

**CAMROSE AND AREA LODGE AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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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, 2020, 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, 2020, 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

March 26, 2021

MNP LLP

Chartered Professional Accountants

CAMROSE AND AREA LODGE AUTHORITY
STATEMENT OF FINANCIAL POSITION
As at December 31, 2020

	2020	2019
ASSETS		
Current		
Cash and cash equivalents (Note 3)	\$ 432,890	\$ 342,352
Short term investments (Note 4)	200,000	200,000
Accounts receivable (Note 5)	176,184	109,978
Prepaid expense	14,293	10,783
	823,367	663,113
Tangible capital assets (Note 6)	19,969	29,917
	\$ 843,336	\$ 693,030
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 300,386	\$ 146,866
Net assets		
Unrestricted	379,008	372,274
Internally restricted (Note 8)	143,973	143,973
Invested in capital assets	19,969	29,917
	542,950	546,164
	\$ 843,336	\$ 693,030

Approval on behalf of the board:

Max Lindstrand *Max Lindstrand, CALA, Chair*
Director (Name)

Doug Lyseng *Doug Lyseng, CALA Vice Chairman*
Director (name)

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, 2020

	2020			2019	
	Unrestricted Net Assets	Internally Restricted Net Assets (Note 8)	Net Assets Invested In Capital Assets	Total Net Assets	Total
Beginning balance	\$ 372,274	\$ 143,973	\$ 29,917	\$ 546,164	\$641,215
Excess (deficiency) of revenue over expenses	(3,214)	-	-	(3,214)	(95,051)
Amortization of tangible capital assets	9,947	-	(9,947)	-	-
Ending balance	<u>\$ 379,008</u>	<u>\$ 143,973</u>	<u>\$ 19,969</u>	<u>\$ 542,950</u>	<u>\$546,164</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, 2020

	2020 Budget (unaudited)	2020	2019
Revenue			
Accommodation	\$ 1,975,400	\$ 1,884,552	\$ 1,991,813
Grants (Note 9)	391,000	620,609	402,292
Recoveries	140,785	94,479	158,436
Investments	7,715	8,083	11,237
	<u>\$ 2,514,900</u>	<u>\$ 2,607,723</u>	<u>\$ 2,563,777</u>
Expenses			
Wages and benefits	\$ 1,435,000	\$ 1,531,817	\$ 1,456,073
Food and kitchen supplies	295,516	252,401	292,474
Utilities	221,618	211,235	217,103
Administration management	157,500	157,500	178,643
Covid 19 expenses	-	111,116	-
Building and ground maintenance	100,000	62,750	108,730
General administration	24,380	34,431	40,508
Laundry and linen supplies	31,635	27,747	33,581
Telephone	13,382	13,823	11,860
Professional fees	9,450	9,499	9,325
Insurance	14,442	5,419	11,615
Conferences and travel	-	3,407	3,198
Equipment repairs and maintenance	5,427	2,827	6,149
Small equipment	13,750	-	11,030
	<u>\$ 2,322,100</u>	<u>\$ 2,423,971</u>	<u>\$ 2,380,289</u>
Excess of revenue over expenses before municipal requisitions and other items	192,800	183,752	183,488
Municipal requisitions (Note 12)	25,000	25,000	50,000
Bashaw Transfer (Note 12)	(195,000)	(195,000)	(195,000)
Extraordinary expenses	-	(7,018)	(121,679)
	<u>\$ 22,800</u>	<u>\$ 6,734</u>	<u>\$ (83,191)</u>
Excess (deficiency) of revenue over expenses before amortization			
Amortization of tangible capital assets	(13,580)	(9,947)	(11,860)
	<u>\$ 9,220</u>	<u>\$ (3,214)</u>	<u>\$ (95,051)</u>
Excess (deficiency) of revenue over expenses			

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, 2020

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Deficiency of revenue over expenses	\$ (3,214)	\$ (95,051)
Adjustments for items which do not affect cash		
Amortization of tangible capital assets	9,947	11,860
	<u>6,734</u>	<u>(83,191)</u>
 Change in non-cash working capital items		
Accounts receivable	\$ (66,206)	\$ (16,430)
Prepaid expense	(3,510)	(1,278)
Accounts payable and accrued liabilities	153,520	134,374
	<u>90,538</u>	<u>33,475</u>
 Cash flows from investing activity		
Purchase of short term investments	\$ (200,000)	\$ (200,000)
Proceeds on sale of investments	200,000	200,000
	<u>-</u>	<u>-</u>
 Increase in cash and cash equivalents	 90,538	 33,475
 Cash and cash equivalents, beginning of year	 342,352	 308,877
 Cash and cash equivalents, end of year	 <u>\$ 432,890</u>	 <u>\$ 342,352</u>

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, 2020

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.

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.

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 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

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.

(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.

(f) 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.

