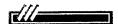
## FINANCIAL STATEMENTS

December 31, 2008



## CALGARY ARTS DEVELOPMENT AUTHORITY LTD. FINANCIAL STATEMENTS

December 31, 2008

	Page
AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Audited Financial Statements	6 - 9
Schedule 1 - Programs	10
Schedule 2 - Juno Awards	11





Member firm of

Porter Hétu International

Professional Services Group

Professional Strength

Personal Service

Practical Solutions

#### **AUDITORS' REPORT**

To: The Board of Directors, Calgary Arts Development Authority Ltd.

We have audited the statement of financial position of Calgary Arts Development Authority Ltd. as at December 31, 2008, and the statements of operations, changes in net assets and cash flows for the year then ended. The financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2008, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

La Porter Stelle

Partners

Tenny S. Lo. MA, FCGA, CFP, CA

Elizabeth A. Thompson, FCGA<sup>6</sup>

Richard J. Black, CGA®

<sup>5</sup>Professional Corporation

Calgary, Alberta March 29, 2009

Tel (403) 283-1088

Fax (403) 283-1044

E-mail: Iph@ loporterhetu.com

Website: www.porterhetu.com

Suite 601, 2535 - 3rd Avenue S.E.

Calgary, Alberta

Canada

T2A 7W5

## CALGARY ARTS DEVELOPMENT AUTHORITY LTD. STATEMENT OF FINANCIAL POSITION

As at December 31, 2008

	2008		2007
ASSETS			
CURRENT	<b>6</b> (0.11)	•	25 225
Cash	\$ 60,116	\$	25,237
Short-term investments	114 001		212,587
Accounts receivable	114,881		8,905
Interest receivable	20.405		4,693
Goods and Services Tax receivable	29,607		11,205
Prepaid expenses (note 3)	7,272		873,118
	211,876	)	1,135,745
PROPERTY AND EQUIPMENT (note 4)	9,401		5,664
	\$ 221,277	\$	1,141,409
LIABILITIES CURRENT Accounts payable and accrued liabilities Bonus payable Grant commitment (note 5)	\$ 35,900 13,940 44,370 94,220	5 5	238,602 6,750 90,400 335,752
DEFERRED CONTRIBUTIONS (note 6)			
Related to operations	2,90		794,268
Related to property and equipment	9,40	1	5,664
	106,53	4	1,135,684
NET ASSETS INTERNALLY RESTRICTED (note 7)	114,74	3	-
UNRESTRICTED			5,725
	114,74	3	5,725
	s 221,27	7 \$	1,141,409

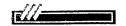
Approved on behalf of the Board,	
	, Director
	, Director



