

2023

# Annual Report

**ahla** || ALBERTA HOTEL &  
LODGING ASSOCIATION

# Executive Summary



2023 was a pivotal year for the AHLA, one that saw members start to turn the page on the pandemic that devastated our industry. Most areas of the province saw recovery in rate and occupancy to 2019 levels. Similarly, AHLA was able to turn its focus from helping members withstand the extraordinary conditions of the previous three years to preparing for a return to prosperity.

The AHLA focussed on reconnecting with our members in person, through association and industry events, and one-on-one meetings at their hotels to understand what keeps you up at night, and how your association should respond.

*Photo: Brooke Christianson, Board Chair, Tracy Douglas-Blowers, President & CEO*

## Converging Factors

**In 2023, several factors converged, impacting the AHLA and our members:**

- Politicians came to acknowledge tourism's economic potential, evident in the inclusion of a Ministry of Tourism & Sport in Cabinet after the May election.
- Cash flow remained constrained due to inflation, affecting labor, energy, insurance, credit and other costs, with many hotels still burdened by pandemic-related debt.
- The evolving labor market, making it necessary for hotels to offer a strong employee value proposition.
- Growing concern about safety and security due to extreme weather events, natural disasters, crime, and disorder.
- Development of a provincial Tourism Strategy aimed at boosting Alberta's tourism revenue.
- Tracy Douglas-Blowers took over as President & CEO, succeeding Dave Kaiser after 17 years of visionary leadership.

**"I can't express enough gratitude for the AHLA's invaluable support during the Edson wildfires. Their well-organized procedures pre-evacuation and prompt responses during the evacuation period played a crucial role in ensuring our guests and our teams' safety. From clear evacuation plans to timely updates, they truly showed their dedication to our well-being. No matter the time of day, we felt that the AHLA was in communication with us and checking in. Thank you for your unwavering commitment to keeping us informed and protected during this challenging time."**

**Shazma Charania, Owner**  
ZS Holdings Inc., Red Deer

# Milestones

Over the past year, the AHLA and our members have achieved significant milestones by working together:

**1** During an unprecedented wildfire season, we provided essential information and resources to hotels and campgrounds, helping hotels to safely close and evacuate where necessary, and supporting others in accommodating evacuees from neighbouring communities and the Northwest Territories.

**2** We effectively advocated for a pause to changes to the Tourism Levy, engaging in extensive discussions with officials from Treasury Board & Finance. Our efforts ensured that online marketplaces contribute to the levy without unfairly penalizing hotels, which have long supported its collection.

**3** In partnership with the BCHA, we launched the Canadian Hospitality Health Plan, a not-for-profit employee benefits program. CHHP gives hotels greater control over benefits costs while enhancing their employee value proposition, contributing to a healthier and more sustainable workforce.

## Strategic Directions

Based on the political, social and economic conditions the AHLA and our members operate in, the AHLA's Board of Directors developed a new strategic plan to guide the association from 2024 – 2027. That strategy is based on these objectives:



Advocacy That Helps Our Members Prosper



A Skilled Workforce for Alberta Hotels



Alberta Hotels are Equipped for Emerging Realities



Bring Together Alberta Hotels & Amplify Value for Members



AHLA is a High-Performance Association

These are further supported by the AHLA Services Corporation's objectives of:

1. Delivering value to members through our power, natural gas, insurance, and employee benefits programs
2. Efficient & effective delivery of administrative & accounting services to our client companies.

Our new strategic plan will guide us as we embrace the challenges and opportunities ahead.

“When thinking of the past year, the AHLA's speed and effectiveness of which they jumped on the changes to the Tourism Levy & OTAs collection was amazing.”

Jay White, General Manager  
Brewster Mountain Lodge, Banff

# Strategic Goals

We measure the impact of our efforts against the Strategic Goals that were approved by the AHLA 2020 Board of Directors. These objectives give us direction to rally around, and offer a set of shared goals that highlight what we must do extremely well to help our members prosper.

