

Wetaskiwin and Area Lodge Authority
Statement of Financial Position
As At December 31, 2016

	2016	2015
Assets		
Current		
Cash and cash equivalents (Note 3)	\$ 967,065	\$ 857,896
Accounts receivable (Note 4)	137,065	87,125
Prepays	<u>7,081</u>	<u>6,894</u>
	1,111,211	951,915
Tangible capital assets (Note 5)	<u>13,324,594</u>	<u>13,987,618</u>
Total Assets	<u>\$ 14,435,805</u>	<u>\$ 14,939,533</u>
Liabilities		
Current		
Accounts payable and accruals (Note 6)	\$ 111,290	\$ 186,709
Unearned income	1,944	-
Long term debt, current portion (Note 9)	<u>235,720</u>	<u>225,705</u>
	<u>348,954</u>	<u>412,414</u>
Deferred contributions related to capital assets (Note 8)	7,040,908	7,295,747
Long term debt (Note 9)	<u>6,838,842</u>	<u>7,074,562</u>
	<u>13,879,750</u>	<u>14,370,309</u>
Net Assets		
Unrestricted net assets	976,016	743,245
Internally restricted net assets (Note 10)	21,962	21,962
Net assets invested in capital assets	<u>(790,877)</u>	<u>(608,397)</u>
	<u>207,101</u>	<u>156,810</u>
Total Liabilities and Net Assets	<u>\$ 14,435,805</u>	<u>\$ 14,939,533</u>

Wetaskiwin & Area Lodge Authority
Statement of Changes in Net Assets
For the Year Ended December 31, 2016

	2016			2015
	Unrestricted Net Assets	Internally Restricted Net Assets (Note 10)	Net Assets Invested In Capital Assets	Total Net Assets
Beginning balance	\$ 743,245	\$ 21,962	\$ (608,397)	\$ 156,810
Excess of revenues over expenses	50,291	-	-	50,291
Amortization of capital assets	613,260		(613,260)	
Repayment of long term debt	(225,705)		225,705	
Amortization of deferred capital contribution	(205,075)		205,075	
Ending balance	<u>\$ 976,016</u>	<u>\$ 21,962</u>	<u>\$ (790,877)</u>	<u>\$ 207,100</u>
				<u>\$ 156,810</u>

Wetaskiwin and Area Lodge Authority
Statement of Operations
For the Year Ended December 31, 2016

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
Revenue			
Accommodation	\$ 1,828,223	\$ 1,881,900	\$ 1,865,081
Grants	510,134	481,000	585,661
Recoveries	173,587	133,500	131,542
Health services funding	225,245	228,600	233,009
Interest and miscellaneous income	4,460	4,000	5,036
Amortization of deferred contributions	<u>205,075</u>	<u>205,100</u>	<u>211,290</u>
	<u>2,946,724</u>	<u>2,934,100</u>	<u>3,031,619</u>
Expenses			
Building and ground maintenance	169,289	140,800	215,415
Conferences and travel	4,704	8,700	5,965
Amortization of tangible capital assets	613,260	626,500	632,792
Equipment repairs and maintenance	5,643	-	16,039
Food and kitchen supplies	432,086	475,300	443,641
Interest on long term debt	315,483	326,380	325,177
Insurance	12,600	11,700	11,242
Laundry and linen supplies	3,627	2,400	4,159
Administration management	227,400	227,400	220,572
General administration	23,876	72,700	14,475
Professional fees	13,248	7,000	6,252
Small equipment	1,475	1,000	3,510
Telephone	24,527	20,600	20,996
Utilities	180,939	198,700	184,929
Wages and benefits	<u>1,743,277</u>	<u>1,732,600</u>	<u>1,687,502</u>
	<u>3,771,434</u>	<u>3,851,780</u>	<u>3,792,666</u>
Deficiency of revenue over expenses before requisition and other item	(824,710)	(917,680)	(761,047)
Requisition (Note 13)	<u>875,001</u>	<u>875,000</u>	<u>875,000</u>
Excess (deficiency) of revenue over expenses	<u>\$ 50,291</u>	<u>\$ (42,680)</u>	<u>\$ 113,953</u>

