

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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, 2014, 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, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Edmonton, Alberta
March 12, 2015

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

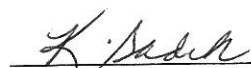
The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of the Centre's administration.

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 12, 2015

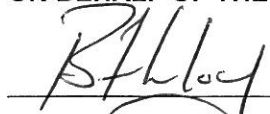



Kathy Sadek
Manager of Finance, Customer and Corporate Services

TRANSALTA TRI LEISURE CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
FINANCIAL ASSETS		
Cash and temporary investments (<i>Note 3</i>)	\$ 1,719,693	\$ 427,513
Accounts receivable	150,096	136,148
Due from partner municipalities (<i>Note 4</i>)	<u>-</u>	<u>1,178,065</u>
	<u>1,869,789</u>	<u>1,741,726</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (<i>Note 6</i>)	523,215	530,887
Deferred revenue (<i>Note 7</i>)	508,234	564,224
Lease deposits	<u>15,824</u>	<u>15,824</u>
	<u>1,047,273</u>	<u>1,110,935</u>
NET FINANCIAL ASSETS	<u>822,516</u>	<u>630,791</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	10,242	13,366
Prepaid expenses and deposits (<i>Note 8</i>)	47,621	75,333
Tangible capital assets (<i>Schedule I</i>)	<u>1,231,758</u>	<u>1,151,980</u>
	<u>1,289,621</u>	<u>1,240,679</u>
ACCUMULATED SURPLUS (<i>Schedule II</i>)	<u>\$ 2,112,137</u>	<u>\$ 1,871,470</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, 2014

	<u>2014</u> (Budget) (Note 13)	<u>2014</u> (Actual)	<u>2013</u> (Actual)
REVENUE			
Pass fees	\$ 2,950,000	\$ 2,808,683	\$ 2,775,263
Partnership contributions <i>(Note 9)</i>	1,909,904	1,909,905	1,795,553
Program fees	1,029,379	1,004,314	918,581
Rental	948,522	956,816	976,526
Corporate sponsors and donations	414,800	377,231	332,666
Lease	281,110	280,364	272,706
Miscellaneous	100,500	142,771	111,832
Advertising	35,580	34,264	32,464
Interest	17,500	24,548	17,765
Commissions	21,200	14,972	20,993
Grants	<u>-</u>	<u>-</u>	<u>75,000</u>
	<u>7,708,495</u>	<u>7,553,868</u>	<u>7,329,349</u>
EXPENSES			
Maintenance	2,736,023	2,589,706	2,672,128
Administration	2,382,610	2,132,747	2,005,696
Aquatics	1,228,852	1,322,599	1,139,196
Wellness	483,830	576,196	523,106
Fields and arena	322,637	457,666	328,703
Children's programs	<u>212,863</u>	<u>234,287</u>	<u>225,603</u>
	<u>7,366,815</u>	<u>7,313,201</u>	<u>6,894,432</u>
EXCESS OF REVENUE OVER EXPENSES	341,680	240,667	434,917
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>1,871,470</u>	<u>1,871,470</u>	<u>1,436,553</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 2,213,150</u>	<u>\$ 2,112,137</u>	<u>\$ 1,871,470</u>

TRANSALTA TRI LEISURE CENTRE
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u> (Budget) (Note 13)	<u>2014</u> (Actual)	<u>2013</u> (Actual)
EXCESS OF REVENUE OVER EXPENSES	\$ 341,680	\$ 240,667	\$ 434,917
Acquisition of tangible capital assets	(341,680)	(324,952)	(244,354)
Amortization of tangible capital assets	<u>-</u>	<u>245,174</u>	<u>213,042</u>
	<u>-</u>	<u>160,889</u>	<u>403,605</u>
Use of inventory for consumption	-	3,123	4,463
Use of prepaid expenses	<u>-</u>	<u>27,713</u>	<u>47,961</u>
	<u>-</u>	<u>30,836</u>	<u>52,424</u>
INCREASE IN NET ASSETS	-	191,725	456,029
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>630,791</u>	<u>630,791</u>	<u>174,762</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>630,791</u>	\$ <u>822,516</u>	\$ <u>630,791</u>

