



ANNUAL REPORT 2021





2021 AT A GLANCE



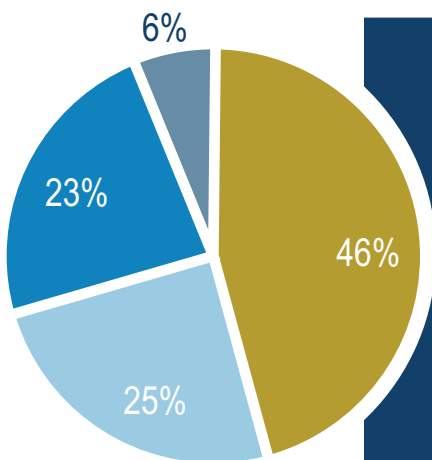
“Our advocacy wins in 2021 helped to support AHLA members through recurring waves of Covid-19. The extensions to temporary layoffs and extended abatement of the Tourism Levy provided hotels with much needed liquidity support. The timely implementation of the Restrictions Exemption Program allowed hotels to operate their food & beverage and meeting facilities, and stay competitive with provinces that implemented vaccine passport systems.”

– **Dave Kaiser**, President & CEO



“2021 was a year of true adversity and accomplishment for our industry. The AHLA was there to assist our members through it all, advocating for programs, and being there to listen as they navigated an ever-changing landscape like we’d never seen before. As a result, the AHLA was able to bring together Alberta hotels by achieving strong membership retention and hitting our registration goals for our inaugural Ascend conference. 2021 showed us all that by working together, anything is possible.”

– **Chris Barr**, Board Chair



2021 REVENUE STREAMS:

- 46% Member Value Programs
- 25% Membership & Events
- 23% HR & Safety Programs
- 6% Accounting & Admin Services



663
Member hotels



76%
of guest rooms in Alberta (over 62K rooms)



89%
Member retention



41%
of Members have liquor licences



20%
of Members have VLTs



89%
have Alberta-based ownership



Over **99%**
are small or medium-sized enterprises, employing under 500 people.

STATE OF ALBERTA'S HOTEL INDUSTRY

YEAR-OVER-YEAR OCCUPANCY

CITY	2020			2021		
	Occupancy	ADR Average Daily Rate	RevPAR Revenue Per Available Room	Occupancy	ADR Average Daily Rate	RevPAR Revenue Per Available Room
Airdrie	34.2%	\$84.95	\$29.03	41.1%	\$97.24	\$40.01
Banff	38.0%	\$206.87	\$78.61	41.3%	\$251.12	\$103.80
Bonnyville	36.4%	\$82.14	\$29.88	40.8%	\$82.49	\$33.69
Calgary*	25.7%	\$114.12	\$29.32	33.2%	\$119.35	\$39.61
Canmore	40.7%	\$158.59	\$64.55	48.4%	\$118.66	\$87.84
Drayton Valley	31.6%	\$100.45	\$31.75	52.3%	\$101.11	\$52.90
Drumheller	28.2%	\$125.79	\$35.48	36.3%	\$140.64	\$50.99
Edmonton*	28.4%	\$112.25	\$31.91	34.4%	\$100.35	\$34.54
Edson	55.6%	\$108.90	\$60.50	64.3%	\$110.26	\$70.94
Fort McMurray	41.5%	\$129.18	\$53.65	39.4%	\$129.44	\$51.01
Fort Saskatchewan	26.0%	\$90.41	\$23.48	35.9%	\$97.22	\$34.91
Grande Prairie	36.2%	\$125.52	\$45.49	43.9%	\$122.58	\$53.76
High Level	43.7%	\$125.04	\$54.62	n/a	n/a	n/a
Hinton	40.4%	\$102.22	\$41.34	45.8%	\$114.20	\$52.34
Jasper	44.1%	\$215.81	\$95.11	43.6%	\$256.81	\$111.86
Leduc	24.4%	\$88.09	\$21.47	30.0%	\$80.42	\$24.11
Lethbridge	27.8%	\$96.45	\$26.81	35.5%	\$100.91	\$35.79
Lloydminster	35.1%	\$110.68	\$38.81	39.5%	\$107.15	\$42.33
Medicine Hat	36.0%	\$100.21	\$36.08	40.2%	\$102.95	\$41.43
Nisku	24.0%	\$87.97	\$21.11	31.8%	\$80.50	\$25.57
Red Deer	21.1%	\$96.55	\$20.37	31.0%	\$97.36	\$30.16
Sherwood Park	22.9%	\$98.69	\$22.60	35.4%	\$91.34	\$32.30
Whitecourt	31.6%	\$97.89	\$30.91	38.2%	\$97.23	\$37.12
Total Alberta	30.7%	\$127.37	\$39.15	37.7%	\$133.97	\$50.53

