

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017



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, 2017, 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, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

METRIX GROUP LLP

Chartered Professional Accountants

March 8, 2018
Edmonton, Alberta





TransAlta Tri Leisure Centre
221 Jennifer Heit Way : 780.960.5080
Spruce Grove, AB, T7X 4J5 : info@trileisure.com

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 TransAlta Tri Leisure Centre administration.

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

To assist in its responsibility, the TransAlta Tri Leisure Centre 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.

Metrix Group LLP, Chartered Professional 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 8, 2018

Graig Walsh
General Manager

Kathy Sadek
Manager of Finance, Customer and Corporate Services



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**TRANSALTA TRI LEISURE CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash	\$ 644,393	\$ 906,410
Accounts receivable (Note 2)	58,728	139,795
Investments (Note 3)	<u>1,200,000</u>	<u>1,000,000</u>
	<u>1,903,121</u>	<u>2,046,205</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	487,778	650,411
Deferred revenue (Note 6)	599,738	478,355
Lease deposits	<u>10,824</u>	<u>15,824</u>
	<u>1,098,340</u>	<u>1,144,590</u>
NET FINANCIAL ASSETS	<u>804,781</u>	<u>901,615</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	21,052	26,929
Prepaid expenses and deposits	68,837	74,865
Tangible capital assets (Schedule I)	<u>1,777,911</u>	<u>1,484,724</u>
	<u>1,867,800</u>	<u>1,586,518</u>
ACCUMULATED SURPLUS (Schedule II)	<u>\$ 2,672,581</u>	<u>\$ 2,488,133</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, 2017**

	<u>2017</u> (Budget) (Note 11)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
REVENUE			
Pass fees	\$ 2,900,000	\$ 2,927,276	\$ 2,949,400
Partnership contributions - operating (Note 7)	1,369,515	1,369,515	2,124,516
Rental	1,152,000	1,235,247	1,173,986
Program fees	1,193,408	1,147,374	1,161,286
Lease	297,579	304,014	295,195
Corporate sponsors and donations	324,025	286,727	309,164
Miscellaneous	129,650	109,564	143,764
Management services	-	105,000	-
Advertising	20,245	32,689	20,481
Commissions	21,100	26,403	20,047
Interest	28,000	25,804	25,008
Gain on disposal of tangible capital assets	-	25,000	-
	<u>7,435,522</u>	<u>7,594,613</u>	<u>8,222,847</u>
EXPENSES			
Maintenance	2,520,075	2,465,813	2,667,665
Administration	2,201,925	2,306,973	2,764,115
Aquatics	1,441,028	1,498,130	1,448,309
Fields, arena and events	489,687	659,877	826,048
Wellness	525,329	643,691	660,423
Children's programs	257,478	305,370	290,549
Stony Plain pool	-	226,480	-
	<u>7,435,522</u>	<u>8,106,334</u>	<u>8,657,109</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER REVENUE	<u>-</u>	<u>(511,721)</u>	<u>(434,262)</u>
OTHER REVENUE			
Partnership contributions - capital (Note 7)	374,729	616,169	496,517
Government transfers - capital	-	80,000	50,000
	<u>374,729</u>	<u>696,169</u>	<u>546,517</u>
EXCESS OF REVENUE OVER EXPENSES	374,729	184,448	112,255
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>2,488,133</u>	<u>2,488,133</u>	<u>2,375,878</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 2,862,862</u>	<u>\$ 2,672,581</u>	<u>\$ 2,488,133</u>

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

**TRANSALTA TRI LEISURE CENTRE
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u> (Budget) (Note 11)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
EXCESS OF REVENUE OVER EXPENSES	\$ 374,729	\$ 184,448	\$ 112,255
Acquisition of tangible capital assets	(374,729)	(681,118)	(566,159)
Amortization of tangible capital assets	-	387,931	324,649
Proceeds on disposal of tangible capital assets	-	25,000	-
(Gain) Loss on disposal of tangible capital assets	-	(25,000)	270,283
	-	(108,739)	141,028
Use of inventory for consumption	-	5,876	7,526
Use (Acquisition) of prepaid expenses	-	6,029	(40,345)
	-	11,905	(32,819)
INCREASE (DECREASE) IN NET ASSETS	-	(96,834)	108,209
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>901,615</u>	<u>901,615</u>	<u>793,406</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 901,615</u>	<u>\$ 804,781</u>	<u>\$ 901,615</u>