TRANSALTA TRI LEISURE CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
OPERATING ACTIVITIES		
Cash from operations		
Excess of revenue over expenditures	\$ 240,667	\$ 434,917
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	<u>245,174</u>	<u>213,042</u>
	<u>485,841</u>	<u>647,959</u>
Change in non-cash working capital balances related to operations:		
Accounts receivable	(13,948)	107,835
Due from partner municipalities	1,178,065	(1,178,065)
Inventory of supplies	3,124	4,462
Prepaid expenses	27,712	47,962
Accounts payable and accrued liabilities	(7,672)	74,028
Deferred revenue	<u>(55,990)</u>	<u>24,911</u>
	<u>1,131,291</u>	<u>(918,867)</u>
	<u>1,617,132</u>	<u>(270,908)</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>(324,952)</u>	<u>(244,354)</u>
 CHANGE IN CASH AND TEMPORARY INVESTMENTS FOR THE YEAR	 1,292,180	 (515,262)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>427,513</u>	<u>942,775</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR (NOTE 3)	<u>\$ 1,719,693</u>	<u>\$ 427,513</u>

TRANSALTA TRI LEISURE CENTRE

SCHEDULE I

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Land Improvements	Engineered Structures	Machinery and Equipment	2014	2013
COST:					
Balance, Beginning of Year	\$ 250,000	\$ 743,285	\$ 1,293,340	\$ 2,286,625	\$ 2,109,458
Additions	-	51,013	273,939	324,952	244,354
Disposals	-	-	-	-	(67,186)
Balance, End of Year	250,000	794,298	1,567,279	2,611,577	2,286,626
ACCUMULATED AMORTIZATION:					
Balance, Beginning of Year	58,333	201,995	874,317	1,134,645	988,790
Annual amortization	8,333	36,951	199,890	245,174	213,042
Disposals	-	-	-	-	(67,186)
Balance, End of Year	66,666	238,946	1,074,207	1,379,819	1,134,646
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 183,334	\$ 555,352	\$ 493,072	\$ 1,231,758	\$ 1,151,980

Included in Engineered Structures is \$270,283 of costs where no amortization has been taken.

TRANSALTA TRI LEISURE CENTRE

SCHEDULE II

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

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	-
Transfers to restricted surplus	-	-	-	-
Excess of revenue over expenses	-	-	240,667	240,667
BALANCE, END OF YEAR	<u>\$ 1,231,758</u>	<u>\$ 678,740</u>	<u>\$ 201,639</u>	<u>\$ 2,112,137</u>

FOR THE YEAR ENDED DECEMBER 31, 2013

	Equity in Tangible Capital Assets	Restricted	Unrestricted	Total
BALANCE, BEGINNING OF YEAR	\$ 1,120,668	\$ 434,004	\$ (118,119)	\$ 1,436,553
Tangible capital assets purchases	244,354	-	(244,354)	-
Amortization of tangible capital assets	(213,042)	-	213,042	-
Transfers to restricted surplus	-	244,736	(244,736)	-
Excess of revenue over expenses	-	-	434,917	434,917
BALANCE, END OF YEAR	<u>\$ 1,151,980</u>	<u>\$ 678,740</u>	<u>\$ 40,750</u>	<u>\$ 1,871,470</u>

TRANSALTA TRI LEISURE CENTRE
SCHEDULE OF OPERATING EXPENSES BY OBJECT

SCHEDULE III

	<u>2014</u> (Budget) (Note 13)	<u>2014</u> (Actual)	<u>2013</u> (Actual)
Salaries, wages and benefits	\$ 4,490,878	\$ 4,386,994	\$ 4,157,422
Utilities	1,012,972	794,742	1,126,171
Repairs and maintenance	535,150	683,147	421,017
Administrative services	367,285	391,967	355,900
Materials, goods and services	283,483	334,386	239,596
Contracted services	460,130	306,210	243,330
Amortization	-	245,174	213,042
Marketing and publications	174,221	134,724	106,856
Other	<u>42,696</u>	<u>35,857</u>	<u>31,098</u>
	<u>\$ 7,366,815</u>	<u>\$ 7,313,201</u>	<u>\$ 6,894,432</u>