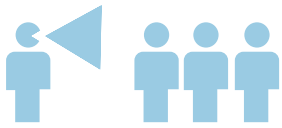
Source: Smith Travel Research Inc. (STR). Reproduction or other re-use of this data without the express written permission of STR is strictly prohibited.

* Occupancy rates and average daily room rates are based on monthly averages of all reporting hotels, motels and motor hotels in each designated region. Revenue per available room is calculated using the occupancy rate and average daily room rate. ** Source: CBRE Hotels' Trends in the Hotel Industry National Market/Operations Report, with reproduction and use of information subject to CBRE Limited Disclaimer and Terms of Use as detailed at www.cbre.ca. *** Data for High Level is not available due to there being less than the required 4 reporting properties.

TOP 3 ISSUES FOR AHLA MEMBERS IN 2021:

1. Occupancy & Average Daily Rate (ADR)
2. Staff recruitment & retention
3. Cost of utilities

GOAL 1: ADVOCACY TO SUPPORT INDUSTRY RECOVERY



100%

of Members trust the AHLA to represent their interests to government.

The AHLA worked on behalf of members to advocate for policies and supports that would help hotels survive the pandemic. We met with federal and provincial governments to ensure they had real-time information on the state of Alberta's hotel industry. In 2021, we helped our members:

- Maintain employment relationships with staff and avoid potentially devastating termination costs by securing temporary layoffs extensions to December 31, 2021.
- Retain an extra 4% of room revenue by successfully lobbying to have the Tourism Levy abatement extended.

- Convince the government to ease Covid-19 restrictions on amenities like VLTs, swimming pools, and meeting rooms.
- Successfully pressure the government to include housekeeping, janitorial, food service, kitchen, and security staff in the Critical Worker Benefit.
- Secure federal financial support, like the Tourism and Hospitality Recovery Program, by working with the Hotel Association of Canada.
- Connect with Premier Jason Kenney and several Cabinet members by hosting a town hall focused on Covid-19 restrictions, employees and labour, and support for our industry.

EDMONTON JOURNAL July 11, 2021

'We've been in survival mode': Alberta hotel industry continues to struggle to recover from COVID-19

CBCNEWS October 23, 2021

'Relieved and thankful': Alberta hotels and restaurants welcome new targeted subsidies

EDMONTON JOURNAL December 28, 2021

Alberta offers six-month tourism levy break for hotels again until March



"Thank you for all the support you have provided us in 2021. Your advocacy efforts were greatly appreciated and we felt our voices were stronger through the support of our associations."

Tas Pereira, General Manager, Buffalo Mountain Lodge

GOAL 2: DELIVER PROGRAMS AND SERVICES THAT DRIVE VALUE FOR MEMBERS



"After a difficult year of insurance premium increases, the Board of the AHLA Services Corporation (ASC) conducted a 3rd party review of our insurance program. Our goal is to find a long-term solution to help members take control of their insurance costs. The ASC Board also worked with long-time partner Gas Alberta Energy (GAE) to expand their services to include the supply of electricity. The revised program will continue to provide access for all members to electricity at attractive prices and terms not available to individual hotels." **Peter Pellatt, ASC Board Chair**

MEMBERSHIP HIGHLIGHTS



86%

of Members agree or strongly agree the AHLA brings value to their business

The AHLA's energy programs offer excellent value for members. GAE's energy purchasing strategies have continually **outperformed retail natural gas fixed price contracts by over 30%**.

