



ANNUAL REPORT >20
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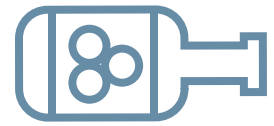


AHLA AT A GLANCE



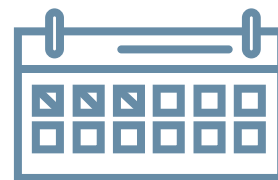
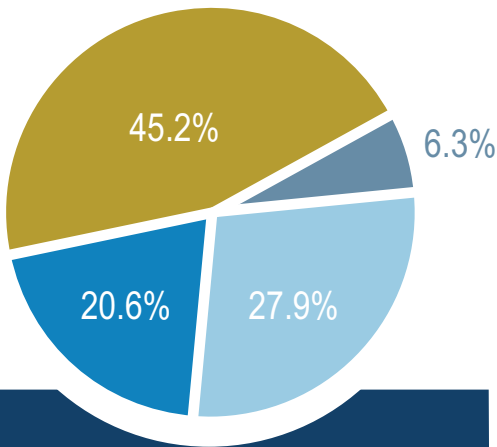
681
Member hotels

37%
of Members have liquor licences



79%
of guest rooms in Alberta

18%
of Members have VLTs



101
Years in business!



2020 REVENUE STREAMS:

- 27.9% Membership Dues & Events
- 45.2% Member Programs
- 20.6% HR Programs
- 6.3% Accounting & Admin Services

94%
Member retention



87%
of Members agree the AHLA brings value to their business



90%
of Members trust the AHLA to represent their interests to government



"Without the information provided by the AHLA, I would not have been able to navigate the constant changes in COVID relief opportunities and restrictions."

Vicki Specht,
Owner, Wabamun Hotel and Shoreside Inn & Suites



STATE OF ALBERTA'S HOTEL INDUSTRY

YEAR-OVER-YEAR OCCUPANCY

CITY	2019			2020		
	Occupancy	ADR Average Daily Rate	RevPAR Revenue Per Available Room	Occupancy	ADR Average Daily Rate	RevPAR Revenue Per Available Room
Airdrie	50.2%	\$94.63	\$47.54	34.2%	\$84.95	\$29.03
Banff	70.5%	\$268.05	\$189.06	38.0%	\$206.87	\$78.61
Bonnyville	45.1%	\$87.63	\$39.53	36.4%	\$82.14	\$29.88
Calgary*	60.6%	\$145.05	\$87.87	25.7%	\$114.12	\$29.32
Canmore	63.1%	\$211.16	\$133.17	40.7%	\$158.59	\$64.55
Drayton Valley	38.7%	\$102.27	\$39.55	31.6%	\$100.45	\$31.75
Drumheller	42.0%	\$140.56	\$59.09	28.2%	\$125.79	\$35.48
Edmonton*	56.1%	\$126.53	\$71.01	28.4%	\$112.25	\$31.91
Edson	57.9%	\$109.33	\$63.27	55.6%	\$108.90	\$60.50
Fort McMurray	42.1%	\$134.50	\$56.61	41.5%	\$129.18	\$53.65
Fort Saskatchewan	35.7%	\$93.66	\$33.46	26.0%	\$90.41	\$23.48
Grande Prairie	60.9%	\$133.62	\$81.38	36.2%	\$125.52	\$45.49
High Level	54.2%	\$131.86	\$71.50	43.7%	\$125.04	\$54.62
Hinton	62.7%	\$129.46	\$81.14	40.4%	\$102.22	\$41.34
Jasper	67.1%	\$280.93	\$188.40	44.1%	\$215.81	\$95.11
Leduc	50.3%	\$96.36	\$48.45	24.4%	\$88.09	\$21.47
Lethbridge	57.5%	\$110.39	\$63.49	27.8%	\$96.45	\$26.81
Lloydminster	51.5%	\$106.23	\$54.73	35.1%	\$110.68	\$38.81
Medicine Hat	59.0%	\$106.97	\$63.16	36.0%	\$100.21	\$36.08
Nisku	53.3%	\$97.02	\$51.68	24.0%	\$87.97	\$21.11
Red Deer	42.2%	\$108.18	\$45.67	21.1%	\$96.55	\$20.37
Sherwood Park	38.4%	\$113.27	\$43.55	22.9%	\$98.69	\$22.60
Whitecourt	41.2%	\$102.16	\$42.06	31.6%	\$97.89	\$30.91
Total Alberta	55.6%	\$153.73	\$85.43	30.7%	\$127.37	\$39.15

Source: STR Inc. Reproduction or other re-use of this data without the express written permission of STR is strictly prohibited.