## Strategic Goal 1: ADVOCACY TO SUPPORT MEMBER RECOVERY

Over the past year, our members joined forces in advocacy efforts that yielded significant policy wins.

- Together, we successfully campaigned for a pause to changes to the Tourism Levy and Online Travel Agencies (OTAs) that would have negatively impacted hotels.
- Additionally, our collective advocacy laid the groundwork to establish a dedicated immigration stream tailored to the needs of the tourism and hospitality industry, addressing critical labor shortages.
- And, in partnership with the Hotel Association of Canada, we welcomed the federal Tourism Growth Strategy, the introduction of the Recognized Employer pilot under the Temporary Foreign Worker Program, and extensions to international student work hours.

Finally, key meetings with elected officials and decision makers provided crucial opportunities to directly address concerns and advocate for regulations around short-term rentals. While there is more work to do, these achievements underscore the power of our united efforts and the impact of our advocacy on shaping policies to help members prosper.



## Strategic Goal 2:

# DELIVER PROGRAMS & SERVICES THAT DRIVE VALUE FOR MEMBERS



### Canadian Hospitality Health Plan

After a review of the existing benefits program, the AHLA Services Corporation partnered with the British Columbia Hotel Association to create the Canadian Hospitality Health Plan (CHHP). CHHP enables individual hotels to take advantage of the same structure that large corporations use to take control over their benefits costs. Through industry ownership of employee benefits, members achieve true cost savings, stability, and attract and retain skilled staff.



### Canadian Motorcycle Tourism Association Partnership

We were thrilled to partner with the Canadian Motorcycle Tourism Association to bring free rider-friendly training to our members. Motorcycle tourism is one of the fastest growing niche markets in tourism. Motorcycle enthusiasts are coming from all over the world to experience what Alberta has to offer.



### Human Resources and Health & Safety

The AHLA's Health & Safety programming encourages and supports a culture of health & safety in hotels and convention centers throughout Alberta. Nearly 1,000 safety subscribers representing more than 80,000 guest rooms.

- Launched the new online training platform, [TourismWorks.ca](https://www.tourismworks.ca), providing access to self-paced training courses to hotel employees throughout the province on topics such as health & safety, hotel operations and loss prevention.
- Hosted webinars in partnership with WCB to help hotels address psychological injuries, return to work, WCB premiums, and training on the job. More than 80 properties were represented at each webinar.
- Developed and distributed resources for hotels that were responding to local emergencies, including a checklist to help hotels that were required to close in evacuating communities. Resources were downloaded more than 400 times.
- Provided regular updates on provincial emergencies to hotels in affected areas, as well as those that were receiving evacuees.
- Launched a campaign on young and at-risk workers to educate employers on how to safely employ young workers with an average open rate of 38%.
- The hospitality industry was removed from the OHS proactive inspection program in February, indicative of improved performance by employers throughout the province.

"By teaming up with the Canadian Motorcycle Tourism Association, we aim to provide an enhanced experience for motorcycle enthusiasts traveling throughout Alberta.

Motorcycle tourism is a fast growing market and we are excited to showcase the warm hospitality and rider-friendly accommodations that Alberta has to offer."

Brooke Christianson, Executive Vice President  
Canalta Hotels





### Building a Skilled Workforce

- Initiated the development of programs and resources to elevate the level of HR practices throughout the province, with support of a Workforce Partnerships grant from the Government of Alberta
- Promoted student work placements through partnerships with Prospect Human Services, Careers Next Generation, and Olds College
- Created the foundation of a new designation for hotels, including human resources, health & safety, and loss prevention & risk management
- Conducted the 2023 Wage & Benefits Survey with funding from Travel Alberta. With 204 hotels, motels and inns participating, representing 37% of member rooms



### Quarterly Insight

A members only webinar that provides insight into the political and economic realities impacting hotels, and how the AHLA is responding.