- 255 hotels on natural gas contracts
- 396 hotels on power contracts



LOSS PREVENTION TRAINING:
It's Good Business

Property and liability insurance continued to be a significant cost for hotels in 2021. In response, the AHLA created a series of loss prevention and risk management videos and training resources to help reduce claims and influence premiums.



GOAL 2: DELIVER PROGRAMS AND SERVICES THAT DRIVE VALUE FOR MEMBERS



"It's been a very tough couple of years on every front, least of which is trying to remain connected to what is going on out there. In what must be one of the most challenging years in the history of the AHLA, I thank you for doing everything you could to providing us with accurate and timely information."

Perry Wilford, General Manager, Glenmore Inn & Convention Centre

EVENTS

Ascend

Our first in-person Ascend conference was held in Edmonton on the first day of the Restrictions Exemption Program—demonstrating how industry could gather safely and bringing together Alberta hoteliers.

"I really enjoyed all of the presentations, but in particular the Accommodation Outlook and the update on Alberta's political landscape. Our minds are all firmly focused on the politics of our province right now and the session was fascinating. It was also great to hear from Travel Alberta's David Goldstein."

Perry Batke,
Denham Hospitality Organization



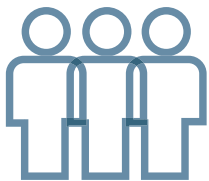
Over **100**
member hotels represented

Quarterly Insight

Attendees received updates on the state of the industry, economic indicators, Covid-19 regulations and supports, changes to legislation, federal and provincial advocacy

initiatives, insurance and energy costs, cost-saving programs for members, and much more. The webinars also provided members with access to government representatives, and energy and financial market experts.

HUMAN RESOURCES AND HEALTH & SAFETY HIGHLIGHTS



7,850
Hotel employees took training through the AHLA in 2021

86% of participants Agreed or Strongly Agreed that they felt more prepared to deal with workplace violence after taking these training courses.

AHLA Safe Accommodation Promise

As the pandemic continued to impact members, they renewed their commitment to staff and guest health & safety with the AHLA Safe Accommodation Promise.

We continued to offer Joint Worksite Health & Safety Committee/Representative training in a virtual instructor-led format and quickly pivoted when Occupational Health & Safety regulations changed in December.

100% of respondents agreed or strongly agreed that the seminar gave them a better understanding of their OHS responsibilities.

Handling violent situations at work became a concern during the pandemic. Our online training series on violence in the workplace helped staff stay safe.



26,216
rooms achieved the ASAP designation, representing **32%** of rooms in Alberta



GOAL 3: ENSURE SUSTAINABILITY OF THE AHLA

The fiscal discipline demonstrated by the board and team this past year has left the AHLA in a strong financial position to face the challenges that we know lie ahead for our industry.

The Association prudently managed expenses in 2021 through a cautious approach to spending and careful evaluation of each role in the organization when making hiring decisions.



ahla | ALBERTA HOTEL &
LODGING ASSOCIATION

2021 >
CONSOLIDATED
FINANCIAL STATEMENTS



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 7, 2022

signed by "Dave Kaiser"

President & Chief Executive Officer

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, 2021, 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, 2021, 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 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 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 7, 2022

MNP LLP

Chartered Professional Accountants

Alberta Hotel & Lodging Association

Consolidated Statement of Financial Position

As at December 31, 2021

	2021	2020
Assets		
Current		
Cash and cash equivalents (Note 4)	1,984,243	1,184,493
Trading investments (Note 5)	690,423	693,459
Accounts receivable and prepaid expenses (Note 6) (Note 17)	583,580	493,625
	3,258,246	2,371,577
Other assets (Note 7)	85,773	-
Capital assets (Note 8)	3,121,475	3,191,926
Intangible assets (Note 9)	39,116	57,246
	6,504,610	5,620,749
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 11)	328,008	264,850
Deferred revenue (Note 12)	579,823	596,585
Income taxes payable	3,066	12,679
	910,897	874,114
Significant event (Note 17)		
Surplus		
Safety	977,683	878,410
Operating	1,155,439	332,053
Capital investment	3,160,591	3,236,172
Capital reserve	300,000	300,000
	5,593,713	4,746,635
	6,504,610	5,620,749