*Occupancy rates and average daily room rates are based on monthly averages of all reporting hotels, motels and motor hotels in each designated region. Source: CBRE Hotels Trends in the Hotel Industry National Market Report, with reproduction and use of information subject to CBRE Disclaimer and Restrictions as detailed at www.cbre.ca

➤ In the first month of the pandemic lockdown, approximately **60%** of hotel rooms in Alberta were closed, and **90%** of staff were temporarily laid off.

TOP 5 NON-PANDEMIC ISSUES FOR AHLA MEMBERS:

1. Cost of utilities
2. Labour costs
3. Property taxes
4. Insurance
5. Staffing Levels



A YEAR TO REMEMBER



At the beginning of 2020, the AHLA amalgamated with the Alberta Hospitality Safety Association (AHSA). In March, the COVID-19 pandemic brought the travel and hotel industry to a standstill.

As Alberta hotels struggled to navigate the pandemic, the AHLA quickly responded by revising its strategic goals. By adjusting operations, slashing spending, and reducing staffing by 47%, the association refocused its resources on helping members to survive. Personal connections were key and AHLA staff reached out to more than 300 properties to understand their challenges and needs. In total, we had more than 1,300 touchpoints with members and safety subscribers throughout 2020.

GOAL 1: ADVOCACY TO SUPPORT INDUSTRY RECOVERY



"The AHLA belongs to its members.

When we work together, our association's size and determination demands the attention of policy makers."

Chris Barr,

AHLA Board Chair and General Manager of Banff Aspen Lodge

- Alberta hotels designated **essential services** while other businesses were forced to close.
- Members successful lobbied for **Tourism Levy abatement** to be extended to March 31, 2021, allowing them to retain an extra 4% of room revenue.
- **Temporary layoffs** extended for AHLA members, helping to maintain employment relationships with staff and avoid potentially devastating termination costs.
- Hotels were granted access to **Small and Medium Enterprise Relaunch Grant**, which was not available to hotels when it was first announced.

- **VLTs** permitted to re-open one week after being forced to close in enhanced regions.
- Came one step closer to fair rules for **short-term rentals**, when government announced they would be **required to pay the Tourism Levy**.
- Supported **federal advocacy** work of Hotel Association of Canada.

- The Government of Alberta incorporated guidelines and resources developed by the AHLA in their COVID guidance for the industry.



"The tireless efforts of the AHLA to help hotels navigate through this COVID world have been invaluable during such a turbulent time. Advocacy wins such as the Tourism Levy abatement and ministerial variance on temporary layoffs have helped us financially, and the communications throughout have ensured we are informed about the assistance available to us."

Leanne Shaw,

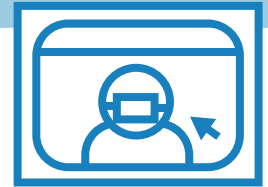
Past AHLA Chair and General Manager of Country Inn & Suites by Radisson Calgary-Airport



➤ GOAL 2: DELIVER PROGRAMS AND SERVICES THAT DRIVE MEMBER ENGAGEMENT

Health & safety support for safety subscribers, regardless of AHLA membership status

- Continuous updates on funding, public health, legislation & best practices
- Resources to manage through the pandemic, including:
 - ▶ Staying Safe Guide
 - ▶ Property closure checklist
 - ▶ Guidelines for self-isolating guests
 - ▶ Information on property tax, increasing bookings & repurposing distressed properties
 - ▶ COVID-19 support web pages
 - Protecting staff & guests • Liquidity • Managing staff • Employee resources



35,000+ visits to AHLA's COVID support web pages in 2020

Development & launch of AHLA Safe Accommodation Promise (ASAP)



1st annual Ascend conference

Gave Alberta's hotel industry leaders & investors the data, information, and insight to inform business strategy, forecasts, and budgets.