**TRANSALTA TRI LEISURE CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 184,448	\$ 112,255
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	387,931	324,649
(Gain) Loss on disposal of tangible capital assets	<u>(25,000)</u>	<u>270,283</u>
	<u>547,379</u>	<u>707,187</u>
Change in non-cash working capital balances related to operations:		
Accounts receivable	81,067	29,641
Inventory for consumption	5,877	7,526
Prepaid expenses and deposits	6,028	(40,345)
Lease deposits	(5,000)	-
Accounts payable and accrued liabilities	(162,633)	(259,856)
Deferred revenue	<u>121,383</u>	<u>(70,878)</u>
	<u>46,722</u>	<u>(333,912)</u>
	<u>594,101</u>	<u>373,275</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	25,000	-
Purchase of tangible capital assets	<u>(681,118)</u>	<u>(566,159)</u>
INVESTING ACTIVITIES		
Purchase of investments	(1,200,000)	(1,000,000)
Maturity of investments	<u>1,000,000</u>	<u>1,400,000</u>
	<u>(200,000)</u>	<u>400,000</u>
CHANGE IN CASH FOR THE YEAR	(262,017)	207,116
CASH, BEGINNING OF YEAR	<u>906,410</u>	<u>699,294</u>
CASH, END OF YEAR	<u>\$ 644,393</u>	<u>\$ 906,410</u>

SCHEDULE I

TRANSALTA TRI LEISURE CENTRE
 SCHEDULE OF TANGIBLE CAPITAL ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Land Improvements	Engineered Structures	Machinery and Equipment	2017	2016
COST:					
Balance, Beginning of Year	\$ 250,000	\$ 605,116	\$ 2,547,979	\$ 3,403,095	\$ 3,109,419
Additions	185,799	253,342	241,977	681,118	566,159
Disposals	-	-	(108,837)	(108,837)	(272,483)
Balance, End of Year	<u>435,799</u>	<u>858,458</u>	<u>2,681,119</u>	<u>3,975,376</u>	<u>3,403,095</u>
ACCUMULATED AMORTIZATION:					
Balance, Beginning of Year	83,332	320,634	1,514,405	1,918,371	1,595,922
Annual amortization	17,623	67,991	302,317	387,931	324,649
Disposals	-	-	(108,837)	(108,837)	(2,200)
Balance, End of Year	<u>100,955</u>	<u>388,625</u>	<u>1,707,885</u>	<u>2,197,465</u>	<u>1,918,371</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 334,844</u>	<u>\$ 469,833</u>	<u>\$ 973,234</u>	<u>\$ 1,777,911</u>	<u>\$ 1,484,724</u>

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

TRANSALTA TRI LEISURE CENTRE
 SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
 FOR THE YEAR ENDED DECEMBER 31, 2017

SCHEDULE II

	Equity in Tangible Capital Assets	Restricted	Unrestricted	Total
BALANCE, BEGINNING OF YEAR	\$ 1,484,724	\$ 722,368	\$ 281,041	\$ 2,488,133
Tangible capital asset purchases	681,118	-	(681,118)	-
Amortization of tangible capital assets	(387,931)	-	387,931	-
Interfund transfer	-	79,724	(79,724)	-
Excess of revenue over expenses	-	-	184,448	184,448
BALANCE, END OF YEAR	<u>\$ 1,777,911</u>	<u>\$ 802,092</u>	<u>\$ 92,578</u>	<u>\$ 2,672,581</u>

FOR THE YEAR ENDED DECEMBER 31, 2016

	Equity in Tangible Capital Assets	Restricted	Unrestricted	Total
BALANCE, BEGINNING OF YEAR	\$ 1,513,497	\$ 678,740	\$ 183,641	\$ 2,375,878
Tangible capital asset purchases	566,159	-	(566,159)	-
Amortization of tangible capital assets	(324,649)	-	324,649	-
Loss on disposal of tangible capital assets	(270,283)	-	270,283	-
Transfers from Reserves	-	43,628	(43,628)	-
Excess of revenue over expenses	-	-	112,255	112,255
BALANCE, END OF YEAR	<u>\$ 1,484,724</u>	<u>\$ 722,368</u>	<u>\$ 281,041</u>	<u>\$ 2,488,133</u>

TRANSALTA TRI LEISURE CENTRE
SCHEDULE OF OPERATING EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2017

SCHEDULE III

	<u>2017</u> (Budget) (Note 11)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
Salaries, wages and benefits	\$ 4,119,100	\$ 4,291,242	\$ 4,488,878
Utilities	899,500	1,009,639	918,277
Contracted services	1,029,842	884,525	591,627
Repairs and maintenance	453,139	502,731	854,108
Materials, goods and services	431,020	491,965	599,313
Amortization	-	387,931	324,649
Administrative services	288,971	298,275	361,108
Marketing and publications	174,500	193,083	187,739
Other	39,450	46,943	61,127
Loss on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>270,283</u>
	<u>\$ 7,435,522</u>	<u>\$ 8,106,334</u>	<u>\$ 8,657,109</u>

