

Calgary Arts Development Authority Ltd.

FINANCIAL STATEMENTS

December 31, 2006



Calgary Arts Development Authority Ltd.

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December 31, 2006

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AUDITOR'S REPORT

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, 2006 and the statements of operations and changes in net assets, and cash flows for the year then ended. These 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. 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 organization as at December 31, 2006 and the results of its operations, changes in net assets and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Partners

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Calgary, Alberta
March 14, 2007


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CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
For the year ended December 31, 2006

	2006	2005
		(Ten months)
REVENUE		
City of Calgary operating grant	\$ 372,100	\$ 218,603
Partnership support (note 7)	50,000	5,000
ArtsMART income	40,172	19,606
Miscellaneous income (note 8)	36,608	1,800
Consulting fees (note 9)	18,000	10,500
Gifts in kind	5,451	12,683
Amortization of deferred contributions related to property and equipment	3,346	2,551
	<u>525,677</u>	<u>270,743</u>
EXPENSES		
ArtsMART		
Project management	25,921	6,000
Ticket sales	9,340	64
Marketing and promotion	4,629	1,114
Website	2,700	675
	<u>42,590</u>	<u>7,853</u>
Operating		
Staffing costs	255,113	110,222
Consulting	102,776	57,198
Lease payments	20,909	13,929
Promotion	19,603	27,640
Volunteer development	16,275	-
Office supplies	16,144	14,744
Catering and hosting	14,183	2,088
Professional fees	10,768	12,216
Travel and parking	7,118	2,948
Communications	3,540	2,454
Amortization	3,346	2,551
Miscellaneous	868	821
Bank charges	850	142
Research expenses	-	8,000
Goods and services tax expense	-	7,980
Conferences	-	1,800
	<u>471,493</u>	<u>264,732</u>
	<u>514,083</u>	<u>272,586</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES	11,594	(1,842)
NET ASSETS, BEGINNING OF THE YEAR	(1,842)	-
Net assets from Calgary Region Arts Foundation (note 10)	479	-
NET ASSETS, END OF THE YEAR	\$ 10,231	\$ (1,842)



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

As at December 31, 2006

	2006	2005
		(Ten months)
ASSETS		
CURRENT		
Cash and cash equivalents (note 3)	\$ 239,447	\$ 68,218
Accounts receivable	25,281	21,300
Goods and services tax receivable	16,246	-
	<u>280,974</u>	<u>89,518</u>
 PROPERTY AND EQUIPMENT (note 4)	 10,834	 6,964
	<u><u>\$ 291,808</u></u>	<u><u>\$ 96,482</u></u>
 LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 140,193	\$ 55,478
Grant commitments (note 5)	116,550	-
Unearned revenue	-	4,000
	<u>256,743</u>	<u>59,478</u>
 DEFERRED CONTRIBUTIONS (note 6)		
Related to operations	14,000	31,882
Related to property and equipment	10,834	6,964
	<u>24,834</u>	<u>38,846</u>
 NET ASSETS		
Unrestricted	<u>10,231</u>	<u>(1,842)</u>
	<u>10,231</u>	<u>(1,842)</u>
	<u><u>\$ 291,808</u></u>	<u><u>\$ 96,482</u></u>

Approved on behalf of the Board,

M. L. Rossade Ceguet

[Signature]

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.**STATEMENT OF CASH FLOWS**

For the year ended December 31, 2006

	2006	2005
		(Ten months)
CASH FROM OPERATING ACTIVITIES		
Excess (deficit) of revenues over expenses	\$ 11,594	\$ (1,842)
Add back:		
Amortization of property and equipment	3,346	2,551
Amortization of deferred contributions related to property and equipment	(3,346)	(2,551)
	11,594	(1,842)
Changes in non-cash working capital:		
(Increase) in accounts receivable	(3,981)	(21,300)
(Increase) in goods and services tax receivable	(16,246)	-
Increase in accounts payable	84,715	59,478
(Decrease) in unearned revenue	(4,000)	-
(Decrease) increase in deferred contributions related to operations	(17,882)	31,882
	54,199	68,218
FINANCING ACTIVITIES		
Increase in deferred contributions related to property and equipment	3,783	9,515
INVESTING ACTIVITIES		
Transfers and cash from Calgary Region Arts Foundation, net of commitments	117,029	-
Acquisitions of property and equipment	(3,783)	(9,515)
	113,246	(9,515)
INCREASE (DECREASE) IN CASH	171,228	68,218
CASH, BEGINNING OF THE YEAR	68,218	-
CASH, END OF THE YEAR	\$ 239,447	\$ 68,218
Cash and cash equivalents are comprised of:		
Cash	\$ 139,043	\$ 68,218
Guaranteed Investment Certificate	100,404	-
	\$ 239,447	\$ 68,218



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

December 31, 2006

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.