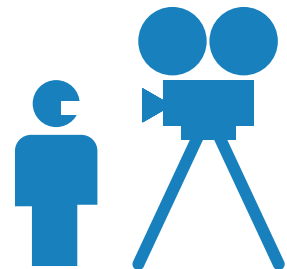


➤ 150 hotels attended

New Quarterly Insight webinars

Shared industry data, resources & AHLA updates

➤ 20% of member properties attended



TourismWorks hospitality training videos free for AHLA members

Helped hotels train new employees and skill up current staff



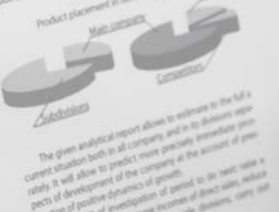
➤ GOAL 3: ENSURE SUSTAINABILITY OF THE AHLA

- Introduced new membership dues structure with:
 - ▶ Lower base fees
 - ▶ Lower fees for VLTs and liquor licences
 - ▶ Rewards for participation in AHLA programs
 - ▶ Discounts for ownership groups with multiple properties
- Focused on strong fiscal management by adjusting operations, revising the budget, and reducing staffing
- Member participation in cost-management programs through AHLA Services Corporation
- Proactive recruitment to ensure high-functioning boards of directors with progressive governance practices



ahla ALBERTA HOTEL &
LODGING ASSOCIATION

2020 > CONSOLIDATED FINANCIAL STATEMENTS



The given analytical report allows to estimate to the full a current situation both in all company and in its divisions separately. It will allow to predict more precisely immediate prospects of development dynamics of growth.

As a result of investigation of period to do next: take a break-even sales level, increase incomes of direct sales, reduce costs to transportation, strengthen sale division, carry out personnel training.

Management's Responsibility

To the Members of Alberta Hotel & Lodging Association:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Association. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Association's external auditors.

MNP LLP is appointed by the members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

April 8, 2021

signed by "Dave Kaiser"

President & Chief Executive Officer

signed by "Sandra Schweitzer"

Director of Finance

To the Members of Alberta Hotel & Lodging Association:

Opinion

We have audited the consolidated financial statements of Alberta Hotel & Lodging Association and its subsidiary (the "Association"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of revenues and expenses, changes in surplus and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Association as at December 31, 2020, and the results of its consolidated operations and its consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the annual report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Association'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 Association'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 consolidated 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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Edmonton, Alberta

April 8, 2021

MNP **LLP**

Chartered Professional Accountants

Alberta Hotel & Lodging Association

Consolidated Statement of Financial Position

As at December 31, 2020

	2020	2019
Assets		
Current		
Cash and cash equivalents <i>(Note 4)</i>	1,184,493	60,390
Trading investments <i>(Note 5)</i>	693,459	26,059
Accounts receivable and prepaid expenses <i>(Note 6) (Note 17)</i>	493,625	367,361
Receivable from Alberta Hospitality Safety Association	-	1,574
	2,371,577	455,384
Other assets <i>(Note 7)</i>	-	508
Capital assets <i>(Note 8)</i>	3,191,926	3,278,529
Intangible assets <i>(Note 9)</i>	57,246	244,189
	5,620,749	3,978,610
Liabilities		
Current		
Accounts payable and accrued liabilities <i>(Note 11)</i>	264,850	237,611
Deferred revenue <i>(Note 12)</i>	596,585	358,071
Income taxes payable	12,679	14,643
	874,114	610,325
Significant event <i>(Note 17)</i>		
Surplus		
Safety	878,410	-
Operating	332,053	(128,433)
Capital investment	3,236,172	3,496,718
Capital reserve	300,000	-
	4,746,635	3,368,285
	5,620,749	3,978,610
Approved on behalf of the Board		
<i>signed by "Chris Barr"</i>	<i>signed by "Brooke Christianson"</i>	
Director	Director	

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

Alberta Hotel & Lodging Association
Consolidated Statement of Revenue and Expenses
For the year ended December 31, 2020