SCHEDULE IV

TRANSALTA TRI LEISURE CENTRE
 CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Administration	Maintenance	Aquatics	Fields, Arena, and Events	Wellness	Children's Programs	Stony Plain Pool	Unallocated	Total
REVENUE									
Pass fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,047	\$ 2,894,229	\$ 2,927,276
Partnership contributions - operating	-	-	-	-	-	-	-	1,369,515	1,369,515
Rental	-	-	-	1,207,714	-	-	27,533	-	1,235,247
Program fees	-	-	615,068	-	193,104	252,464	86,738	-	1,147,374
Lease	304,014	-	-	-	-	-	-	-	304,014
Corporate sponsors and donations	284,227	-	-	-	-	-	2,500	-	286,727
Management services	-	-	-	-	-	-	105,000	-	105,000
Other	194,461	-	-	25,000	-	-	-	-	219,461
	<u>782,702</u>	<u>-</u>	<u>615,068</u>	<u>1,232,714</u>	<u>193,104</u>	<u>252,464</u>	<u>254,818</u>	<u>4,263,744</u>	<u>7,594,614</u>
EXPENSES									
Salaries, wages and benefits	1,427,071	383,144	1,350,605	245,970	447,417	258,102	178,933	-	4,291,242
Utilities	-	1,009,639	-	-	-	-	-	-	1,009,639
Contracted services	207,809	557,691	-	5,761	73,575	39,689	-	-	884,525
Repairs and maintenance	-	312,071	73,168	106,294	11,198	-	-	-	502,731
Materials, goods and supplies	106,012	112,173	41,690	160,911	17,462	6,170	47,547	-	491,965
Amortization	43,164	90,454	24,380	140,786	89,147	-	-	-	387,931
Administrative services	298,275	-	-	-	-	-	-	-	298,275
Marketing and publications	193,083	-	-	-	-	-	-	-	193,083
Other	31,558	640	8,287	156	4,890	1,412	-	-	46,943
	<u>2,306,972</u>	<u>2,465,812</u>	<u>1,498,130</u>	<u>659,878</u>	<u>643,689</u>	<u>305,373</u>	<u>226,480</u>	<u>-</u>	<u>8,106,334</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$(1,524,270)</u>	<u>\$(2,465,812)</u>	<u>\$(883,062)</u>	<u>\$ 572,836</u>	<u>\$(450,585)</u>	<u>\$(52,909)</u>	<u>\$ 28,338</u>	<u>\$ 4,263,744</u>	<u>\$ (511,720)</u>

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

SCHEDULE V

TRANSALTA TRI LEISURE CENTRE
 CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Administration	Maintenance	Aquatics	Fields, Arena, and Events	Wellness	Children's Programs	Unallocated	Total
REVENUE								
Pass fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,949,400	\$ 2,949,400
Partnership contributions - operating	-	-	-	-	-	-	2,124,516	2,124,516
Rental	-	-	-	1,173,986	-	-	-	1,173,986
Program fees	-	-	636,819	-	226,261	298,206	-	1,161,286
Corporate sponsors and donations	309,164	-	-	-	-	-	-	309,164
Lease revenue	295,195	-	-	-	-	-	-	295,195
Other	209,300	-	-	-	-	-	-	209,300
	<u>813,659</u>	<u>-</u>	<u>636,819</u>	<u>1,173,986</u>	<u>226,261</u>	<u>298,206</u>	<u>5,073,916</u>	<u>8,222,847</u>
EXPENSES								
Salaries, wages and benefits	1,575,100	656,798	1,291,154	266,750	440,788	258,288	-	4,488,878
Utilities	-	918,277	-	-	-	-	-	918,277
Repairs and maintenance	-	576,659	74,446	192,098	10,905	-	-	854,108
Administrative services	361,108	-	-	-	-	-	-	361,108
Materials, goods and supplies	103,426	138,707	50,140	242,200	33,920	30,920	-	599,313
Contracted services	187,925	316,952	-	7,260	79,490	-	-	591,627
Amortization	39,722	57,911	23,819	116,219	86,978	-	-	324,649
Marketing and publications	187,739	-	-	-	-	-	-	187,739
Other	38,811	2,359	8,749	1,521	8,342	1,345	-	61,127
Loss on disposal of tangible capital assets	270,283	-	-	-	-	-	-	270,283
	<u>2,764,114</u>	<u>2,667,663</u>	<u>1,448,308</u>	<u>826,048</u>	<u>660,423</u>	<u>290,553</u>	<u>-</u>	<u>8,657,109</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$(1,950,455)</u>	<u>\$(2,667,663)</u>	<u>\$(811,489)</u>	<u>\$ 347,938</u>	<u>\$(434,162)</u>	<u>\$ 7,653</u>	<u>\$ 5,073,916</u>	<u>\$ (434,262)</u>

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

**TRANSALTA TRI LEISURE CENTRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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 "Municipalities"). 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.