## CALGARY ARTS DEVELOPMENT AUTHORITY LTD. STATEMENT OF OPERATIONS

For the year ended December 31, 2008

				Programs	2008		2007
		General	(Sc	hedule 1 & 2)	Total		Total
REVENUE							
City of Calgary	\$	755,396	\$	3,448,500 \$	4,203,896	\$	3,518,038
Utilization of deferred contributions		-		66,834	66,834		-
Partnership support		9,500		48,520	58,020		-
Interest income		26,318		-	26,318		40,839
Miscellaneous income (Note 9)		937		12,500	13,437		20,727
Amortization of deferred contributions related to							
property and equipment		4,620		•	4,620		5,890
Consulting income (Note 8)		-		-	-		25.000
Gifts in kind		-		-	-		165
ArtsMART income		-		(150)	(150)		5,027
Juno awards revenue (Schedule 2)		-		1,661,888	1,661,888		-
		796,771		5,238,092	6,034,863		3,615,686
EXPENSES							
Operating grants committed	\$	_	\$	2,886,000	\$ 2,886,000	\$	2,890,500
Salaries and employment benefits		507,772		24,172	531,944		408,346
Special project grants committed		_		462,335	462,335		101,000
Consulting and project management		52,080		56,048	108,128		91,484
Advertising and promotion		47,379		31,413	78,792		10,773
Office supplies		22,172		14,144	36,316		20,551
Catering and hosting		21,029		11,309	32,338		21,621
Lease payments		20,893		, -	20,893		20,876
Professional fees		18,284		_	18,284		13,373
Telecommunications		9,528		-	9,528		10,720
Travel and parking		3,094		3,290	6,384		5,109
Volunteer development		1,684		2,738	4,422		1,354
Amortization		4,620		-,	4,620		5,890
Bank charges		2,169		_	2,169		1.553
Miscellaneous		1,392		150	1,542		307
Conferences		-,		-	-,		1,471
Juno awards expenses (Schedule 2)		_		1,722,150	1,722,150		_
Julio awards expenses (senedute 2)		712,096		5,213,749	5,925,845		3.604.928
EXCESS OF REVENUE OVER EXPENSES FROM							
OPERATIONS		84,675	5	24,343	109,018		10,758
OTHER EXPENSE							
Vacation accrual paid to City of Calgary			-				15,264
, , , , ,	_		-	-			15,264
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$	84,67	5 5	5 24,343	\$ 109,018	3 <b>\$</b>	(4,506



## CALGARY ARTS DEVELOPMENT AUTHORITY LTD. STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2008

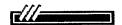
	iternally estricted	Uı	nrestricted	2008 Total	2007 Total
Balance, beginning of year	\$ -	\$	5,725	\$ 5,725	10,231
Excess (deficiency) of revenue over expenses	-		109,018	109,018	(4,506)
Interfund transfers (Note 7)	 114,743		(114,743)	 -	-
Balance, end of year	\$ 114,743	\$	-	\$ 114,743	\$ 5,725



# CALGARY ARTS DEVELOPMENT AUTHORITY LTD. STATEMENT OF CASH FLOWS

For the year ended December 31, 2008

	2008 Total	2007 Total
CASH FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 109,018 \$	(4,506)
Add back:		
Amortization of property and equipment	4,620	5,890
Amortization of deferred contributions related to property and equipment	(4,620)	(5,890)
	109,018	(4,506)
Changes in non-cash working capital:		
Accounts receivable	(105,976)	16,376
Interest receivable	4,693	(4,693)
Goods and services tax receivable	(18,402)	5,041
Prepaid expenses	865,846	(873,118)
Accounts payable	(202,697)	98,409
Bonus payable	7,195	6,750
Grant commitments	(46,025)	(26,150)
Deferred contributions related to operations	(791,360)	780,268
	(177,708)	(1,623)
FINANCING ACTIVITIES		
Contributions received for property and equipment	8,357	720
INVESTING ACTIVITIES		
Acquisitions of short-term investments	-	(212,587)
Redemption of short-term investments	212,587	-
Acquisitions of property and equipment	(8,357)	(720)
	204,230	(213,307)
INCREASE (DECREASE) IN CASH	34,879	(214,210)
CASH, BEGINNING OF THE YEAR	25,237	239,447
CASH, END OF THE YEAR	\$ 60,116	25,237



### NOTES TO THE AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2008

#### 1. PURPOSE OF THE ORGANIZATION

Calgary Arts Development Authority Ltd. ("CADA") is a not-for-profit organization incorporated under the Alberta Business Corporations Act on March 18, 2005. The organization plays a leadership role in realizing the potential of arts and culture in Calgary. Under Section 149 of the Income Tax Act, the organization is not subject to the payment of income tax.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and, in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

## a) Revenue Recognition

The organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### b) Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three months or less and that are subject to an insignificant risk of change in value.

#### c) Property and Equipment

Property and equipment are recorded at cost. Assets under \$1,000 are expensed. Contributed property and equipment are recorded at fair value at the date of contribution. Amortization is provided by using the straight-line method to amortize the cost of assets over their estimated useful lives. The rates and methods are as follows:

Computers

3 years

Equipment

5 years

#### d) Contributed Goods and Services

Volunteers contribute many hours per year to assist the organization in carrying out its services and programs. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. The organization also received insurance coverage from the City of Calgary. The fair value of this contribution was not able to be determined and was not recognized in the financial statements.