	2020	2019
Member Value Programs <i>(Schedule 1)</i>		
Revenue	1,072,331	1,157,576
Expenses	150,792	213,697
Excess of revenue over expenses	921,539	943,879
Human Resource & Safety Programs <i>(Schedule 1)</i>		
Revenue	488,573	427,080
Expenses	322,785	426,781
Excess of revenue over expenses	165,788	299
Membership Communications <i>(Schedule 1)</i>		
Revenue	660,653	1,179,469
Expenses	262,841	825,591
Excess of revenue over expenses	397,812	353,878
Government Advocacy & Industry Relations <i>(Schedule 1)</i>		
Revenue	-	21,000
Expenses	111,410	124,301
Deficiency of revenue over expenses	(111,410)	(103,301)
Excess of revenue of expenses of segments	1,373,729	1,194,755
Other income <i>(Schedule 1), (Note 14)</i>	677,213	532,465
General expenses <i>(Schedule 1)</i>	(1,335,365)	(1,722,158)
Other expense <i>(Schedule 1)</i>	(14,652)	(14,643)
Excess (deficiency) of revenue over expenses for the year	682,725	(9,581)
Total revenue	2,221,557	2,785,125
Total expenses	(847,828)	(1,590,370)
Other income <i>(Note 14), (Note 17)</i>	677,213	532,465
General expenses <i>(Schedule 1)</i>	(1,353,565)	(1,722,158)
Other expense <i>(Schedule 1)</i>	(14,652)	(14,643)
Excess (deficiency) of revenue over expenses for the year	682,725	(9,581)

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

Alberta Hotel & Lodging Association Consolidated Statement of Changes in Surplus

For the year ended December 31, 2020

					2020	2019
	<i>Safety</i>	<i>Operating</i>	<i>Surplus invested in capital and intangible assets</i>	<i>Capital reserve</i>		
Surplus, beginning of year	-	(128,433)	3,496,718	-	3,368,285	3,377,866
Excess (deficiency) of revenue over expenses	182,785	789,002	(289,062)	-	682,725	(9,581)
Equity acquired through asset transfer (Note 3)	695,625	-	-	-	695,625	-
Purchase of capital and intangible assets	-	(28,516)	28,516	-	-	-
Interfund transfers	-	(300,000)	-	300,000	-	-
Surplus, end of year	878,410	332,053	3,236,172	300,000	4,746,635	3,368,285

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

Alberta Hotel & Lodging Association Consolidated Statement of Cash Flows

For the year ended December 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	682,725	(9,581)
Amortization of capital, intangible and other assets	250,481	267,063
Impairment of intangible asset (Note 9)	52,090	-
Reinvested investment income, net (Note 5)	(29,766)	(3,045)
	955,530	254,437
Changes in working capital accounts		
Accounts receivable and prepaid expenses	(115,842)	706
Accounts payable and accrued liabilities	(59,130)	(10,495)
Deferred revenue	233,314	(85,066)
Receivable from Alberta Hospitality Safety Association	-	5,461
Income taxes payable	(1,964)	14,643
	1,011,908	179,686
Financing		
Repayments of bank indebtedness	-	(68,856)
Investing		
Purchase of capital assets	-	(4,527)
Purchase of intangible assets	(28,516)	(63,400)
Cash acquired from amalgamation (Note 3)	140,711	-
	112,195	(67,927)
Increase in cash resources	1,124,103	42,903
Cash resources, beginning of year	60,390	17,487
Cash resources, end of year	1,184,493	60,390

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

Alberta Hotel & Lodging Association

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

1. Incorporation and nature of the association

Alberta Hotel & Lodging Association (the "Association") is registered as a not-for-profit organization under the Societies Act of Alberta and is exempt from income taxes under Section 149 of the Income Tax Act. The consolidated financial statements include Alberta Hotel & Lodging Association and its wholly-owned subsidiary AHLA Services Corporation (collectively the "Association"). Assets, liabilities, revenues and expenses of the subsidiary have been consolidated. All inter-company transactions and balances with subsidiary have been eliminated.

The Association is a voluntary association, established in 1919, that serves Alberta's tourism and hospitality industry. With approximately 681 member properties across Alberta, the Association represents hotels, motels, inns, resorts and lodges.

Effective January 1, 2020, the Association obtained all financial assets and liabilities of Alberta Hospitality and Safety Association as discussed in Note 3.

The Association has a common director with the Canadian Hotel and Lodging Association Inc. (CHLA). The CHLA is registered as a not-for-profit organization under the Canada Corporations' Act – Part II and is exempt from income taxes under Section 149 of the Income Tax Act. The CHLA was established in 2009, to fund, facilitate, promote and carry out activities and programs for the advancement of the hospitality industry in Canada.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Handbook.

