

**TRANSALTA TRI LEISURE CENTRE
INCORPORATED AS TRI-MUNICIPAL LEISURE
FACILITY CORPORATION**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

INDEPENDENT AUDITORS' REPORT

To the Directors of the TransAlta Tri Leisure Centre

We have audited the accompanying financial statements of the TransAlta Tri Leisure Centre, which comprise the statement of financial position as at December 31, 2015, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the TransAlta Tri Leisure Centre as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Hawkings Epp Dumont LLP

Edmonton, Alberta
March 10, 2016

Hawkings Epp Dumont LLP
Chartered Accountants

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**MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING**

To the Directors of the TransAlta Tri Leisure Centre

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of the Centre's administration.

The financial statements are prepared by the Centre's administration, in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. They necessarily include some amounts that are based on the best estimates and judgements of management.

To assist in its responsibility, the Centre's administration maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

Hawkings Epp Dumont LLP, Chartered Accountants, appointed by the Board of Directors, conducted an audit of these financial statements in accordance with Canadian generally accepted auditing standards.

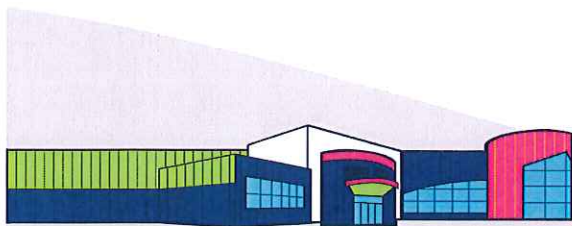
Spruce Grove, Alberta
March 10, 2016



Graig Walsh
General Manager





Kathy Sadek
Manager of Finance, Customer and Corporate Services



TRANSALTA TRI LEISURE CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash	\$ 699,294	\$ 719,693
Accounts receivable (Note 2)	169,436	150,096
Investments (Note 3)	<u>1,400,000</u>	<u>1,000,000</u>
	<u>2,268,730</u>	<u>1,869,789</u>
 FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	910,267	523,215
Deferred revenue (Note 6)	549,233	508,234
Lease deposits	<u>15,824</u>	<u>15,824</u>
	<u>1,475,324</u>	<u>1,047,273</u>
 NET FINANCIAL ASSETS	<u>793,406</u>	<u>822,516</u>
 NON-FINANCIAL ASSETS		
Inventory for consumption	34,455	10,243
Prepaid expenses and deposits (Note 7)	34,520	47,621
Tangible capital assets (Schedule I)	<u>1,513,497</u>	<u>1,231,758</u>
	<u>1,582,472</u>	<u>1,289,622</u>
 ACCUMULATED SURPLUS (Schedule II)	<u>\$ 2,375,878</u>	<u>\$ 2,112,138</u>

ON BEHALF OF THE BOARD:


 _____ Director

 _____ Director

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

TRANSALTA TRI LEISURE CENTRE
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u> (Budget) (Note 12)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
REVENUE			
Pass fees	\$ 2,950,000	\$ 2,918,831	\$ 2,808,683
Partnership contributions - operating (Note 8)	1,872,781	1,872,781	1,668,226
Program fees	1,014,439	1,146,838	1,004,314
Rental	916,285	976,807	956,816
Corporate sponsors and donations	296,000	321,109	377,231
Lease	290,414	286,912	280,364
Miscellaneous	126,900	181,297	142,771
Interest	19,000	26,917	24,548
Advertising	34,900	19,245	34,264
Commissions	<u>16,084</u>	<u>11,192</u>	<u>14,972</u>
	<u>7,536,803</u>	<u>7,761,929</u>	<u>7,312,189</u>
EXPENSES			
Maintenance	2,798,119	2,651,929	2,589,706
Administration	2,351,895	2,303,471	2,132,747
Aquatics	1,315,980	1,376,286	1,322,599
Wellness	488,415	631,796	576,196
Fields and arena	341,048	517,927	457,666
Children's programs	<u>241,346</u>	<u>267,480</u>	<u>234,287</u>
	<u>7,536,803</u>	<u>7,748,889</u>	<u>7,313,201</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER REVENUE	<u>-</u>	<u>13,040</u>	<u>(1,012)</u>
OTHER REVENUE			
Partnership contributions - capital (Note 8)	<u>250,700</u>	<u>250,700</u>	<u>241,680</u>
EXCESS OF REVENUE OVER EXPENSES	250,700	263,740	240,668
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>2,112,138</u>	<u>2,112,138</u>	<u>1,871,470</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 2,362,838</u>	<u>\$ 2,375,878</u>	<u>\$ 2,112,138</u>