Management services are accounted for on a net profit basis.

(b) Cash

Cash consists of cash on hand and bank balances.

(c) Investments

Investments consist of guaranteed investment certificates, recorded at amortized cost.

(d) 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	20 to 30 years
Engineered structures	10 to 30 years
Machinery and equipment	3 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, 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) 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.

(f) 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.

(g) Pension Expenses

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

(h) Measurement Uncertainty

The preparation of the 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The Centre has used estimates to determine recoverability of accounts receivable, amount of accrued liabilities, vacation payable, and the useful lives of tangible capital assets.

2. ACCOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Trade	\$ 53,389	\$ 119,730
Interest	5,339	3,165
Goods and Services Tax recoverable	<u>-</u>	<u>16,900</u>
	<u>\$ 58,728</u>	<u>\$ 139,795</u>

3. INVESTMENTS

	<u>2017</u>	<u>2016</u>
Guaranteed investment certificates	<u>\$ 1,200,000</u>	<u>\$ 1,000,000</u>

Guaranteed investment certificates bearing interest at 1.45% (2016 - 1.05%) and maturing on March 12, 2018.

**TRANSALTA TRI LEISURE CENTRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

4. CREDIT FACILITY

The Centre has an unsecured 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, 2017.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2017</u>	<u>2016</u>
Trade and other	\$ 248,684	\$ 417,307
Salaries and vacation	225,789	233,104
Goods and Services Tax	<u>13,305</u>	<u>-</u>
	<u>\$ 487,778</u>	<u>\$ 650,411</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>2016</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2017</u>
Pass and program fee pre-registration	\$ 278,201	\$ 4,153,689	\$(4,074,650)	\$ 357,240
Corporate sponsorships	150,714	245,500	(257,750)	138,464
Partnership contributions - capital	-	679,230	(616,169)	63,061
Gift certificates	31,831	53,363	(44,221)	40,973
Concerts	<u>17,609</u>	<u>70,057</u>	<u>(87,666)</u>	<u>-</u>
	<u>\$ 478,355</u>	<u>\$ 5,201,839</u>	<u>\$(5,080,456)</u>	<u>\$ 599,738</u>

7. PARTNERSHIP CONTRIBUTIONS

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

	<u>2017</u>		<u>2016</u>	
	Operating	Capital	Operating	Capital
City of Spruce Grove	\$ 622,034	\$ 279,864	\$ 964,955	\$ 225,518
Parkland County	389,764	175,362	604,637	141,309
Town of Stony Plain	<u>357,717</u>	<u>160,943</u>	<u>554,924</u>	<u>129,690</u>
	<u>\$ 1,369,515</u>	<u>\$ 616,169</u>	<u>\$ 2,124,516</u>	<u>\$ 496,517</u>

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8. 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 2017 were \$212,065 (2016 - \$227,479). Total current and past service contributions made by the employees of the Centre to the LAPP in 2017 were \$194,900 (2016 - \$209,023).

At December 31, 2016, LAPP disclosed an actuarial deficit of \$637,357 million (2015 - \$923,416 million).

9. 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, other price risk or liquidity 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.

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10. 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, Arena and Events

The fields, arena and events department is responsible for the rentals of the indoor soccer fields, arenas, and all other events. They are also responsible for maintaining these areas 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.

(g) Stony Plain Pool

The Stony Plain pool 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.

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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11. 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>2017</u> Budget	<u>2017</u> Actual	<u>2016</u> Actual
Excess of Revenue over Expenses	\$ 374,729	\$ 184,448	\$ 112,255
Add:			
Amortization of tangible capital assets	-	387,931	324,649
Deduct:			
Acquisition of tangible capital assets	<u>(374,729)</u>	<u>(681,118)</u>	<u>(566,159)</u>
Results of Operations	<u>\$ -</u>	<u>\$ (108,739)</u>	<u>\$ (129,255)</u>

12. COMPARATIVE FIGURES

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

13. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board.