Approved on behalf of the Board

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, 2021

	2021	2020
Member Value Programs <i>(Schedule 1)</i>		
Revenue	1,173,896	1,072,331
Expenses	186,498	150,792
Excess of revenue over expenses	987,398	921,539
Human Resource & Safety Programs <i>(Schedule 1)</i>		
Revenue	574,775	488,573
Expenses	497,356	322,785
Excess (deficiency) of revenue over expenses	77,419	165,788
Membership Communications <i>(Schedule 1)</i>		
Revenue	640,082	660,653
Expenses	216,659	262,841
Excess of revenue over expenses	423,423	397,812
Government Advocacy & Industry Relations <i>(Schedule 1)</i>		
Revenue	-	-
Expenses	107,309	111,410
Deficiency of revenue over expenses	(107,309)	(111,410)
Excess of revenue of expenses of segments	1,380,931	1,373,729
Other income <i>(Schedule 1), (Note 14)</i>	581,847	677,213
General expenses <i>(Schedule 1)</i>	(1,100,646)	(1,353,565)
Other expense <i>(Schedule 1)</i>	(15,054)	(14,652)
Excess of revenue over expenses for the year	847,078	682,725
Total revenue	2,291,856	2,221,557
Total expenses	(1,007,821)	(847,828)
Other income <i>(Note 14), (Note 17)</i>	581,847	677,213
General expenses <i>(Schedule 1)</i>	(1,100,646)	(1,353,565)
Other expense <i>(Schedule 1)</i>	(15,054)	(14,652)
Excess of revenue over expenses for the year	847,078	682,725

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, 2021

					2021	2020
	<i>Safety</i>	<i>Operating</i>	<i>Surplus invested in capital and intangible assets</i>	<i>Capital reserve</i>		
Surplus, beginning of year	878,410	332,053	3,236,172	300,000	4,746,635	3,368,285
Excess (deficiency) of revenue over expenses	99,273	873,786	(125,981)	-	847,078	682,725
Equity acquired through asset transfer (Note 3)	-	-	-	-	-	695,625
Purchase of capital and intangible assets	-	(50,400)	50,400	-	-	-
Surplus, end of year	977,683	1,155,439	3,160,591	300,000	5,593,713	4,746,635

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, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	847,078	682,725
Amortization of capital, intangible and other assets	144,056	250,481
Impairment of intangible asset (Note 9)	-	52,090
Reinvested investment income, net (Note 5)	3,036	(29,766)
	994,170	955,530
Changes in working capital accounts		
Accounts receivable and prepaid expenses	(89,955)	(115,842)
Accounts payable and accrued liabilities	63,158	(59,130)
Deferred revenue	(16,762)	233,314
Income taxes payable	(9,613)	(1,964)
	940,998	1,011,908
Investing		
Purchase of capital assets	(13,126)	-
Purchase of intangible assets	(37,274)	(28,516)
Purchase of other assets	(90,848)	-
Cash acquired from amalgamation (Note 3)	-	140,711
	(141,248)	112,195
Increase in cash resources	799,750	1,124,103
Cash resources, beginning of year	1,184,493	60,390
Cash resources, end of year	1,984,243	1,184,493

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, 2021

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 663 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, 2021

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 other assets, 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 (2020 - \$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.

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

Financial instruments

The Association recognizes financial instruments when the Association becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Association may irrevocably elect to subsequently measure any arm's length 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 and all derivative instruments at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

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 of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Association initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value.

All other related party financial instruments are measured at cost on initial recognition.

At initial recognition, the Association may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value. The Association has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost

The Association subsequently measures investments in equity instruments quoted in an active market and all derivative instruments at fair value.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenues over expenses.