TRANSALTA TRI LEISURE CENTRE
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE IV

	Administration	Maintenance	Aquatics	Fields and Arena	Wellness	Children's Programs	Unallocated	Total
REVENUE								
Pass fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,808,683	\$ 2,808,683
Partnership contributions	1,909,905	-	-	-	-	-	-	1,909,905
Program fees	-	-	549,730	-	206,875	247,709	-	1,004,314
Rental	-	-	-	956,816	-	-	-	956,816
Lease	280,364	-	-	-	-	-	-	280,364
Corporate sponsors and donations	377,231	-	-	-	-	-	-	377,231
Other	<u>216,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,555</u>
	<u>2,784,055</u>	<u>-</u>	<u>549,730</u>	<u>956,816</u>	<u>206,875</u>	<u>247,709</u>	<u>2,808,683</u>	<u>7,553,868</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
Repairs and maintenance	-	501,422	61,733	112,512	7,480	-	-	683,147
Administrative services	391,967	-	-	-	-	-	-	391,967
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	<u>20,239</u>	<u>850</u>	<u>6,339</u>	<u>177</u>	<u>5,979</u>	<u>2,273</u>	<u>-</u>	<u>35,857</u>
	<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>651,308</u>	<u>\$(2,589,706)</u>	<u>\$(772,869)</u>	<u>\$ 499,150</u>	<u>\$(369,321)</u>	<u>\$ 13,422</u>	<u>\$ 2,808,683</u>	<u>\$ 240,667</u>

TRANSALTA TRI LEISURE CENTRE
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2013

SCHEDULE V

	Administration	Maintenance	Aquatics	Fields and Arena	Wellness	Children's Programs	Unallocated	Total
REVENUE								
Pass fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,775,263	\$ 2,775,263
Partnership contributions	1,795,553	-	-	-	-	-	-	1,795,553
Program fees	-	-	480,097	-	216,596	221,888	-	918,581
Rental	-	-	-	976,526	-	-	-	976,526
Lease revenue	272,706	-	-	-	-	-	-	272,706
Corporate sponsors and donations	332,666	-	-	-	-	-	-	332,666
Other	183,054	-	-	-	-	-	-	183,054
Grants	<u>75,000</u>	-	-	-	-	-	-	<u>75,000</u>
	<u>2,658,979</u>	-	<u>480,097</u>	<u>976,526</u>	<u>216,596</u>	<u>221,888</u>	<u>2,775,263</u>	<u>7,329,349</u>
EXPENSES								
Salaries, wages and benefits	1,299,451	995,998	1,053,960	212,992	390,455	204,566	-	4,157,422
Utilities	-	1,126,171	-	-	-	-	-	1,126,171
Administrative services	355,900	-	-	-	-	-	-	355,900
Repairs and maintenance	-	316,013	48,726	48,859	7,419	-	-	421,017
Materials, goods and supplies	64,172	120,525	23,557	2,806	14,709	13,827	-	239,596
Contracted services	125,195	62,938	-	6,594	42,106	6,497	-	243,330
Amortization	34,224	49,184	8,316	56,923	64,395	-	-	213,042
Marketing and publications	106,856	-	-	-	-	-	-	106,856
Other	<u>19,898</u>	<u>1,299</u>	<u>4,637</u>	<u>529</u>	<u>4,022</u>	<u>713</u>	-	<u>31,098</u>
	<u>2,005,696</u>	<u>2,672,128</u>	<u>1,139,196</u>	<u>328,703</u>	<u>523,106</u>	<u>225,603</u>	-	<u>6,894,432</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES \$	<u>653,283</u>	<u>\$(2,672,128)</u>	<u>\$(659,099)</u>	<u>\$ 647,823</u>	<u>\$(306,510)</u>	<u>\$ (3,715)</u>	<u>\$ 2,775,263</u>	<u>\$ 434,917</u>

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

TRANSALTA TRI LEISURE CENTRE
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

1. NATURE OF OPERATIONS

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.

2. 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) 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.

(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, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) 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.

(e) Pension Expenses

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

(f) Use of Estimates

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.

