

Calgary Arts Development Authority Ltd.

FINANCIAL STATEMENTS

December 31, 2005



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AUDITOR'S REPORT

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To the Board of Calgary Arts Development Authority Ltd.

We have audited the statement of financial position of Calgary Arts Development Authority Ltd. as at December 31, 2005 and the statements of operations and changes in net assets, and cash flow for the ten months then ended. These financial statements are the responsibility of the Company'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. These 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 Company as at December 31, 2005 and the results of its operations, changes in net assets and its cash flow for the ten months then ended in accordance with Canadian generally accepted accounting principles.

Partners

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

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Calgary, Alberta
April 10, 2006

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CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
For the ten months ended December 31, 2005

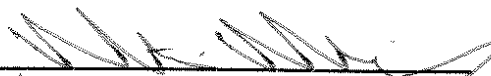
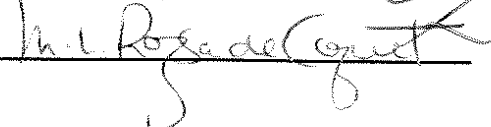
	2005
REVENUE	
City of Calgary operating grant	\$ 218,603
ArtsMART income (note 6)	19,606
Gifts in kind	12,683
Consulting fees (note 5)	10,500
Miscellaneous income	6,800
Amortization of deferred contributions related to property and equipment	2,551
	<u>270,743</u>
EXPENSES	
ArtsMART	
Marketing and promotion	1,114
Project management	6,000
Website	675
	<u>7,789</u>
Operating	
Staffing costs	111,762
Marketing and promotion	29,702
Research expenses	8,000
Travel and parking	3,037
Rent	13,929
Office supplies	12,114
Communications	2,454
Consulting	57,198
Conferences	1,800
Professional fees	13,306
GST expense (note 7)	7,980
Amortization	2,551
Bank charges	142
Miscellaneous	821
	<u>264,796</u>
	<u>272,585</u>
EXCESS OF REVENUE OVER EXPENDITURES	(1,842)
NET ASSETS, BEGINNING OF YEAR	-
NET ASSETS, END OF YEAR	\$ (1,842)



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
STATEMENT OF FINANCIAL POSITION
As at December 31, 2005

	2005
ASSETS	
CURRENT	
Cash	\$ 68,218
Accounts receivable	21,300
	<u>89,518</u>
PROPERTY AND EQUIPMENT (note 3)	6,964
	<u>\$ 96,482</u>
LIABILITIES	
CURRENT	
Accounts payable and accrued liabilities	\$ 55,478
Unearned revenue	4,000
	<u>59,478</u>
DEFERRED CONTRIBUTIONS (note 4)	
Related to operations	31,882
Related to property and equipment	6,964
	<u>38,846</u>
NET ASSETS	
Unrestricted	(1,842)
	<u>(1,842)</u>
	<u>\$ 96,482</u>

Approved on behalf of the Board,

MARTIN MOLYNEUX 
MARY ROZSA de COQUET 



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
STATEMENT OF CASH FLOW
For the ten months ended December 31, 2005

	2005
CASH FROM OPERATING ACTIVITIES	
Excess of revenues over expenses	\$ (1,842)
Amortization of property and equipment	2,551
(Increase) in accounts receivable	(21,300)
Increase in accounts payable	<u>59,478</u>
	<u>38,887</u>
FINANCING ACTIVITIES	
Increase in deferred contributions related to operations	31,882
Increase in deferred contributions related to property and equipment	<u>6,964</u>
	38,846
INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(9,515)</u>
INCREASE (DECREASE) IN CASH	68,218
CASH, BEGINNING OF YEAR	<u>-</u>
CASH, END OF YEAR	\$ <u>68,218</u>



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
NOTES TO THE AUDITED FINANCIAL STATEMENTS
December 31, 2005

1. PURPOSE OF THE ORGANIZATION

Calgary Arts Development Authority Ltd. 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.

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.

Property and Equipment

Property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution. Amortization is provided using the following methods and rates intended to amortize the cost of assets over their estimated useful lives. The rates and methods are as follows:

Equipment	5 years	straight-line
Computers	3 years	straight-line

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.

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value
	2005	2005	2005
Equipment	\$ 4,657	\$ 931	\$ 3,726
Computers	4,858	1,620	3,238
	<u>\$ 9,515</u>	<u>\$ 2,551</u>	<u>\$ 6,964</u>



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
NOTES TO THE AUDITED FINANCIAL STATEMENTS
December 31, 2005

4. DEFERRED CONTRIBUTIONS

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

Deferred contributions related to property and equipment

	<u>2005</u>
Opening balance	\$ -
Add: Received during the year	31,882
Less: Amortization of deferred contributions	-
Ending balance	<u>\$ 31,882</u>

Deferred contributions related to property and equipment

	<u>2005</u>
Opening balance	\$ -
Add: Received during the year	9,515
Less: Amortization of deferred contributions	<u>(2,551)</u>
Ending balance	<u>\$ 6,964</u>

5. CONSULTING FEES

City of Calgary festivals research project	\$ 8,000
Other research	2,500
	<u>\$ 10,500</u>

6. ARTSMART INCOME

In 2005, the ArtsMART project was transferred from Calgary Opera to the Calgary Arts Development Authority Ltd. The transfer included \$7,738 that had been accrued through prior activities of the project. The balance of the reported income is as a result of advertising revenues in the amount of \$11,868 that occurred after the transfer.

7. GST EXPENSE

After the end of the year, the Calgary Arts Development Authority applied to be considered a municipality for GST purposes. A favorable ruling would result in the Authority being entitled to a rebate of the GST paid on purchases. As of the date of the audit report, the Authority had not received a ruling on their application. For 2005, management has recorded the GST paid as an expense.



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
NOTES TO THE AUDITED FINANCIAL STATEMENTS
December 31, 2005

8. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and deferred contributions. 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.

9. COMPARATIVE FIGURES

This is the first year of operation of the organization, therefore, there are no comparative figures for the prior year.