#### e) Financial Instruments

All financial instruments are classified as "held for trading" and carried at their fair values. Unrealized gains and losses on trading assets are recognized in excess of revenue and expenses. The fair value of financial instruments reported at their fair value is based on current interest rates, market value, or pricing of financial instruments with comparative terms. Because the fair value of financial assets held by the organization approximates their carrying value, adoption of this policy did not have a significant effect on the financial statements.

.../(Continued)



## NOTES TO THE AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2008

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### f) Management Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. PREPAID EXPENSES	N	2008	 2007
Prepaid expenses related to 2008 Juno Awards event (Note 12) Others	\$	- 7,272	\$ 868,178 4,940
	\$	7,272	\$ 873,118

#### 4. PROPERTY AND EQUIPMENT

	Co	st		Ac	cumulated	Am	ortization	Net Boo	ue	
	 2008		2007		2008		2007	2008		2007
Computers	\$ 17,716 8.091	\$	9,361 8,091	\$	10,621 5,785	\$	7,620 4,168	\$ 7,095 2,306	\$	1,741 3,923
Equipment	\$ 25,807	\$	17,452	\$	16,406	\$	11,788	\$ 9,401	\$	5,664

### 5. GRANT COMMITMENTS

	-	2008	2007
Balance, beginning of the year	\$	90,400	\$ 116,550
Add: commitments approved during the year		3,348,335	2,991,500
Less: commitments paid out during the year		(3,381,860)	(3,004,000)
Less: commitments cancelled during the year		(12,500)	(13,650)
Balance, end of the year	\$	44,375	\$ 90,400



#### NOTES TO THE AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2008

#### 6. DEFERRED CONTRIBUTIONS

Deferred contributions relate to contributions received in the current year that relate to future year expenses. Contributions received for property and equipment are deferred and amortized over the useful life of the property.

	 2007	Ā	Additions	1	Utilization	 2008
Deferred contributions related to operations Juno Awards Sector Marketing General Community investment	\$ 724,526 69,742 - - 794,268	\$	115,000 85,000 774,230 3,348,500 4,322,730	\$	(839,526) (151,834) (774,230) (3,348,500) (5,114,090)	\$ 2,908
Deferred contributions related to property and equipment	\$ 5,664 799,932	\$	8,357 4,331,087	\$	(4,620) (5,118,710)	\$ 9,401 12,309

### 7. INTERFUND TRANSFER

In 2008, the Board restricted the following amounts for specific purposes:

#### a) Reserve - Juno Awards Legacy: \$28,303

In November 2008, the Board passed a motion to utilize a portion of the deferred contributions related to Strategic Marketing to support the Juno Awards Legacy initiative. As at December 31, 2008, \$28,303 of those funds had not been expended, and are being held in reserve until such time as a non-profit organization is established to receive the funds.

### b) Reserve - Contingency for Operating Cost Increases: \$28, 938

These funds are internally restricted by the Board for the purpose of addressing short-term fluctuations in operating costs, including lease costs, moving costs, or other unbudgeted operating cost increases.

#### c) Reserve - Strategic or Multi-Year Initiatives: \$57, 500

These funds are internally restricted by the Board for the purpose of enabling management to undertake strategic projects or make project-based grants that are initiated in one fiscal year, but which may conclude in another fiscal year. As at December 31, 2008, management was undertaking two multi-year projects and intended to make an additional \$17,000 in project grants based on outcomes of the 2008 Special Project Grant program.