- Average 10% of member properties attended each webinar
- Attendees received updates on the state of the industry, AHLA advocacy initiatives, TourismWorks and cost-saving programs.
- Plus, presentations from partners, like Western Financial Group, Gas Alberta Energy and Canadian Hospitality Health Plan.



### Ascend

*Ascend* is the can't miss event for Alberta's hotel leaders, owners and investors, who come to connect and discover what's next for the hospitality industry. Through incisive sessions and expert research and analysis, thought leaders probe the national, provincial, economic and technology trends that are reshaping the hospitality industry. 177 hotels, or 27% member hotels, were represented.



**“The best part about *Ascend* is meeting with members, the AHLA staff, fellow board & vendors. Such a great venue to host this important and well executed event.**

**Jody Carrington's opening was a big highlight. Very insightful, funny, and right on point with our current social climate.”**

AHLA Member



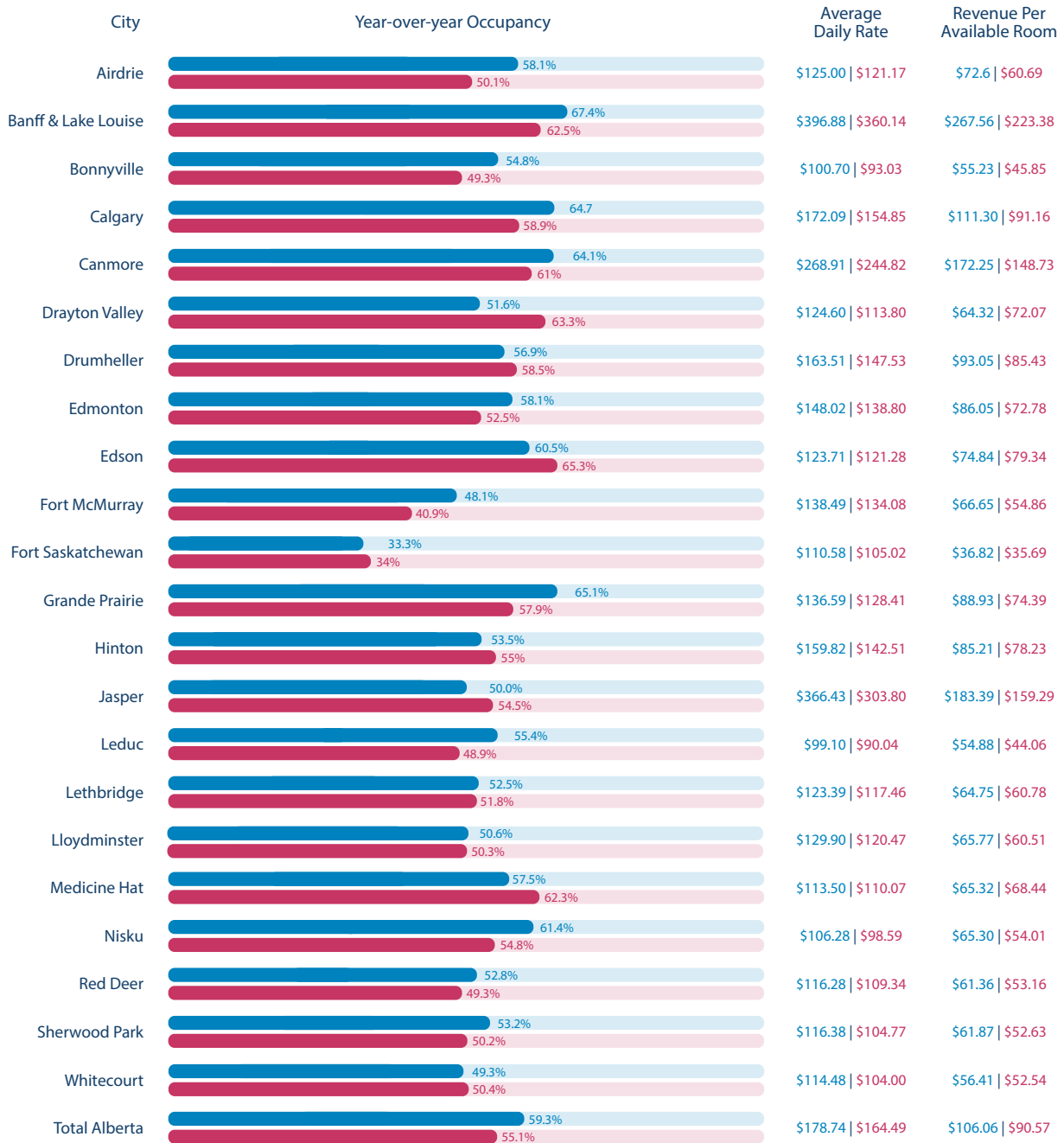
## Strategic Objective 3: ENSURE SUSTAINABILITY OF THE AHLA