Investment in a profit-oriented subsidiary

The Association's consolidated financial statements include the accounts of its wholly-owned subsidiary, AHLA Services Corporation. Consolidated financial statements are prepared by aggregating the accounts of AHLA Services Corporation with those of the Association. Transactions between the organizations and inter-organization balances have been eliminated in the consolidated financial statements.

Restricted surplus

The Association follows the deferral method of accounting for contributions and in addition to its general operating surplus from program delivery and administrative activities, the following surplus reserves are maintained: safety, invested in capital and intangible assets and capital reserve.

The invested in capital and intangible assets surplus reports the Association's assets, liabilities, revenue and expenses related to Alberta Hotel & Lodging Association's capital and intangible assets.

Safety surplus reports the Association's accumulated surplus related to integrated health & safety resources and training, including the initial surplus transferred from Alberta Hospitality Safety Association (Note 3).

The capital reserve was established by the Association's Board of Directors to restrict resources to be utilized for future significant capital projects or replacement.

Revenue recognition

The Association follows the deferral method of accounting, which results in the following:

Sales are recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Rental revenue from leases is recognized on a straight-line basis over the lease term.

Revenue from guide and internet advertising is recognized when the information for publication is available for distribution.

Net investment and other income are recognized in the period in which it was earned.

Advances received for services to be rendered by the Association are deferred and recognized in the statement of revenue and expenses in the period in which the service is provided.

Government assistance received for current expenses is recognized in revenue in the current period. Government assistance received for expenses of future periods is deferred and amortized to income as related expenses are incurred.

Alberta Hotel & Lodging Association
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

2. **Significant accounting policies** (Continued from previous page)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term investments with maturities of three months or less.

Other assets

Other assets consist of lease inducements related to tenant improvements and direct costs associated with the lease agreement. These costs are amortized on a straight-line basis over five years, which is the term of the lease.

Capital assets

Capital assets are recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Buildings	straight-line	40 years
Office furniture and fixtures	straight-line	10 years
Computer equipment	straight-line	3 years
Photocopiers	straight-line	5 years
Telephone system	straight-line	5 years
Other office equipment	straight-line	4 years

Intangible assets

All of the Association's intangible assets have limited useful lives and primarily include capitalized computer software.

Development costs that are directly associated with identifiable and unique software controlled by the Association are recorded as intangible assets if inflow of incremental economic benefits exceeding costs is probable. Capitalized costs include staff costs of the software development team, costs incurred on contracts with third party developers and an appropriate portion of relevant overheads. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred. Intangible assets are amortized using the straight-line method over their useful lives.

Capitalized internal software development costs, software costs and website costs are amortized on a straight-line basis over three years. Capitalized program development costs are amortized on a straight-line basis over five years.

Long-lived assets

Long-lived assets consist of capital assets and intangible assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Association writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Association's ability to provide goods and services. The asset is also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Association determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Contributed materials

Contributions of materials are recognized both as contributions and expenses in the statement of revenue and expenses when a fair value can be reasonably estimated and when the materials are used in the normal course of the Association's operations and would otherwise have been purchased. No contributed materials (2019 - \$nil) were recorded in the year.

Allocation of expenses

The Association records a number of its expenses by program, including tourism marketing, member value programs, human resource development, membership communications, and government and industry relations. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing these services. Labour costs are allocated based on actual time spent as reported in approved timesheets.

The Association also incurs a number of general support expenses that are common to the administration of the Association and each of its pillars. General support expenses, which include Board of Directors, information technology, and office overhead costs, are included in general expenses.

Alberta Hotel & Lodging Association
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

2. **Significant accounting policies** (Continued from previous page)

Financial instruments

All financial instruments are initially recorded at their fair value, excluding certain financial assets and liabilities originated and issued in a related party transaction measured at their carrying or exchange amount in accordance with Section 3480 Related Party Transactions. At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value. The Association has not made such an election during the year.

The Association subsequently measures investments in equity instruments quoted in an active market at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

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

The Association assesses impairment of all of its financial assets measured at cost or amortized cost when there is an indication of impairment. Any impairment which is not considered temporary is included in current year excess (deficiency) of revenues over expenses.