Wetaskiwin and Area Lodge Authority
Statement of Cash Flows
For the Year Ended December 31, 2016

	2016	2015
Cash provided (used) by operating activities:		
Excess of revenue over expenses	\$ 50,291	\$ 113,953
Items not involving cash:		
Amortization of tangible capital assets	613,260	632,792
Amortization of deferred capital contributions	<u>(205,075)</u>	<u>(211,290)</u>
	458,476	535,455
Changes in operating net assets:		
Accounts receivable	(147,876)	(683)
Prepays	(187)	229
Accounts payable and accruals	22,518	(29,976)
Unearned income and deferred contributions	<u>1,944</u>	<u>(16,868)</u>
	<u>334,875</u>	<u>488,157</u>
Cash provided (used) by financing activities:		
Long term debt principal repaid	<u>(225,705)</u>	<u>(216,115)</u>
Increase in cash during the year	109,170	272,042
Cash - beginning of year	<u>857,897</u>	<u>585,855</u>
Cash - end of year	<u>\$ 967,065</u>	<u>\$ 857,897</u>

Wetaskiwin and Area Lodge Authority
Notes to the Financial Statements
For the Year Ended December 31, 2016

1. Nature of Operations:

Wetaskiwin and Area Lodge Authority (WALA) was established as a management body by Ministerial Order, pursuant to the Alberta Housing Act. It is responsible for the operation and administration of Peace Hills Lodge in Wetaskiwin, Alberta and West Pine Lodge in Winfield, Alberta.

WALA is 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 organizations set out in the CPA Canada Public Sector Accounting (PSA) Handbook. WALA is a GNFPO that has elected to follow the standards for not-for-profit organizations in the CPA Canada PSA Handbook.

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, and current portion of long term debt. 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, recoveries and health services funding, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue at the same rate of amortization as the related acquired capital assets. 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.

c) Cash and Cash Equivalents:

Cash and cash equivalents include cash on hand and balances with banks and guaranteed investment certificates with original maturities of 3 months or less.

Wetaskiwin and Area Lodge Authority
Notes to the Financial Statements
For the Year Ended December 31, 2016

2. Significant Accounting Policies (continued):

d) 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.

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 expected life:

Land improvements	10 years
Buildings	40 years
Equipment	5 to 10 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.

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, accounts receivable, accounts payable and accruals, and long term debt.

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.

Wetaskiwin and Area Lodge Authority
Notes to the Financial Statements
For the Year Ended December 31, 2016

3. Cash and Cash Equivalents:

The Board of Wetaskiwin and Area Lodge Authority has internally restricted \$21,962 of cash for resident life enhancement purposes (see also Note 11).

4. Accounts Receivable:

	2016	2015
Due from Bethany Nursing Home of Camrose, Alberta	\$ 7,255	\$ -
Resident rents receivable	31,629	12,267
GST rebate receivable	7,090	
Interest receivable	148	361
Grant funding receivable	<u>90,942</u>	<u>74,497</u>
	<u>\$ 137,064</u>	<u>\$ 87,125</u>

The department of Alberta Seniors has made a Lodge Renewal Grant available to management bodies to upgrade Lodge facilities. The total available grant for Peace Hills Lodge is \$237,000, of which \$191,157 has been expended up to and including 2016. \$100,215 has been collected with an outstanding amount of \$90,942 and will be reimbursed by The Province of Alberta Ministry of Seniors and Housing.