Financial asset impairment

The Association assesses impairment of all its financial assets measured at cost or amortized cost. The Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses. The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

Alberta Hotel & Lodging Association
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

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

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)
Surplus	695,625

The Association reported the transaction as a direct increase to Surplus on January 1, 2020.

4. Cash and cash equivalents

	2021	2020
Cash in bank non-interest bearing accounts	561,615	366,496
Bank balances payable on demand - weighted average annual interest rate of 0.20% (2020 - 0.20%)	1,422,628	817,997
	1,984,243	1,184,493

Alberta Hotel & Lodging Association
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

5. Trading investments

	2021	2020
Canadian Federal Government bonds	199,123	57,607
Corporate bonds - Canadian issuers	183,034	259,780
Canadian Provincial Government bonds	132,465	228,817
Corporate stock - Canadian companies	106,516	90,004
Cash	26,333	15,590
Corporate stock - US companies	21,976	20,121
Convertible bonds	20,976	21,540
	690,423	693,459

	2021	2020
Change in investments		
Investments, beginning of year	693,459	26,059
Investments acquired through amalgamation (Note 3)	-	637,634
Reinvested interest income	18,331	16,849
Reinvested net gain (loss)	(23,542)	9,412
Reinvested dividend income	2,175	3,505
Investments, end of year	690,423	693,459

None of the trading investments are pledged as collateral.

6. Accounts receivable and prepaid expenses

	2021	2020
Trade receivables	542,749	453,736
GST receivable	-	21,411
Prepaid expenses	40,831	18,478
	583,580	493,625

7. Other assets

	Cost	Accumulated amortization	2021 Net	2020 Net
Tenant improvements	145,203	59,430	85,773	-
	145,203	59,430	85,773	-

For the year ended December 31, 2021, amortization of \$5,075 (2020 - \$508) was expensed relating to other assets.

Alberta Hotel & Lodging Association
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

8. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2021 Net book value</i>	<i>2020 Net book value</i>
Land	927,021	-	927,021	927,021
Buildings	3,128,444	944,707	2,183,737	2,261,949
Office furniture and fixtures	220,652	219,919	733	1,039
Computer equipment	113,751	103,767	9,984	1,509
Photocopiers	40,045	40,045	-	-
Telephone system	29,662	29,662	-	-
Other office equipment	21,365	21,365	-	408
	4,480,940	1,359,465	3,121,475	3,191,926

For the year ended December 31, 2021, amortization of \$83,577 (2020 - \$86,603) was expensed relating to capital assets.

9. Intangible assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2021</i>	<i>2020</i>
Websites	799,719	799,719	-	3,724
Program development costs	75,803	58,928	16,875	17,888
Software development costs	502,533	480,292	22,241	35,333
Software costs	75,207	75,207	-	301
	1,453,262	1,414,146	39,116	57,246

For the year ended December 31, 2021, amortization of \$55,404 (2020 - \$163,369) 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 \$nil (2020 - \$52,090) was recorded on program development costs. As at December 31, 2021, the net book value of the Check In Canada program is \$nil (2020 - \$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, 2021, the Association had drawn \$nil (2020 - \$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, 2021, 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 \$49,201 (2020 - \$13,230).

Alberta Hotel & Lodging Association
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

12. Deferred revenue

	2021	2020
Energy efficiency levy	306,468	306,468
Deferred membership fees	125,948	99,964
WCB funding	119,300	119,300
Lease deposits	16,623	13,827
Food Buy sponsorship	5,950	8,950
Deferred access fee	5,534	7,576
Government of Alberta grant	-	27,500
Campground grant	-	13,000
	579,823	596,585

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 (2020 - \$nil) was spent on eligible program costs resulting in recognition of the corresponding amount of 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 2021, \$nil (2020 - \$nil) of grant funds were received and \$13,000 (2020 - \$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 2021, \$nil (2020 - \$119,300) of LMS grants funds were received and \$nil (2020 - \$nil) was recognized as revenue.

Deferred revenue from Government of Alberta is the unspent funds for annual convention. In 2021, \$nil (2020 - \$27,500) of grant funds were received and \$nil (2020 - \$nil) was recognized as revenue.