TRANSALTA TRI LEISURE CENTRE
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u> (Budget) (Note 12)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
EXCESS OF REVENUE OVER EXPENSES	\$ 250,700	\$ 263,740	\$ 240,668
Acquisition of tangible capital assets	(250,700)	(542,088)	(324,952)
Amortization of tangible capital assets	<u>-</u>	<u>260,349</u>	<u>245,174</u>
	<u>-</u>	<u>(17,999)</u>	<u>160,890</u>
Use of inventory for consumption	-	(24,211)	3,122
Use of prepaid expenses	<u>-</u>	<u>13,100</u>	<u>27,713</u>
	<u>-</u>	<u>(11,111)</u>	<u>30,835</u>
INCREASE IN NET ASSETS	-	(29,110)	191,725
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>822,516</u>	<u>822,516</u>	<u>630,791</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 822,516</u>	<u>\$ 793,406</u>	<u>\$ 822,516</u>

TRANSALTA TRI LEISURE CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 263,740	\$ 240,668
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	<u>260,349</u>	<u>245,174</u>
	<u>524,089</u>	<u>485,842</u>
Change in non-cash working capital balances related to operations:		
Accounts receivable	(19,340)	(13,949)
Due from partner municipalities	-	1,178,065
Inventory for consumption	(24,212)	3,124
Prepaid expenses and deposits	13,101	27,712
Accounts payable and accrued liabilities	387,052	(7,672)
Deferred revenue	<u>40,999</u>	<u>(55,990)</u>
	<u>397,600</u>	<u>1,131,290</u>
	<u>921,689</u>	<u>1,617,132</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>(542,088)</u>	<u>(324,952)</u>
INVESTING ACTIVITIES		
Purchase of investments	(1,400,000)	(1,000,000)
Maturity of investments	<u>1,000,000</u>	<u>-</u>
	<u>(400,000)</u>	<u>(1,000,000)</u>
CHANGE IN CASH FOR THE YEAR	(20,399)	292,180
CASH, BEGINNING OF YEAR	<u>719,693</u>	<u>427,513</u>
CASH, END OF YEAR	<u>\$ 699,294</u>	<u>\$ 719,693</u>

TRANSALTA TRI LEISURE CENTRE

SCHEDULE I

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Land Improvements	Engineered Structures	Machinery and Equipment	2015	2014
COST:					
Balance, Beginning of Year	\$ 250,000	\$ 794,298	\$ 1,567,279	\$ 2,611,577	\$ 2,286,625
Additions	-	-	542,088	542,088	324,952
Disposals	-	-	(44,246)	(44,246)	-
Balance, End of Year	250,000	794,298	2,065,121	3,109,419	2,611,577
ACCUMULATED AMORTIZATION:					
Balance, Beginning of Year	66,666	238,946	1,074,207	1,379,819	1,134,645
Annual amortization	8,333	36,951	215,065	260,349	245,174
Disposals	-	-	(44,246)	(44,246)	-
Balance, End of Year	74,999	275,897	1,245,026	1,595,922	1,379,819
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 175,001</u>	<u>\$ 518,401</u>	<u>\$ 820,095</u>	<u>\$ 1,513,497</u>	<u>\$ 1,231,758</u>

Included in Engineered Structures is \$270,283 of architectural costs where no amortization has been taken.
Included in Machinery and Equipment is \$31,800 of software costs where no amortization has been taken.