1. The Boards of Directors of the AHLA and its wholly owned subsidiary, the AHLA Services Corporation, came together in June for a joint governance refresher. This was an occasion for directors to affirm a shared understanding of their roles and responsibilities and was the starting point for the AHLA to develop its next three-year strategy.
2. The AHLA's internal structure was realigned to support the strategy approved by the AHLA's Board in September 2023. The new structure acknowledges the distinction between our advocacy, member engagement, and HR & safety functions and the revenue generating programs that help to sustain them. The new structure will empower the AHLA team to achieve the goals set out by our Boards of Directors.
3. The AHLA implemented a new association management system to enable our team to more effectively administer member data that will yield insights and develop intelligence to support our advocacy efforts and strategic decision making.



# State of Alberta's Hotel Industry

LEGEND  
2023 / 2022



Source: Smith Travel Research Inc. (STR). Replication 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.

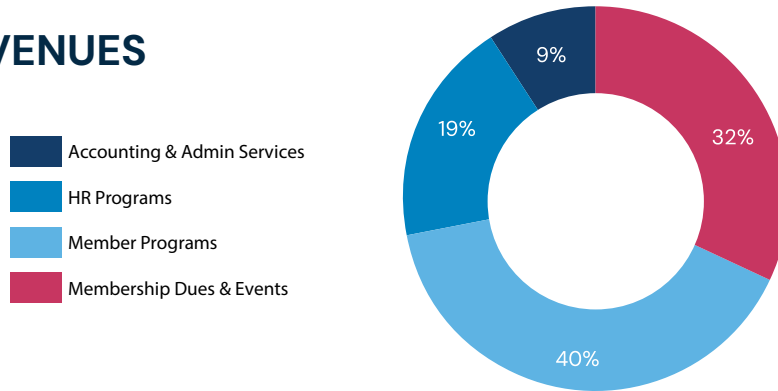
## TOP ISSUES FOR AHLA MEMBERS IN 2023



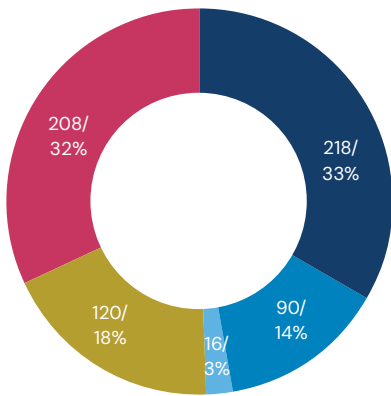


# State of the AHLA

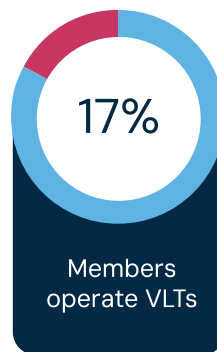
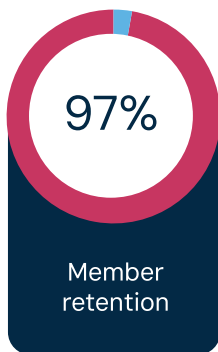
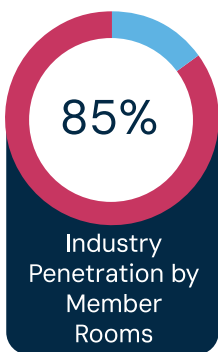
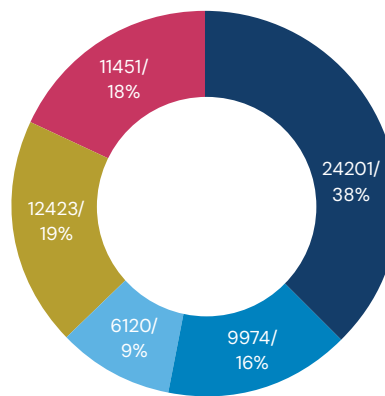
## ANNUAL REVENUES