Measurement uncertainty (use of estimates)

The preparation of consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets and intangible assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

3. **Transfer from Alberta Hospitality Safety Association**

Effective January 1, 2020, the Association received the following amounts from the Alberta Hospitality Safety Association and integrated health & safety resources and training into its offerings, and has committed to deliver such resources and training to all employers that remit premiums into Alberta Workers Compensation Board industry code 87503:

Cash	140,711
Accounts receivable	9,940
Investments	637,634
Prepaid investments and deposits	575
Accounts payable and accruals	(86,461)
Deferred revenue	(5,200)
Payable to AHLA	(1,574)
	<hr/>
Surplus	695,625

The Association reported the transaction as a direct increase to Surplus on January 1, 2020 and has not restated comparative figures.

Alberta Hotel & Lodging Association
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

4. Cash and cash equivalents

	2020	2019
Cash on hand	-	300
Cash in bank non-interest bearing accounts	366,496	18,628
Bank balances payable on demand - weighted average annual interest rate of 0.20% (2019 - 1.70%)	817,997	41,462
	1,184,493	60,390

5. Trading investments

	2020	2019
Corporate bonds - Canadian issuers	259,780	7,564
Canadian Provincial Government bonds	228,817	5,494
Corporate stock - Canadian companies	90,004	5,917
Canadian Federal Government bonds	57,607	4,238
Convertible bonds	21,540	712
Corporate stock - US companies	20,121	1,389
Cash	15,590	745
	693,459	26,059

	2020	2019
Change in investments		
Investments, beginning of year	26,059	23,014
Investments acquired through amalgamation (Note 3)	637,634	-
Reinvested interest income	16,849	532
Reinvested net gain	9,412	2,328
Reinvested dividend income	3,505	185
Investments, end of year	693,459	26,059

None of the trading investments are pledged as collateral.

6. Accounts receivable and prepaid expenses

	2020	2019
Trade receivables	453,736	287,242
GST receivable	21,411	49,785
Prepaid expenses	18,478	32,736
Allowance for doubtful accounts	-	(2,402)
	493,625	367,361

7. Other assets

	Cost	Accumulated amortization	2020 Net	2019 Net
Tenant improvements	54,354	54,354	-	508

For the year ended December 31, 2020, amortization of \$508 (2019 - \$871) was expensed relating to other assets.

Alberta Hotel & Lodging Association
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

8. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2020 Net book value</i>	<i>2019 Net book value</i>
Land	927,021	-	927,021	927,021
Buildings	3,128,444	866,495	2,261,949	2,340,160
Office furniture and fixtures	220,652	219,613	1,039	1,834
Computer equipment	113,348	111,839	1,509	8,699
Photocopiers	40,045	40,045	-	-
Telephone system	29,662	29,662	-	-
Other office equipment	21,365	20,957	408	815
	4,480,537	1,288,611	3,191,926	3,278,529

For the year ended December 31, 2020, amortization of \$86,604 (2019 - \$92,131) was expensed relating to capital assets.

9. Intangible assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2020</i>	<i>2019</i>
Websites	799,719	795,995	3,724	7,449
Program development costs	57,053	39,165	17,888	139,955
Software development costs	484,010	448,677	35,333	90,553
Software costs	75,207	74,906	301	6,232
	1,415,989	1,358,743	57,246	244,189

For the year ended December 31, 2020, amortization of \$163,369 (2019 - \$174,061) was expensed relating to intangible assets.

The Association was part of an Innovation, Science and Economic Development (ISED) grant project which included offering free participation to all hotels who use the Check In Canada program from March 1, 2021 to February 28, 2022. As a result, management anticipates limited revenue from the Check In Canada program through to February 22, 2022. Therefore an impairment provision of \$52,090 (2019 - \$nil) was recorded on program development costs. As at December 31, 2020, the net book value of the Check In Canada program is \$nil.

10. Bank indebtedness

The Association's credit facility with the Bank of Nova Scotia ("Scotiabank") has a global credit limit of \$1,500,000 including an operating line of credit with the bearing interest at prime plus 0.25%, authorized to a maximum of \$250,000 and a corporate VISA facility with a limit of \$12,000. As at December 31, 2020, the Association had drawn \$nil (2019 - \$nil) with respect to its operating line of credit.