5. Tangible Capital Assets:

	2016			2015
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 175,000	\$ -	\$ 175,000	\$ 175,000
Land improvements	1,302,840	738,276	564,564	694,848
Buildings	15,085,739	2,912,275	12,173,464	12,552,230
Equipment	<u>1,033,659</u>	<u>622,093</u>	<u>411,566</u>	<u>565,540</u>
	<u>\$ 17,597,238</u>	<u>\$ 4,272,644</u>	<u>\$ 13,324,594</u>	<u>\$ 13,987,618</u>

6. Accounts Payable and Accruals:

	2016	2015
Due to Bethany Nursing Home of Camrose, Alberta	\$ -	\$ 97,937
Accounts payable	27,814	2,417
Accrued expenses	5,850	6,252
Accrued interest on long term debt	<u>77,626</u>	<u>80,103</u>
	<u>\$ 111,290</u>	<u>\$ 186,709</u>

Wetaskiwin and Area Lodge Authority
Notes to the Financial Statements
For the Year Ended December 31, 2016

7. Related Party Transactions:

The Bethany Nursing Home of Camrose, Alberta acts as Chief Administrative Officer (CAO) for WALA providing management, administrative, and operational support for the organization.

Bethany Nursing Home of Camrose, Alberta collects accommodation fees and pays all expenditures on behalf of the lodges and is reimbursed monthly. As at December 31, 2016, the amount due from (to) the management body for expenditures incurred for the lodges amounted to \$7,255 (2015 - (\$97,937))

The lodges paid \$105,000 (2015 - \$100,300) for shared administrative services. 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. Deferred Contributions - Tangible Capital Assets:

Deferred contributions related to tangible capital assets represent restricted contributions with which some of the organization's capital assets were purchased. The changes in the deferred contributions balance are as follows.

	2016	2015
Deferred balance, beginning of year	\$7,295,747	\$7,451,052
Add: contributions received	-	55,985
Less: adjustment for prior year	(49,764)	-
Less: amortization	<u>(205,075)</u>	<u>(211,290)</u>
Deferred balance, end of year	<u>\$7,040,908</u>	<u>\$7,295,747</u>

Wetaskiwin and Area Lodge Authority
Notes to the Financial Statements
For the Year Ended December 31, 2016

9. Long Term Debt:	2016	2015
County of Wetaskiwin, member of Wetaskiwin and Area Lodge Authority	\$ 7,074,561	\$ 7,300,267
Less: current portion	<u>(235,720)</u>	<u>(225,705)</u>
	<u>\$ 6,838,841</u>	<u>\$ 7,074,561</u>

The loan bears interest at 4.389%, and is repayable in blended semi-annual instalments of \$271,832.17 due March 2036. The collateral security lodged by the organization to support the long term debt is a collateral mortgage over land with a carrying value of \$175,000, a general security agreement covering all present and after acquired personal property, and an assignment of rents and leases.

Principal payments are estimated as:

2017	\$	235,720
2018		246,179
2019		257,103
2020		268,511
2021		280,425
Subsequent years		<u>5,550,903</u>
		<u>\$ 6,838,841</u>

10. Net Assets Internally Restricted:

Internally restricted funds are not available for unrestricted purposes without the approval of the Wetaskiwin and Area Lodge Authority Board of Directors. Funds are restricted for resident life enhancement activities and expenditures.

Wetaskiwin and Area Lodge Authority
Notes to the Financial Statements
For the Year Ended December 31, 2016

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.

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.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is subject to a fair value risk on its fixed rate debt. The organization does not use derivative financial instruments to alter the effects of this risk.

Liquidity risk

Liquidity risk is the risk that 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. Comparative Figures

Certain comparative amounts for the prior year have been reclassified in this years financial statements. The reclassification has no effect on the surplus (deficiency) from operations or the net assets of the organization as previously reported.

13. Municipal Requisitions:

	2016	2015
County of Wetaskiwin	\$ 575,488	\$ 571,550
City of Wetaskiwin	256,200	260,750
Town of Millet	<u>43,313</u>	<u>42,700</u>
	<u>\$ 875,001</u>	<u>\$ 875,000</u>