TRANSALTA TRI LEISURE CENTRE
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE II

	Equity in Tangible Capital Assets	Restricted	Unrestricted	Total
BALANCE, BEGINNING OF YEAR	\$ 1,231,758	\$ 678,740	\$ 201,640	\$ 2,112,138
Tangible capital asset purchases	542,088	-	(542,088)	-
Amortization of tangible capital assets	(260,349)	-	260,349	-
Excess of revenue over expenses	-	-	263,740	263,740
BALANCE, END OF YEAR	<u>\$ 1,513,497</u>	<u>\$ 678,740</u>	<u>\$ 183,641</u>	<u>\$ 2,375,878</u>

FOR THE YEAR ENDED DECEMBER 31, 2014

	Equity in Tangible Capital Assets	Restricted	Unrestricted	Total
BALANCE, BEGINNING OF YEAR	\$ 1,151,980	\$ 678,740	\$ 40,750	\$ 1,871,470
Tangible capital asset purchases	324,952	-	(324,952)	-
Amortization of tangible capital assets	(245,174)	-	245,174	-
Excess of revenue over expenses	-	-	240,668	240,668
BALANCE, END OF YEAR	<u>\$ 1,231,758</u>	<u>\$ 678,740</u>	<u>\$ 201,640</u>	<u>\$ 2,112,138</u>

TRANSALTA TRI LEISURE CENTRE
SCHEDULE OF OPERATING EXPENSES BY OBJECT

SCHEDULE III

	<u>2015</u> (Budget) (Note 12)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
Salaries, wages and benefits	\$ 4,667,965	\$ 4,605,138	\$ 4,386,994
Utilities	855,000	784,248	794,742
Repairs and maintenance	741,145	691,822	683,147
Administrative services	384,750	472,641	391,967
Materials, goods and services	271,594	413,491	334,386
Contracted services	412,309	321,509	306,210
Amortization	-	260,349	245,174
Marketing and publications	162,000	152,863	134,724
Other	<u>42,040</u>	<u>46,828</u>	<u>35,857</u>
	<u>\$ 7,536,803</u>	<u>\$ 7,748,889</u>	<u>\$ 7,313,201</u>

TRANSALTA TRI LEISURE CENTRE

SCHEDULE IV

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

FOR THE YEAR ENDED DECEMBER 31, 2015

	Administration	Maintenance	Aquatics	Fields and Arena	Wellness	Children's Programs	Unallocated	Total
REVENUE								
Pass fees	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 2,918,831	\$ 2,918,831
Partnership contributions	-	-	-	-	-	-	1,872,781	1,872,781
Program fees	-	-	621,035	-	246,317	279,486	-	1,146,838
Rental	-	-	-	976,807	-	-	-	976,807
Corporate sponsors and donations	321,109	-	-	-	-	-	-	321,109
Lease	286,912	-	-	-	-	-	-	286,912
Other	238,651	-	-	-	-	-	-	238,651
	<u>846,672</u>	<u>-</u>	<u>621,035</u>	<u>976,807</u>	<u>246,317</u>	<u>279,486</u>	<u>4,791,612</u>	<u>7,761,929</u>
EXPENSES								
Salaries, wages and benefits	1,385,674	1,032,426	1,258,565	282,901	406,857	238,715	-	4,605,138
Utilities	-	784,248	-	-	-	-	-	784,248
Repairs and maintenance	-	476,479	67,382	136,201	11,760	-	-	691,822
Administrative services	472,641	-	-	-	-	-	-	472,641
Materials, goods and supplies	104,807	192,415	39,529	8,646	41,745	26,349	-	413,491
Contracted services	125,790	107,957	-	4,366	83,396	-	-	321,509
Amortization	38,663	55,103	5,527	85,698	75,358	-	-	260,349
Marketing and publications	152,863	-	-	-	-	-	-	152,863
Other	23,033	3,301	5,283	115	12,680	2,416	-	46,828
	<u>2,303,471</u>	<u>2,651,929</u>	<u>1,376,286</u>	<u>517,927</u>	<u>631,796</u>	<u>267,480</u>	<u>-</u>	<u>7,748,889</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES \$(1,456,799)		<u>\$(2,651,929)</u>	<u>\$ (755,251)</u>	<u>\$ 458,880</u>	<u>\$ (385,479)</u>	<u>\$ 12,006</u>	<u>\$ 4,791,612</u>	<u>\$ 13,040</u>