The collective credit facility is secured by a general security agreement providing a charge over all present and future property of the Association; replacement cost fire insurance coverage; \$2,000,000 collateral mortgage with first charge over land and building; a real property report; and an assignment of all leases and rents.

The credit facility is subject to certain financial covenants with respect to debt service coverage. The credit facility is also subject to certain non-financial covenants requiring written permission from Scotiabank including: changes in ownership, mergers, acquisitions, investments or change in the line of business. As at December 31, 2020, the Association is in compliance with all such covenants.

11. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances (such as payroll withholding taxes and goods and services taxes) of \$13,230 (2019 - \$64,141).

Alberta Hotel & Lodging Association
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

12. Deferred revenue

	2020	2019
Energy efficiency levy	306,468	306,468
WCB capital project funding	119,300	-
Deferred membership fees	99,964	-
Government of Alberta grant	27,500	-
Lease deposits	13,827	15,140
Campground grant	13,000	26,000
Food Buy sponsorship	8,950	-
Deferred access fee	7,576	7,375
Other	-	3,088
	596,585	358,071

Lease deposits relate to damage deposit and last month's rent held as security.

Deferred revenue from energy efficiency levy relates to revenue collected during the 2006 - 2010 Utility Partnership program with EPCOR and is retained for specific use in providing environmental stewardship benefits to members. In the year, \$nil (2019 - \$nil) was spent on eligible program costs resulting in recognition of the corresponding amount of revenue.

Deferred revenue from Tourism Works is the unamortized portion of funds spent on the development of the Tourism Works website. In 2020, \$nil (2019 - \$nil) of grant funds were received and \$nil (2019 - \$17,333) was recognized as revenue.

Deferred revenue from campground grant is the unamortized portion of funds spent for the upload of Alberta campgrounds information into an existing database to facilitate user interface through the Check In Canada program. In 2020, \$nil (2019 - \$nil) of grant funds were received and \$13,000 (2019 - \$13,000) was recognized as revenue.

Deferred revenue from WCB is the unspent funds for developing and implementing an online learning management system (LMS). In 2020, \$119,300 (2019 - \$nil) of grants funds were received and \$nil (2019 - \$nil) was recognized as revenue.

Deferred revenue from Government of Alberta is the unspent funds for annual convention. In 2020, \$27,500 (2019 - \$27,500) of grant funds were received and \$nil (2019 - \$27,500) was recognized as revenue.

13. Restrictions on surplus

The Association's total surplus is comprised of the following:

	2020	2019
Surplus invested in capital and intangible assets:		
Capital assets	3,191,926	3,278,529
Intangible assets	57,246	244,189
Unamortized deferred capital contribution (Note 12)	(13,000)	(26,000)
	3,236,172	3,496,718
Unrestricted surplus (deficiency)	332,053	(128,433)
Safety program surplus	878,410	-
Capital reserve	300,000	-
	4,746,635	3,368,285

Alberta Hotel & Lodging Association
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

14. Other income

	2020	2019
Wage subsidies (Note 17)	338,441	-
Rental income	173,934	215,236
Trustee; financial, administrative and management services; and survey fees (Note 15)	148,253	274,523
Job grant	10,667	26,667
Interest income	4,817	6,526
Sponsorship	1,000	1,000
Dividends	101	185
CRM licensing	-	6,000
Gain on trading investments	-	2,328
	677,213	532,465

15. Trust accounts

As provided for under the Trust and Governance Agreements the Association has with various destination marketing funds, the Association receives and disburses funds in trust. These trust funds are accounted for separately and, accordingly, are not reflected in these consolidated financial statements. As at December 31, 2020, the Association held trust funds on deposit in the amount of \$7,172,728 (2019 - \$9,223,505).

16. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

The Association is exposed to interest rate risk arising from fluctuations in interest rates on its cash and trading investments, as described in Notes 4 and 5 and its bank indebtedness as described in Note 10.

Market risk

The Association is exposed to market risk through its trading investments. The risk is minimized by the conservative composition of investments which is governed by the Association's investment policy.

Credit risk

The Association is exposed to credit risk through its cash, trading investments and accounts receivable. The maximum amount of credit risk exposure is limited to the carrying value of the balances as disclosed in these consolidated financial statements.