8.	CONSULTING FEES	2008			2007		
	Consulting fees related to merger transition			-	\$	25,000	



### NOTES TO THE AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2008

9. MISCELLANEOUS INCOME	200	08	2007
Recovery from forfeited grant commitments Expenses recovery Other	\$	12,500 \$ 785 152	13,650 3,779 3,298
<del></del>	\$	13,437 \$	20,727

#### 10. LEASE COMMITMENT

The organization occupies a leased premise subject to a minimum monthly rent of \$1,741 on a tenancy-at-will basis.

#### 11. FINANCIAL INSTRUMENTS

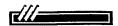
The organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value approximates their carrying value, unless otherwise noted.

#### 12. JUNO AWARDS

In 2007, the Calgary Arts Development Authority Ltd. ("CADA") signed an agreement with the Canadian Academy of Recording Arts and Sciences ("CARAS") to become the fiscal agent for the host committee of the 2008 Juno Awards. This event, was sponsored by the City of Calgary, the Government of Alberta, and the Foundation to Assist Canadian Talent on Records ("FACTOR"), and was held in the first week of April 2008. Receipts and disbursements handled by CADA are listed on Schedule 2.

#### 13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.



## CALGARY ARTS DEVELOPMENT AUTHORITY LTD. SCHEDULE 1 - PROGRAMS

For the year ended December 31, 2008

		Community Investment		Sector Marketing		Juno Awards Legacy		2008		2007	
REVENUE City of Calgary Partnership support Miscellaneous income (Note 9) Utilization of deferred contributions Interest ArtsMART income		3,348,500 17,500 12,500	\$	10,000 - 45,262 - (150)	\$	21,020 - 21,572 -	\$	3,448,500 48,520 12,500 66,834 - (150)	\$	2,994,758 - 14,151 - 15,925 5,027	
		3,378,500		155,112		42,592		3,576,204		3,029,861	
EXPENSES  Operating grants committed Special project grants committed Consulting and project management Advertising and promotion Salaries and employment benefits Office supplies and equipments Catering and hosting Travel and parking Volunteer development Others Telecommunications	<b>s</b> :	2,886,000 462,335 12,204 5,937 3,172 13,320 10,855 3,277 2,738 150	\$	29,555 25,476 21,000 824 454 13 	\$	14,289 - - - - - - - 14,289	\$	2,886,000 462,335 56,048 31,413 24,172 14,144 11,309 3,290 2,738 150	\$	2,890,500 101,000 29,063 3,986 - - 12 - - 2,725 3,027,286	
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	\$	(21,488)	\$	77,790	\$	28,303	9	84,605	\$	2,575	

CADA allocated \$60,262 to the advertising and promotion of the Juno Awards. The funds were provided through the advertising and promotion budget of the sector marketing program of CADA and are reflected in the advertising and promotion for the Juno awards in schedule 2.



## CALGARY ARTS DEVELOPMENT AUTHORITY LTD. SCHEDULE 2 - JUNO AWARDS

For the year ended December 31, 2008

		2008	
RECEIPTS			
Alberta Lottery Board	\$	500,000	
Gifts in kind		399,180	
Partnership support		238,488	
City of Calgary		235,000	
Government of Alberta		115,000	
Tourism Calgary		100,000	
Ticket sales		63,714	
Utilization of deferred contributions		-	
Interest income		6,945	
Miscellaneous income		3,561	
	<u></u>	1,661,888	
DISBURSEMENTS			
Operating grants committed	\$	50,000	
Rights fees		700,000	
Advertising and promotion		418,244	
Consulting and project management		113,341	
Artist fees		119,534	
Catering and hosting		192,951	
Event production costs		51,024	
Travel and parking		38,730	
Volunteer development		29,623	
Professional fees		5,000	
Office supplies		2,189	
Bank charges		60′	
Miscellaneous		51.	
Telecommunications		394	
		1,722,150	
(DEFICIENCY) OF REVENUE OVER EXPENSES	\$	(60,262	

CADA allocated \$60,262 to the advertising and promotion of the Juno Awards. The funds were provided through the advertising and promotion budget of the sector marketing program of CADA and are reflected in advertising and promotion expenses in this schedule.