## MEMBER HOTELS: 659



## NUMBER OF GUEST ROOMS: 64,694



We are pleased to share the results of the work of your association from 2023, and we look forward to serving you in 2024 and beyond.



**ahla**



ALBERTA HOTEL &  
LODGING ASSOCIATION

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**Alberta Hotel & Lodging Association**  
**Consolidated Financial Statements**  
*December 31, 2023*



## **Management's Responsibility**

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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 17, 2024

  
\_\_\_\_\_  
President & Chief Executive Officer

  
\_\_\_\_\_  
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, 2023, 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, 2023, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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 17, 2024

*MNP* LLP

Chartered Professional Accountants



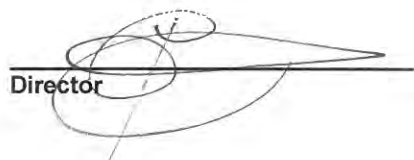
# Alberta Hotel & Lodging Association

## Consolidated Statement of Financial Position

*As at December 31, 2023*

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents <i>(Note 3)</i>	2,971,546	2,533,917
Trading investments <i>(Note 4)</i>	642,100	608,475
Accounts receivable and prepaid expenses <i>(Note 5)</i>	341,181	313,167
Income taxes recoverable	1,023	28,214
	<b>3,955,850</b>	<b>3,483,773</b>
<b>Other assets</b> <i>(Note 6)</i>	<b>50,144</b>	<b>68,329</b>
<b>Capital assets</b> <i>(Note 7)</i>	<b>2,965,006</b>	<b>3,045,182</b>
<b>Intangible assets</b> <i>(Note 8)</i>	<b>247,626</b>	<b>278,837</b>
	<b>7,218,626</b>	<b>6,876,121</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities <i>(Note 10)</i>	261,250	336,022
Deferred revenue <i>(Note 11)</i>	825,901	668,474
	<b>1,087,151</b>	<b>1,004,496</b>
<b>Surplus</b>		
Safety	820,286	928,517
Operating	1,754,960	1,319,089
Capital investment	3,131,229	3,324,019
Capital reserve	425,000	300,000
	<b>6,131,475</b>	<b>5,871,625</b>
	<b>7,218,626</b>	<b>6,876,121</b>