The Association manages its exposure to credit risk on cash and trading investments by placing these financial instruments with high quality financial institutions. The investments are managed on the Association's behalf by an external investment manager. The Board of Directors with the assistance of the investment manager has established guidelines for the asset mix in accordance with the Association's investment policy.

The Association assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

Alberta Hotel & Lodging Association

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

17. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian federal, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Association 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, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Association's business and financial condition.

The Association applied for the Canada Emergency Wage Subsidy (CEWS) and Temporary Wage Subsidy (TWS). Under the CEWS and TWS programs, organizations experiencing significant revenue reductions during the COVID-19 pandemic are eligible to receive a subsidy for a portion of employee wages or deductions paid during those periods. For the year ended December 31, 2020, the Association claimed aggregate subsidies under these programs of \$338,441, of which \$202,661 remained in accounts receivable at year-end.

Alberta Hotel & Lodging Association
Schedule 1 - Consolidated Schedule of Revenue and Expenses

For the year ended December 31, 2020

Member Value Programs

	2020	2019
Revenue		
Self-insurance program	497,110	453,529
Electrical energy and natural gas program	362,154	440,238
Accommodation programs	136,449	149,522
Health plan	66,284	81,693
Partnership programs and other revenues	10,334	32,594
	1,072,331	1,157,576
Expenses		
Self-insurance program	66,800	63,492
Electrical energy and natural gas program	29,010	61,260
Accommodation programs	53,341	68,093
Health plan	1,641	11,387
Partnership programs and other expenses	-	9,465
	150,792	213,697
Excess of revenue over expenses	921,539	943,879

Human Resource & Safety Programs

	2020	2019
Revenue		
Safety training	434,471	-
Destination employment	47,108	387,913
Employer of Choice and Tourism Works	3,057	20,505
Certifications and training products	2,987	17,863
HR programs and other revenues	950	799
	488,573	427,080
Expenses		
Safety training	251,686	-
Destination employment and HR indirect expenditures	46,495	306,054
Employer of Choice and Tourism Works	21,390	72,335
Certifications and training products	2,674	10,939
HR projects	540	37,453
	322,785	426,781
Excess of revenue over expenses	165,788	299

Alberta Hotel & Lodging Association
Schedule 1 - Consolidated Schedule of Revenue and Expenses
For the year ended December 31, 2020

Membership Communications

	2020	2019
Revenue		
Membership services	594,813	660,759
Member events: annual convention & trade show and regional meetings	60,346	513,949
Membership publications	5,494	4,761
	660,653	1,179,469
Expenses		
Membership services	141,473	212,291
Member events: annual convention & trade show and regional meetings	81,205	566,790
Membership publications	40,163	46,510
	262,841	825,591
Excess of revenue over expenses	397,812	353,878

Government Advocacy & Industry Relations

	2020	2019
Revenue		
Government relations: general	-	21,000
Expenses		
Government relations: general	111,410	124,301
Deficiency of revenue over expenses	(111,410)	(103,301)

Other income

	2020	2019
Other income <i>(Note 14), (Note 17)</i>	677,213	532,465

Alberta Hotel & Lodging Association
Schedule 1 - Consolidated Schedule of Revenue and Expenses
For the year ended December 31, 2020

General expenses

	<i>2020</i>	<i>2019</i>
Total overhead office payroll	539,311	694,034
Total other expenses	285,558	233,096
Total computer/IT and telecommunications expenses	165,048	253,884
Total building expenses	157,922	199,061
Total Board of Directors expenses	109,095	175,114
Total professional fees	48,220	79,593
Total general office expenses	46,806	80,797
Total marketing expenses	1,605	6,579
	1,353,565	1,722,158

Other expense

	<i>2020</i>	<i>2019</i>
Income tax provision	14,652	14,643



"It gives me a sense of security to belong to an association that represents hotels in Alberta, be it small or big. We have information we need on the website and we get timely updates on important matters."

Ruth Sibal,
General Manager, Lakeview Inns and Suites Slave Lake

ahla || ALBERTA HOTEL &
LODGING ASSOCIATION

2707 Ellwood Drive SW, Edmonton, AB T6X 0P7

www.ahla.ca T: 780.436.6112 TF: 888.436.6112 E: WeHelpHotels@ahla.ca