13. Restrictions on surplus

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

	2021	2020
Surplus invested in capital and intangible assets:		
Capital assets	3,121,475	3,191,926
Intangible assets	39,116	57,246
Unamortized deferred capital contribution (Note 12)	-	(13,000)
	3,160,591	3,236,172
Unrestricted surplus	1,155,439	332,053
Safety program surplus	977,683	878,410
Capital reserve	300,000	300,000
	5,593,713	4,746,635

Alberta Hotel & Lodging Association
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

14. Other income

	2021	2020
Wage subsidies (<i>Note 17</i>)	341,274	338,441
Trustee; financial, administrative and management services; and survey fees (<i>Note 15</i>)	163,360	148,253
Rental income	66,967	173,934
Job grant	8,000	10,667
Interest income	2,180	4,817
Dividends	66	101
Sponsorship	-	1,000
	581,847	677,213

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, 2021, the Association held trust funds on deposit in the amount of \$10,966,094 (2020 - \$7,172,728).

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, 2021

17. Significant event

Since March 2020, 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). Under the CEWS 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, 2021, the Association claimed aggregate subsidies under these programs of \$341,274 (2020 - \$338,441), of which \$108,045 (2020 - \$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, 2021

Member Value Programs

	2021	2020
Revenue		
Self-insurance program	595,920	497,110
Electrical energy and natural gas program	348,958	362,154
Accommodation programs	138,577	136,449
Health plan	66,935	66,284
Partnership programs and other revenues	23,506	10,334
	1,173,896	1,072,331
Expenses		
Self-insurance program	80,882	66,800
Electrical energy and natural gas program	63,556	29,010
Accommodation programs	41,227	53,341
Health plan	833	1,641
	186,498	150,792
Excess of revenue over expenses	987,398	921,539

Human Resource & Safety Programs

	2021	2020
Revenue		
Safety training	365,238	434,471
HR programs and other revenues	208,349	950
Employer of Choice and Tourism Works	1,188	3,057
Destination employment	-	47,108
Certifications and training products	-	2,987
	574,775	488,573
Expenses		
Safety training	265,965	251,686
HR projects	221,176	540
Destination employment and HR indirect expenditures	5,632	46,495
Employer of Choice and Tourism Works	4,583	21,390
Certifications and training products	-	2,674
	497,356	322,785
Excess of revenue over expenses	77,419	165,788

Alberta Hotel & Lodging Association
Schedule 1 - Consolidated Schedule of Revenue and Expenses
For the year ended December 31, 2021

Membership Communications

	2021	2020
Revenue		
Membership services	535,500	594,813
Member events: annual convention & trade show and regional meetings	96,231	60,346
Membership publications	8,351	5,494
	640,082	660,653
Expenses		
Membership services	115,245	141,473
Member events: annual convention & trade show and regional meetings	55,770	81,205
Membership publications	45,644	40,163
	216,659	262,841
Excess of revenue over expenses	423,423	397,812

Government Advocacy & Industry Relations

	2021	2020
Expenses		
Government relations: general	107,309	111,410
Deficiency of revenue over expenses	(107,309)	(111,410)

Other income

	2021	2020
Other income (Note 14), (Note 17)	581,847	677,213
	581,847	677,213

General expenses

	2021	2020
Total overhead office payroll	550,366	539,311
Total building expenses	178,178	157,922
Total other expenses	127,188	285,558
Total computer/IT and telecommunications expenses	118,390	165,048
Total Board of Directors expenses	56,402	109,095
Total general office expenses	39,075	46,806
Total professional fees	29,972	48,220
Total marketing expenses	1,075	1,605
	1,100,646	1,353,565

Other expense

	2021	2020
Income tax provision	15,054	14,652
	15,054	14,652



“The AHLA is the lifeline for me to get up to date information I can trust. Providing energy programs to help us get the best available rate. Offering support when needed. The AHLA does a great job representing the hospitality industry with government. They do not discriminate big vs. small tourism operators.”

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

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