(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>2020</u>	<u>2019</u>
Cash and cash equivalents consist of:		
Cash on hand	\$ 600	\$ 600
Balances with banks, net of outstanding cheques and deposits	432,290	341,752
	<u>\$ 432,890</u>	<u>\$ 342,352</u>

The Board of Camrose and Area Lodge Authority has internally restricted \$ 143,973 (2019 - \$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 holds a \$200,000 (2019 - \$200,000) guaranteed investment certificate at Alberta Treasury Branch. This GIC matures on December 17, 2021 and has an interest rate of 0.38% (2019 – 2.05%)

5. Account receivable:

	<u>2020</u>	<u>2019</u>
Alberta Social Housing Corporation	\$ 158,726	\$ 24,693
Resident rents receivable	-	1,097
GST receivable, net	17,428	84,031
Accrued interest receivable	31	157
	<u>\$ 176,184</u>	<u>\$ 109,978</u>

6. Tangible capital assets:

	2020		2019
	Cost	Accumulated Amortization	Net Book Value
Equipment	\$136,595	\$116,626	\$19,969
			\$29,917

7. Accounts payable and accrued liabilities:

	2020	2019
Accrued expenses and prepaid rent	\$ 36,444	\$ 9,450
Trade payables	28,728	2,192
Due to The Bethany Nursing Home of Camrose, Alberta	235,214	135,224
	<u>\$ 300,386</u>	<u>\$ 146,866</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.

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

	2020	2019
Lodge Assistance Program	\$ 392,635	\$402,292
Covid Lost Revenue	141,661	-
Covid Costs	86,313	-
	<u>\$ 620,609</u>	<u>\$402,292</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, 2020, the amount due (from) to the Management Body for expenditures incurred for the lodges amounted to \$235,214 (2019 - \$135,224)

The lodges paid \$157,500 (2019 - \$178,643) for shared administrative services, \$0 (2019 - \$ 0) for yard maintenance services, and \$0 (2019 - \$ 0) for shared general maintenance services to Bethany Nursing Home of Camrose, Alberta for the year ended December 31, 2020. 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

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 (2019 - two) in connection with trade receivables represents 100% (2019 – 99%) 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.

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.

Emerging Risk - COVID

The recent outbreak of the Coronavirus (COVID-19) pandemic may affect the Management Body's operations. The extent to which the Coronavirus impact's operations will depend on future developments, which are highly uncertain and cannot be predicted at this time. In particular, the continued spread of the Coronavirus could materially and adversely impact operations, including without limitation employee health and productivity, service demand and collectability of accounts receivable. These factors may have a material and adverse effect on the Management Body, its future financial condition and results of operations.

12. Municipal requisitions:

	<u>2020</u>	<u>2019</u>
City of Camrose	\$ 14,255	\$ 28,460
County of Camrose	10,338	20,775
Town of Bashaw	407	765
	<u>\$ 25,000</u>	<u>\$ 50,000</u>
Amount contributed to Bashaw Meadows	<u>\$ (195,000)</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. The Camrose and Area Lodge Authority has committed a contribution to Bashaw Meadows in 2020 of \$195,000 (2019 - \$195,000).

CAMROSE AND AREA LODGE AUTHORITY
SCHEDULE OF OPERATIONS - ROSEALTA LODGE
For the year ended December 31, 2020

Schedule 1

	2020 Budget (unaudited)	2020	2019
Revenue			
Accommodation	\$ 1,975,400	\$1,870,308	\$1,977,629
Grants	391,000	619,120	400,803
Recoveries	140,785	39,876	93,791
Investments	7,715	8,083	11,237
	<u>2,514,900</u>	<u>2,537,386</u>	<u>2,483,459</u>
Expenses			
Wages and benefits	\$ 1,435,000	\$1,531,816	\$1,456,073
Food and kitchen supplies	295,516	252,401	292,474
Utilities	221,618	170,146	172,074
Administration Management	157,500	157,500	178,643
Covid 19	-	111,116	-
Building and ground maintenance	100,000	60,007	106,906
General administration	24,380	34,431	38,892
Laundry and linen supplies	31,635	27,747	33,581
Telephone	13,382	13,801	11,860
Professional fees	9,450	9,499	9,325
Insurance	14,442	4,899	8,108
Conferences and travel	-	3,407	3,198
Equipment repairs and maintenance	5,427	2,827	5,835
Small equipment	13,750	-	11,030
	<u>2,322,100</u>	<u>2,379,595</u>	<u>2,328,000</u>
Excess of revenue over expenses before municipal requisitions and other items	192,800	157,791	155,459
Municipal requisitions (Note 12)	25,000	25,000	50,000
Bashaw Transfer (Note 12)	(195,000)	(195,000)	(195,000)
Extraordinary Expenses	-	(7,018)	(121,679)
Excess (deficiency) of revenue over expenses before amortization	22,800	(19,227)	(111,220)
Amortization of tangible capital assets	(13,580)	(9,947)	(11,860)
Excess (deficiency) of revenue over expenses	<u>\$ 9,220</u>	<u>\$ (29,174)</u>	<u>\$ (123,080)</u>

CAMROSE AND AREA LODGE AUTHORITY
SCHEDULE OF OPERATIONS - STONEY CREEK COTTAGES
For the year ended December 31, 2020

Schedule 2

	<u>2020</u>	<u>2019</u>
Revenue		
Accommodation	\$ 14,244	\$ 14,184
Grants	1,489	1,489
Recoveries	984	64,645
	<u>16,717</u>	<u>80,318</u>
 Expenses		
Utilities	\$ 7,335	\$ 45,029
Insurance	521	3,506
Building and Ground Maintenance	437	1,824
Telephone	22	-
Equipment Repairs and Maintenance	-	314
General Administration	-	1,616
	<u>8,315</u>	<u>52,289</u>
 Excess of revenue over expenses	 <u><u>\$ 8,402</u></u>	 <u><u>\$ 28,029</u></u>