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, 2023*

	<b>2023</b>	<b>2022</b>
<b>Member Value Programs</b> <i>(Schedule 1)</i>		
Revenue	1,031,198	1,001,471
Expenses	117,750	322,440
Excess of revenue over expenses	913,448	679,031
<b>Human Resource &amp; Safety Programs</b> <i>(Schedule 1)</i>		
Revenue	485,571	304,772
Expenses	613,211	372,103
Deficiency of revenue over expenses	(127,640)	(67,331)
<b>Membership Communications</b> <i>(Schedule 1)</i>		
Revenue	808,161	686,993
Expenses	371,556	257,736
Excess of revenue over expenses	436,605	429,257
<b>Government Advocacy &amp; Industry Relations</b> <i>(Schedule 1)</i>		
Revenue	5,908	-
Expenses	139,184	200,398
Deficiency of revenue over expenses	(133,276)	(200,398)
<b>Excess of revenue of expenses of segments</b>	<b>1,089,137</b>	<b>840,559</b>
<b>Other income</b> <i>(Schedule 1), (Note 13)</i>	<b>540,446</b>	<b>608,336</b>
<b>General expenses</b> <i>(Schedule 1)</i>	<b>(1,365,597)</b>	<b>(1,194,037)</b>
<b>Other recovery (expense)</b> <i>(Schedule 1)</i>	<b>(4,136)</b>	<b>23,054</b>
<b>Excess of revenue over expenses for the year</b>	<b>259,850</b>	<b>277,912</b>
<b>Total revenue</b>	<b>2,330,838</b>	<b>1,993,236</b>
<b>Total expenses</b>	<b>(1,241,701)</b>	<b>(1,152,677)</b>
<b>Other income</b> <i>(Note 13)</i>	<b>540,446</b>	<b>608,336</b>
<b>General expenses</b> <i>(Schedule 1)</i>	<b>(1,365,597)</b>	<b>(1,194,037)</b>
<b>Other recovery (expense)</b> <i>(Schedule 1)</i>	<b>(4,136)</b>	<b>23,054</b>
<b>Excess of revenue over expenses for the year</b>	<b>259,850</b>	<b>277,912</b>

*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, 2023*

					2023	2022
	<i>Safety</i>	<i>Operating</i>	<i>Surplus invested in capital and intangible assets</i>	<i>Capital reserve</i>		
<b>Surplus, beginning of year</b>	<b>928,517</b>	<b>1,319,089</b>	<b>3,324,019</b>	<b>300,000</b>	<b>5,871,625</b>	5,593,713
<b>Excess (deficiency) of revenue over expenses</b>	<b>(108,231)</b>	<b>546,154</b>	<b>(178,073)</b>	-	<b>259,850</b>	277,912
<b>Purchase of capital and intangible assets</b>	-	<b>(104,583)</b>	<b>104,583</b>	-	-	-
<b>Transfer of capital grant funding</b>	-	<b>119,300</b>	<b>(119,300)</b>	-	-	-
<b>Interfund transfer</b>	-	<b>(125,000)</b>	-	<b>125,000</b>	-	-
<b>Surplus, end of year</b>	<b>820,286</b>	<b>1,754,960</b>	<b>3,131,229</b>	<b>425,000</b>	<b>6,131,475</b>	5,871,625

*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, 2023*

	<b>2023</b>	<b>2022</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	259,850	277,912
Amortization of capital, intangible and other assets	232,395	124,232
Reinvested investment income, net (Note 4)	(33,625)	81,948
Loss on disposal of capital assets	1,761	-
	<b>460,381</b>	<b>484,092</b>
Changes in working capital accounts		
Accounts receivable and prepaid expenses	(28,014)	270,413
Accounts payable and accrued liabilities	(74,773)	8,014
Deferred revenue	157,427	88,651
Income taxes recoverable	27,191	(31,280)
	<b>542,212</b>	<b>819,890</b>
<b>Investing</b>		
Purchase of capital assets	(8,178)	(8,455)
Purchase of intangible assets	(96,405)	(261,761)
	<b>(104,583)</b>	<b>(270,216)</b>
<b>Increase in cash resources</b>	<b>437,629</b>	<b>549,674</b>
<b>Cash resources, beginning of year</b>	<b>2,533,917</b>	<b>1,984,243</b>
<b>Cash resources, end of year</b>	<b>2,971,546</b>	<b>2,533,917</b>

*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, 2023

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### 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.

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.

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.

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**Alberta Hotel & Lodging Association**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2023*

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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.

	<b>Method</b>	<b>Rate</b>
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 (2022 - \$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, 2023*

**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. Cash and cash equivalents**

	2023	2022
Cash in bank non-interest bearing accounts	406,555	588,867
Bank balances payable on demand - weighted average annual interest rate of 0.20% (2022 - 0.20%)	2,564,991	1,945,050
	2,971,546	2,533,917

**4. Trading investments**

	2023	2022
Cash and cash equivalents - Canada	17,939	41,755
Fixed income - Canada	487,326	403,675
Fixed income - Accrued income	2,451	-
Equity - Canada	91,478	142,155
Equity - United States	20,085	20,890
Equity - International	22,821	-
	642,100	608,475

	2023	2022
<b>Change in investments</b>		
Investments, beginning of year	608,475	690,423
Reinvested interest income	18,587	12,623
Reinvested net gain (loss)	12,423	(98,552)
Reinvested dividend income	2,615	3,981
	642,100	608,475

None of the trading investments are pledged as collateral.



