u>\$ 432,890</u>

The Board of Camrose and Area Lodge Authority has internally restricted \$ 143,973 (2020 - \$143,973) of cash as reserves for future major maintenance repairs and upgrades to the lodges as indicated in Note 8.

4. Short-term investments

The Management Body previously held \$200,000 in a guaranteed investment certificate with Alberta Treasury Branch, which earned interest at a rate of 0.38% per annum. The investment matured on December 17, 2021.

5. Accounts receivable

	<u>2021</u>	<u>2020</u>
Alberta Social Housing Corporation	\$ 52,922	\$ 136,597
GST receivable, net	19,325	17,428
Resident rents receivable	25,931	22,129
Accrued interest receivable	-	31
	<u>\$ 98,178</u>	<u>\$ 176,184</u>

6. Tangible capital assets

	<u>2021</u>			<u>2020</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	\$158,932	\$127,255	\$31,677	\$19,969

7. Accounts payable and accrued liabilities

	<u>2021</u>	<u>2020</u>
Accrued expenses and prepaid rent	\$ 51,099	\$ 36,444
Trade payables	45,307	28,728
Due to The Bethany Nursing Home of Camrose, Alberta	120,518	235,214
	<u>\$ 216,924</u>	<u>\$ 300,386</u>

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. Grants

Grants received consist of various funds provided where the spending is restricted for purpose or use. Revenue has been received for incremental expenses related to COVID or due to lost revenue.

Commencing in 2020, the Management Body was in receipt of grant funding provided by the Government of Alberta to offset lost revenue and additional eligible costs incurred related to operations. These amounts of funding received and costs incurred are reported within these financial statements. It is unknown if such grant funding will be available in future periods.

9. Grants (continued)

	<u>2021</u>	<u>2020</u>
Lodge Assistance Program	\$ 392,635	\$ 392,635
Covid occupancy loss	337,706	141,661
Covid expenses	103,688	86,313
Workers Compensation Board	2,039	-
	<u>\$ 836,068</u>	<u>\$ 620,609</u>

10. 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, 2021, the amount due from the Management Body for expenditures incurred for the lodges amounted to \$120,518 (2020 - \$235,214)

The Management Body paid \$157,500 (2020 - \$157,500) for shared administrative services to Bethany Nursing Home of Camrose, Alberta for the year ended December 31, 2021. 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.

11. 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.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Management Body is exposed to credit risk from residents and funders. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends, and other information. Credit risk related to residents is deemed to be low as the balances are distributed amongst a wide group of individuals and is not concentrated. Credit risk related to funders is deemed to be low as receivables are recorded based on the terms of the agreements.

Credit Risk (continued)

Accounts receivable from three government agencies (2020 - two) in connection with trade receivables represents 91% (2020 – 90%) 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 widely 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.

11. Financial instruments (continued)

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.

12. Municipal requisitions

	<u>2021</u>	<u>2020</u>
City of Camrose	\$ 14,255	\$ 14,255
County of Camrose	10,338	10,338
Town of Bashaw	407	407
	<u>\$ 25,000</u>	<u>\$ 25,000</u>
Amount contributed to Bashaw Meadows	<u>\$ (150,000)</u>	<u>\$ (195,000)</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. During the year, the Camrose and Area Lodge Authority committed to support Bashaw Meadows by providing annual contribution in the amount of \$150,000 a year for the next five years (2020 – contributed \$195,000).

CAMROSE AND AREA LODGE AUTHORITY
SCHEDULE OF OPERATIONS - ROSEALTA LODGE
For the year ended December 31, 2021

Schedule 1

	2021 Budget <i>(unaudited)</i>	2021	2020
Revenue			
Accommodation	\$ 1,714,000	\$ 1,704,337	\$ 1,870,308
Grants	361,600	834,579	619,120
Recoveries	35,783	42,528	39,876
Investments	4,000	3,854	8,083
	<u>2,115,383</u>	<u>2,585,298</u>	<u>2,537,387</u>
Expenses			
Wages and benefits	1,510,000	1,518,718	1,531,816
Food and kitchen supplies	218,431	256,623	252,401
Utilities	169,680	188,098	170,146
Administration management	157,500	157,500	157,500
Covid 19 expenses	54,000	109,561	111,116
Building and ground maintenance	58,950	71,202	60,007
General administration	25,322	36,950	34,431
Laundry and linen supplies	23,068	30,557	27,747
Telephone	14,000	15,337	13,801
Professional fees	9,515	9,556	9,499
Insurance	5,717	6,229	4,899
Equipment repairs and maintenance	3,925	4,052	2,827
Conferences and travel	3,630	3,571	3,407
Small equipment	3,000	2,569	-
	<u>2,256,738</u>	<u>2,410,523</u>	<u>2,379,597</u>
Excess (deficiency) of revenue over expenses before municipal requisitions and other items	(141,355)	174,775	157,790
Municipal requisitions (Note 12)	25,000	25,000	25,000
Bashaw Transfer (Note 12)	-	(150,000)	(195,000)
Extraordinary expenses	-	-	(7,018)
Excess (deficiency) of revenue over expenses before amortization	(116,355)	49,775	(19,228)
Amortization of tangible capital assets	(13,580)	(10,629)	(9,947)
Excess (deficiency) of revenue over expenses	<u>(129,935)</u>	<u>39,146</u>	<u>(29,175)</u>

CAMROSE AND AREA LODGE AUTHORITY
SCHEDULE OF OPERATIONS - STONEY CREEK COTTAGES
For the year ended December 31, 2021

Schedule 2

	2021 Budget <i>(unaudited)</i>	2021	2020
Revenue			
Accommodation	\$ 14,244	\$ 14,303	\$ 14,244
Grants	1,489	1,489	1,489
Recoveries	1,017	975	984
	<u>16,750</u>	<u>16,767</u>	<u>16,717</u>
Expenses			
Utilities	6,580	6,487	7,335
Insurance	502	873	521
Building and ground maintenance	5,000	136	437
Telephone	40	-	22
	<u>12,122</u>	<u>7,496</u>	<u>8,315</u>
Excess of revenue over expenses	<u><u>4,628</u></u>	<u><u>9,271</u></u>	<u><u>8,402</u></u>