3 CASH AND TEMPORARY INVESTMENTS

	<u>2014</u>	<u>2013</u>
Cash	\$ 719,693	\$ 427,513
Temporary investments	<u>1,000,000</u>	<u>-</u>
	<u>\$ 1,719,693</u>	<u>\$ 427,513</u>

Temporary investments consist of Guaranteed Investment Certificates bearing interest at 1.3% and mature on November 5, 2015.

4. DUE FROM PARTNER MUNICIPALITIES

	<u>2014</u>	<u>2013</u>
City of Spruce Grove	\$ -	\$ 527,194
Parkland County	-	326,769
Town of Stony Plain	<u>-</u>	<u>324,102</u>
	<u>\$ -</u>	<u>\$ 1,178,065</u>

5. 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, 2014.

TRANSALTA TRI LEISURE CENTRE
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2014</u>	<u>2013</u>
Trade and other accounts payable	\$ 306,698	\$ 329,866
Salaries and vacation payable	209,942	187,919
Goods and Services Tax payable	<u>6,575</u>	<u>13,102</u>
	<u>\$ 523,215</u>	<u>\$ 530,887</u>

7. 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>2013</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2014</u>
Pass and program fee pre-registration	\$ 322,905	\$ 3,829,762	\$ (3,812,997)	\$ 339,670
Corporate sponsorships	126,670	302,204	(293,021)	135,854
Donations	91,829	-	(84,210)	7,619
Gift certificates	<u>22,820</u>	<u>10,156</u>	<u>(7,885)</u>	<u>25,091</u>
	<u>\$ 564,224</u>	<u>\$ 4,142,122</u>	<u>\$ (4,198,113)</u>	<u>\$ 508,234</u>

8. PREPAID EXPENSES AND DEPOSITS

	<u>2014</u>	<u>2013</u>
Corporate sponsorships	\$ 11,525	\$ 41,479
Other	<u>36,094</u>	<u>33,855</u>
	<u>\$ 47,619</u>	<u>\$ 75,334</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.

Amortization Schedule:

2015	<u>\$ 11,525</u>
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(continues)

TRANSALTA TRI LEISURE CENTRE
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

8. PREPAID EXPENSES AND DEPOSITS (CONTINUED)

Corporate Sponsorships:

Total corporate sponsorships to be received over life of contracts	\$ 2,300,000
Less:	
Total commission expense to be paid	(70,250)
Total fees paid to Performance Sponsorship Group	<u>(131,331)</u>
Net corporate sponsorship to be received over life of contracts	2,098,419
Less:	
Net corporate sponsorship revenue received in prior years	<u>(648,183)</u>
Net remaining corporate sponsorship revenue to be received	<u>\$ 1,450,236</u>

9. PARTNERSHIP CONTRIBUTIONS

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

	<u>2014</u>	<u>2013</u>
City of Spruce Grove	\$ 867,479	\$ 822,939
Parkland County	543,559	508,648
Town of Stony Plain	<u>498,867</u>	<u>463,966</u>
	<u>\$ 1,909,905</u>	<u>\$ 1,795,553</u>

10. 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 2014 were \$227,059 (2013 - \$184,765). Total current and past service contributions made by the employees of the Centre to the LAPP in 2014 were \$208,546 (2013 - \$168,433).

At December 31, 2013, LAPP disclosed an actuarial deficit of \$4.862 billion (2012 - \$4.978 billion).

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11. FINANCIAL INSTRUMENTS

The Centre's financial instruments consist of cash and temporary investments, accounts receivable, 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.

12. 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) Operations and 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. Membership and pass revenue 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 2. For additional information see Schedule of Segmented Disclosure (Schedule IV and V).

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13. 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>2014</u> Budget	<u>2014</u> Actual	<u>2013</u> Actual
Excess of Revenue over Expenses	\$ 341,680	\$ 240,667	\$ 434,917
Add:			
Amortization of tangible capital assets	-	245,174	213,042
Deduct:			
Acquisition of tangible capital assets	<u>(341,680)</u>	<u>(324,952)</u>	<u>(244,354)</u>
Results of Operations	\$ <u>-</u>	\$ <u>160,889</u>	\$ <u>403,605</u>

14. COMPARATIVE FIGURES

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

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board.