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

TRANSALTA TRI LEISURE CENTRE

SCHEDULE V

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

FOR THE YEAR ENDED DECEMBER 31, 2014

	Administration	Maintenance	Aquatics	Fields and Arena	Wellness	Children's Programs	Unallocated	Total
REVENUE								
Pass fees	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 2,808,683	\$ 2,808,683
Partnership contributions	-	-	-	-	-	-	1,668,226	1,668,226
Program fees	-	-	549,730	-	206,875	247,709	-	1,004,314
Rental	-	-	-	956,816	-	-	-	956,816
Corporate sponsors and donations	377,231	-	-	-	-	-	-	377,231
Lease revenue	280,364	-	-	-	-	-	-	280,364
Other	216,555	-	-	-	-	-	-	216,555
	<u>874,150</u>	<u>-</u>	<u>549,730</u>	<u>956,816</u>	<u>206,875</u>	<u>247,709</u>	<u>4,476,909</u>	<u>7,312,189</u>
EXPENSES								
Salaries, wages and benefits	1,335,021	989,530	1,192,161	257,786	401,438	211,058	-	4,386,994
Utilities	-	794,742	-	-	-	-	-	794,742
Administrative services	391,967	-	-	-	-	-	-	391,967
Repairs and maintenance	-	501,422	61,733	112,512	7,480	-	-	683,147
Materials, goods and supplies	81,998	137,380	55,289	8,670	30,155	20,894	-	334,386
Contracted services	134,356	112,912	-	7,488	51,392	62	-	306,210
Amortization	34,442	52,870	7,077	71,033	79,752	-	-	245,174
Marketing and publications	134,724	-	-	-	-	-	-	134,724
Other	20,239	850	6,339	177	5,979	2,273	-	35,857
	<u>2,132,747</u>	<u>2,589,706</u>	<u>1,322,599</u>	<u>457,666</u>	<u>576,196</u>	<u>234,287</u>	<u>-</u>	<u>7,313,201</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$(1,258,597)</u>	<u>\$(2,589,706)</u>	<u>\$(772,869)</u>	<u>\$ 499,150</u>	<u>\$(369,321)</u>	<u>\$ 13,422</u>	<u>\$ 4,476,909</u>	<u>\$ (1,012)</u>

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

TRANSALTA TRI LEISURE CENTRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

PURPOSE OF ORGANIZATION

The TransAlta Tri Leisure Centre (the "Centre") is a recreational leisure facility owned by the Town of Stony Plain, Parkland County and the City of Spruce Grove (the "co-venturers"). The Centre was incorporated on December 19, 2001 under the *Companies Act* (Alberta) as a not-for-profit Part IX corporation to operate and manage the facility and is exempt from taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representations of management prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, excluding PS 4200 - PS 4270 series of the standards, established by the Public Sector Accounting Board. Significant aspects of these accounting policies are as follows:

(a) Basis of Accounting

Revenues are accounted for in the period in which transactions or events occurred that gave rise to the revenues. Expenses are accounted for in the period the goods or services are acquired or a liability is incurred.

Funds from external parties restricted by agreement of legislation are accounted for as deferred revenue until used for the purpose specified.

Program pre-registration revenue for programs scheduled in the subsequent year are deferred until that program has commenced.

Partnership contributions and grants are recognized as revenue in the period in which the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(b) Investments

Investments consist of guaranteed investment certificates that are recorded at amortized cost.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Land improvements	30 years
Engineered structures	10 to 30 years
Machinery and equipment	5 to 25 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

The Centre does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

Works of art for display are not recorded as tangible capital assets but are disclosed.