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. CASH AND CASH EQUIVALENTS

	2006	2005
Cash and cash equivalents available for operations	\$ 122,897	\$ 68,218
Cash and cash equivalents available for grant commitments	116,550	-
	<u>\$ 239,447</u>	<u>\$ 68,218</u>

4. PROPERTY AND EQUIPMENT

	Cost		Accumulated Amortization		Net Book Value	
	2006	2005	2006	2005	2006	2005
Equipment	\$ 8,091	\$ 4,657	\$ 2,550	\$ 931	\$ 5,541	\$ 3,726
Computers	8,641	4,858	3,347	1,620	5,293	3,238
	<u>\$ 16,732</u>	<u>\$ 9,515</u>	<u>\$ 5,897</u>	<u>\$ 2,551</u>	<u>\$ 10,834</u>	<u>\$ 6,964</u>



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
NOTES TO THE AUDITED FINANCIAL STATEMENTS
December 31, 2006

5. GRANT COMMITMENTS

	2006	2005
Balance, beginning of the year	\$ -	\$ -
Add: transferred from Calgary Region Arts Foundation	499,250	-
Less: commitments paid out during the year	(382,700)	-
Balance, end of the year	\$ 116,550	\$ -

6. 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 operations

	2006	2005
Balance, beginning of the year	\$ 31,882	\$ -
Add: received during the year	14,000	31,882
Less: deferred contributions utilized	(31,882)	-
Balance, end of the year	\$ 14,000	\$ 31,882

Deferred contributions related to property and equipment

	2006	2005
Balance, beginning of the year	\$ 6,964	\$ -
Add: received during the year	7,216	9,515
Less: deferred contributions utilized	(3,346)	(2,551)
Balance, end of the year	\$ 10,834	\$ 6,964

7. PARTNERSHIP SUPPORT

	2006	2005
Grant for Cultural Facilities Trends and Needs Analysis from Calgary Foundation	\$ 25,000	\$ -
University of Calgary	25,000	-
Calgary Economic Development Authority	-	5,000
	\$ 50,000	\$ 5,000

8. MISCELLANEOUS INCOME

	2006	2005
Deferred revenue recognized from Calgary Region Arts Foundation	\$ 26,679	\$ -
Goods and Services Tax expenses recovery for 2005	7,980	-
Other	1,949	1,800
	\$ 36,608	\$ 1,800

9. CONSULTING FEES

	2006	2005
Management of grants program	\$ 12,500	\$ -
City of Calgary festivals research project	4,000	8,000
Other research	1,500	2,500
	\$ 18,000	\$ 10,500

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.**NOTES TO THE AUDITED FINANCIAL STATEMENTS**December 31, 2006

10. AMALGAMATION WITH CALGARY REGION ARTS FOUNDATION

In 2006, the Calgary Arts Development Authority Ltd. (CADA) merged with Calgary Region Arts Foundation (CRAF). The Calgary Region Arts Foundation's assets, liabilities, and net assets as of October 31, 2006 are included in CADA's financial statements as follows:

Assets	<u>\$ 602,008</u>
Liabilities	601,529
Net assets	<u>479</u>
	<u>\$ 602,008</u>

The financial statements of Calgary Region Arts Foundation were audited by another accounting firm.

11. LEASE COMMITMENT

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

12. CONTINGENT LIABILITY

At December 31, 2006, a potential liability exists related to employee benefits for the Chief Executive Officer (CEO) of Calgary Arts Development Authority Ltd. (CADA) that have been accrued by the City of Calgary. The benefits relate to the period before the individual became the CEO of CADA as well as the period following. As of the year-end date, the portion of the benefits for which CADA is responsible had not been determined and no amount has been recorded in the financial statements.

13. 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.

14. COMPARATIVE FIGURES

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