**Alberta Hotel & Lodging Association**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2023*

**5. Accounts receivable and prepaid expenses**

	2023	2022
Trade receivables	254,823	271,566
GST receivable	4,225	463
Prepaid expenses	57,133	41,138
Prepaid deposit	25,000	-
	341,181	313,167

**6. Other assets**

	Cost	Accumulated amortization	2023 Net	2022 Net
Tenant improvements	145,203	95,059	50,144	68,329

For the year ended December 31, 2023, amortization of \$18,185 (2022 - \$17,444) was expensed relating to other assets.

**7. Capital assets**

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	927,021	-	927,021	927,021
Buildings	3,128,444	1,101,091	2,027,353	2,105,565
Office furniture and fixtures	222,901	220,979	1,922	2,454
Computer equipment	88,593	81,779	6,814	9,041
Photocopiers	25,645	25,645	-	-
Telephone system	29,662	29,662	-	-
Other office equipment	21,477	19,581	1,896	1,101
	4,443,743	1,478,737	2,965,006	3,045,182

For the year ended December 31, 2023, amortization of \$86,593 (2022 - \$84,748) was expensed relating to capital assets.

**8. Intangible assets**

	Cost	Accumulated amortization	2023	2022
Websites	771,212	771,212	-	-
Program development costs	116,810	99,712	17,098	23,353
Software development costs	848,200	617,672	230,528	255,484
Software costs	75,207	75,207	-	-
	1,811,429	1,563,803	247,626	278,837

For the year ended December 31, 2023, amortization of \$127,617 (2022 - \$22,040) was expensed relating to intangible assets.

# Alberta Hotel & Lodging Association

## Notes to the Consolidated Financial Statements

*For the year ended December 31, 2023*

### 9. 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, 2023, the Association had drawn \$nil (2022 - \$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, 2023, the Association is in compliance with all such covenants.

### 10. 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 \$52,339 (2022 - \$44,306).

### 11. Deferred revenue

	2023	2022
Energy efficiency levy	306,468	306,468
Deferred membership fees	207,767	198,860
Workforce partnership	199,980	-
WCB funding	81,403	119,300
Lease deposits	11,082	11,082
Deferred access fee	9,326	11,791
Travel Alberta grant	5,000	5,000
Recruit Without Borders	2,895	1,000
Food Buy sponsorship	1,190	12,143
Deferred association membership fees	790	1,185
SYMY Immigration	-	1,645
	<b>825,901</b>	<b>668,474</b>

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 (2022 - \$nil) was spent on eligible program costs resulting in recognition of the corresponding amount of revenue.

Deferred revenue from WCB is the unamortized funds for developing and implementing an online learning management system (LMS). In 2023, \$nil (2022 - \$nil) of LMS grants funds were received and \$37,897 (2022 - \$nil) was recognized as revenue.

Deferred revenue from Travel Alberta is the unspent funds earmarked for Human Resources training and development. In 2023, \$50,000 (2022 - \$50,000) of grant funds were received and \$50,000 (2022 - \$45,000) was recognized as revenue.

Deferred revenue from the Workforce partnership is the unspent funds for increasing human resources training and capacity at Alberta hotels. In 2023, \$250,000 (2022 - \$nil) of grant funds were received and \$50,020 (2022 - \$nil) was recognized as revenue.