TRANSALTA TRI LEISURE CENTRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Inventory Consumption

Inventories for consumption are valued at the lower of cost and net realizable value with cost determined by the first in, first out method.

(e) Accumulated Surplus

Accumulated surpluses are established at the discretion of the Board to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the respective fund.

Restricted surplus consists of funds restricted by the Board that have been restricted for the purpose of tangible capital asset acquisitions and major unexpected maintenance projects.

Equity in tangible capital assets consists of the net investment in total capital assets after deducting the portion financed by third parties.

(f) Pension Expenses

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

(g) Measurement Uncertainty

The preparation of the consolidated financial statements in accordance with Canadian public sector accounting standards 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. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

2. ACCOUNTS RECEIVABLE

	<u>2015</u>	<u>2014</u>
Trade	\$ 166,973	\$ 148,066
Interest	1,749	2,030
Goods and Services Tax rebate	<u>714</u>	<u>-</u>
	<u>\$ 169,436</u>	<u>\$ 150,096</u>

3. INVESTMENTS

	<u>2015</u>	<u>2014</u>
Guaranteed investment certificates	<u>\$ 1,400,000</u>	<u>\$ 1,000,000</u>

Guaranteed investment certificates bearing interest at 0.8% (2014 - 1.3%) and maturing on May 4, 2016.

TRANSALTA TRI LEISURE CENTRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

4. CREDIT FACILITY

The Centre has a demand revolving operating credit facility to a maximum of \$150,000 bearing interest at prime plus 1.00% per annum. The credit facility was not drawn upon as of December 31, 2015.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2015</u>	<u>2014</u>
Trade and other	\$ 679,928	\$ 306,698
Salaries and vacation	230,339	209,942
Goods and Services Tax	<u>-</u>	<u>6,575</u>
	<u>\$ 910,267</u>	<u>\$ 523,215</u>

6. DEFERRED REVENUE

Deferred revenue consists of the following amounts, which have been collected for services that will be provided in the future. These amounts are recognized as revenue when the services have been provided.

	<u>2014</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2015</u>
Pass and program fee pre-registration	\$ 339,670	\$ 4,107,097	\$(4,065,669)	\$ 381,098
Corporate sponsorships	135,854	311,490	(308,490)	138,854
Donations	7,619	5,000	(12,619)	-
Gift certificates	<u>25,091</u>	<u>27,553</u>	<u>(23,363)</u>	<u>29,281</u>
	<u>\$ 508,234</u>	<u>\$ 4,451,140</u>	<u>\$ (4,410,141)</u>	<u>\$ 549,233</u>

7. PREPAID EXPENSES AND DEPOSITS

	<u>2015</u>	<u>2014</u>
Other	\$ 34,520	\$ 36,096
Corporate sponsorships	<u>-</u>	<u>11,525</u>
	<u>\$ 34,520</u>	<u>\$ 47,621</u>

During 2011, the Centre entered into a fundraising agreement with Performance Sponsorship Group for the purpose of obtaining sponsorships. The cost of this contract is being amortized over 4 years from the commencement of the contract.

(continues)

TRANSALTA TRI LEISURE CENTRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

7. PREPAID EXPENSES AND DEPOSITS (CONTINUED)

Corporate Sponsorships:

Total corporate sponsorships to be received over life of contracts	\$ 2,335,000
Less:	
Total commissions paid to Performance Sponsorship Group	(81,340)
Total fees paid to Performance Sponsorship Group	<u>(131,331)</u>
Net corporate sponsorship to be received over life of contracts	<u>2,122,329</u>
Less:	
Corporate sponsorship revenue received in current year	(253,910)
Corporate sponsorship revenue received in prior years	<u>(648,183)</u>
Total corporate sponsorship revenue received	<u>(902,093)</u>
Net remaining corporate sponsorship revenue to be received	<u><u>\$ 1,220,236</u></u>

8. PARTNERSHIP CONTRIBUTIONS

Contributions received from partner municipalities (local governments) are as follows:

	<u>2015</u>		<u>2014</u>	
	Operating	Capital	Operating	Capital
City of Spruce Grove	\$ 850,617	\$ 113,868	\$ 757,708	\$ 109,771
Parkland County	532,993	71,349	474,777	68,782
Town of Stony Plain	<u>489,171</u>	<u>65,483</u>	<u>435,741</u>	<u>63,127</u>
	<u><u>\$ 1,872,781</u></u>	<u><u>\$ 250,700</u></u>	<u><u>\$ 1,668,226</u></u>	<u><u>\$ 241,680</u></u>

9. LOCAL AUTHORITIES PENSION PLAN

Employees of the Centre participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The Centre is required to make current service contributions to LAPP of 11.39% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 15.84% for the excess. Employees of the Centre are required to make current service contributions of 10.39% of pensionable earnings up to the year's maximum pensionable earnings and 14.84% on pensionable earnings above this amount.

Total current and past service contributions made by the Centre to LAPP in 2015 were \$217,755 (2014 - \$227,059). Total current and past service contributions made by the employees of the Centre to the LAPP in 2015 were \$199,927 (2014 - \$208,546).

At December 31, 2014, LAPP disclosed an actuarial deficit of \$2.455 billion (2013 - \$4.862 billion).

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10. FINANCIAL INSTRUMENTS

The Centre's financial instruments consist of cash, investments, accounts receivable, and accounts payable and accrued liabilities. It is management's opinion that the Centre is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

The Centre is subject to credit risk with respect to accounts receivables. Credit risk arises from the possibility that the Centre's customers or sponsors may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimizes the Centre's credit risk.

Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

11. SEGMENTED INFORMATION

The Centre provides a wide range of services to its patrons. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and activities they encompass are as follows:

(a) Administration

The Administration department relates to the revenues and expenses that relate to the operations of the Centre itself and cannot be directly attributed to a specific segment. Revenue in this area consists of contributions from the partners, rental of meeting rooms, lease of space in the Centre, corporate sponsorship from the advertisements within the building, locker rentals, proshop sales, and other miscellaneous sources of income.

(b) Maintenance

The operations and maintenance department is responsible for the overall upkeep of the facility and to provide the utilities for the Centre. Expenses in this segment cannot be attributed to any of the other segments.

(c) Aquatics

The aquatics department includes activities in the pool such as swimming programs. The department must also provide staff in order to meet safety requirements and to run the programs.

(d) Fields and Arena

The fields and arena department is responsible for the rentals of the indoor soccer fields and arenas and maintaining them for patron use.

(e) Wellness

The wellness department is responsible for running drop in and registered fitness programs. They are also responsible for staffing and maintaining the fitness equipment and weight rooms.

(f) Children's Programs

The children's programs department is responsible for child minding, birthday parties, camps for children hosted at the Centre, and other programs geared specifically to children.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment, except for pass revenue. Pass fees and partnership contributions cannot be reasonably allocated because they are generated by a wide range of activities. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information see Schedule of Segmented Disclosure (Schedule IV and V).

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12. RECONCILIATION OF OPERATING RESULTS TO BUDGETING SYSTEM

The Centre compiles a budget on a modified accrual basis. The budget expensed all tangible capital asset purchases rather than including amortization expense. The reconciliation below adjusts excess of revenue over expenses to align with the Centre's budgeting process. It should not be used as a replacement for the statement of operations and accumulated surplus. Users should note that this information may not be appropriate for their purposes.

	<u>2015</u> Budget	<u>2015</u> Actual	<u>2014</u> Actual
Excess of Revenue over Expenses	\$ 250,700	\$ 263,740	\$ 240,668
Add:			
Amortization of tangible capital assets	-	260,349	245,174
Deduct:			
Acquisition of tangible capital assets	<u>(250,700)</u>	<u>(542,088)</u>	<u>(324,952)</u>
Results of Operations	<u>\$ -</u>	<u>\$ (17,999)</u>	<u>\$ 160,890</u>

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board.