**Alberta Hotel & Lodging Association**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2023*

**12. Restrictions on surplus**

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

	2023	2022
<b><i>Surplus invested in capital and intangible assets:</i></b>		
Capital assets	2,965,006	3,045,182
Intangible assets	247,626	278,837
Unamortized deferred capital contribution (Note 11)	(81,403)	-
	3,131,229	3,324,019
<b><i>Unrestricted surplus</i></b>	<b>1,754,960</b>	<b>1,319,089</b>
<b><i>Safety program surplus</i></b>	<b>820,286</b>	<b>928,517</b>
<b><i>Capital reserve</i></b>	<b>425,000</b>	<b>300,000</b>
	6,131,475	5,871,625

**13. Other income**

	2023	2022
Trustee; financial, administrative and management services; and survey fees (Note 14)	227,981	195,391
Rental income	154,517	137,556
Interest income	112,204	21,120
Self insurance recovery	46,800	-
Sponsorship	501	-
Job grant	118	800
Dividends	86	69
Loss on disposal of capital assets	(1,761)	-
Wage subsidies	-	253,400
	540,446	608,336

**14. 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, 2023, the Association held trust funds on deposit in the amount of \$15,847,207 (2022 - \$14,727,741).

**15. 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 3 and 4 and its bank indebtedness as described in Note 9.

***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.

**Alberta Hotel & Lodging Association**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2023*

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**15. Financial instruments** *(Continued from previous page)*

***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.

**16. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.

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

*For the year ended December 31, 2023*

**Member Value Programs**

	2023	2022
<b>Revenue</b>		
Self-insurance program	449,223	392,687
Electrical energy and natural gas program	351,920	391,870
Accommodation programs	131,868	111,730
Health plan	64,269	67,192
Partnership programs and other revenues	33,918	37,992
	1,031,198	1,001,471
<b>Expenses</b>		
Electrical energy and natural gas program	48,866	124,158
Health plan	25,569	2,098
Self-insurance program	24,927	174,429
Accommodation programs	18,388	21,755
	117,750	322,440
<b>Excess of revenue over expenses</b>	913,448	679,031

**Human Resource & Safety Programs**

	2023	2022
<b>Revenue</b>		
Safety training	416,468	290,543
HR programs and other revenues	69,103	11,848
Employer of Choice and Tourism Works	-	1,881
Destination employment	-	500
	485,571	304,772
<b>Expenses</b>		
Safety training	524,699	339,709
HR projects	88,512	11,245
Destination employment and HR indirect expenditures	-	16,510
Employer of Choice and Tourism Works	-	4,639
	613,211	372,103
<b>Excess of revenue over expenses</b>	(127,640)	(67,331)

**Alberta Hotel & Lodging Association**  
**Schedule 1 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended December 31, 2023*

**Membership Communications**

	2023	2022
<b>Revenue</b>		
Membership services	566,131	533,306
Member events: annual convention & trade show and regional meetings	218,206	140,337
Membership publications	23,824	13,350
	808,161	686,993
<b>Expenses</b>		
Membership services	153,342	104,644
Member events: annual convention & trade show and regional meetings	130,059	110,176
Membership publications	88,155	42,916
	371,556	257,736
<b>Excess of revenue over expenses</b>	436,605	429,257

**Government Advocacy & Industry Relations**

	2023	2022
<b>Revenue</b>		
Government relations: general	5,908	-
<b>Expenses</b>		
Government relations: general	139,184	200,398
<b>Deficiency of revenue over expenses</b>	(133,276)	(200,398)

**Other income**

	2023	2022
Other income <i>(Note 13)</i>	540,446	608,336
	540,446	608,336

**General expenses**

	2023	2022
Total overhead office payroll	683,075	627,161
Total building expenses	187,881	169,767
Total computer/IT and telecommunications expenses	159,571	100,356
Total other expenses	120,960	124,837
Total Board of Directors expenses	89,247	86,621
Total professional fees	67,431	37,425
Total general office expenses	56,882	47,270
Total marketing expenses	550	600
	1,365,597	1,194,037

**Other (recovery) expense**

	2023	2022
Income tax provision	4,136	(23,054)
	4,136	(23,054)