

**CALGARY ARTS DEVELOPMENT
AUTHORITY LTD.**

FINANCIAL STATEMENTS

December 31, 2007



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.

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December 31, 2007

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AUDITOR'S 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, 2007 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. 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, 2007 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Partners

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

Elizabeth A. Thompson, FCGA*

Richard J. Black, CGA*

Alex Cheung, CGA, CPA*

*Professional Corporation

Calgary, Alberta
March 28, 2008

Certified General Accountants

Tel: (403) 283-1088

Fax: (403) 283-1044

E-mail: lph@loporterhetu.com

Website: www.porterhetu.com

223 - 14 Street N.W.

Calgary, Alberta

Canada

T2N 1Z6

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
STATEMENT OF FINANCIAL POSITION
As at December 31, 2007

	2007	2006
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 25,237	\$ 239,447
Short-term investments (Note 3)	212,587	-
Accounts receivable	8,905	25,281
Interest receivable	4,693	-
Goods and services tax receivable	11,205	16,246
Prepaid expenses (Note 4)	873,118	-
	<u>1,135,745</u>	<u>280,974</u>
PROPERTY AND EQUIPMENT (Note 5)	5,664	10,834
	<u>\$ 1,141,409</u>	<u>\$ 291,808</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 245,352	\$ 140,193
Grant commitments (Note 6)	90,400	116,550
	<u>335,752</u>	<u>256,743</u>
DEFERRED CONTRIBUTIONS (Note 7)		
Related to operations	794,268	14,000
Related to property and equipment	5,664	10,834
	<u>799,932</u>	<u>24,834</u>
NET ASSETS		
Unrestricted	5,725	10,231
	<u>5,725</u>	<u>10,231</u>
	<u>\$ 1,141,409</u>	<u>\$ 291,808</u>

Approved on behalf of the Board,

_____, Director

_____, Director



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
For the year ended December 31, 2007

	General	Programs	2007 Total	2006 Total
		(Schedule 1)		
REVENUE				
City of Calgary	\$ 523,280	\$ 2,994,758	\$ 3,518,038	\$ 372,100
Interest income	24,914	15,925	40,839	404
Consulting fees (Note 8)	25,000	-	25,000	18,000
Miscellaneous income (Note 9)	6,576	14,151	20,727	36,608
Utilization of deferred contributions related to property and equipment	5,890	-	5,890	3,346
ArtsMART income	-	5,027	5,027	39,768
Gifts in kind	165	-	165	5,451
Partnership support (Note 10)	-	-	-	50,000
	<u>585,825</u>	<u>3,029,861</u>	<u>3,615,686</u>	<u>525,677</u>
EXPENSES				
Operating grants committed	\$ -	\$ 2,890,500	\$ 2,890,500	\$ -
Special project grants committed	-	101,000	101,000	-
Salaries and employment benefits	408,345	-	408,345	255,113
Consulting and project management	62,421	29,063	91,484	128,697
Catering and hosting	21,609	12	21,621	29,929
Lease payments	20,876	-	20,876	20,909
Office supplies	20,551	-	20,551	11,959
Professional fees	13,373	-	13,373	10,768
Advertising and promotion	6,787	3,986	10,773	22,128
Telecommunications	7,995	2,725	10,720	6,240
Amortization	5,890	-	5,890	3,346
Travel and parking	5,109	-	5,109	7,118
Bank charges	1,553	-	1,553	733
Conferences	1,471	-	1,471	-
Volunteer development	1,354	-	1,354	16,275
Miscellaneous	308	-	308	868
	<u>577,642</u>	<u>3,027,286</u>	<u>3,604,928</u>	<u>514,083</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	8,183	2,575	10,758	11,594
OTHER EXPENSE				
Vacation accrual paid to City of Calgary	15,264	-	15,264	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(7,081)	2,575	(4,506)	11,594
NET ASSETS, BEGINNING OF THE YEAR	10,231	-	10,231	(1,842)
Net assets from Calgary Region Arts Foundation	-	-	-	479
NET ASSETS, END OF THE YEAR	\$ 3,150	\$ 2,575	\$ 5,725	\$ 10,231



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2007

	2007	2006
	Total	Total
CASH FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (4,506)	\$ 11,594
Add back:		
Amortization of property and equipment	5,890	3,346
Amortization of deferred contributions related to property and equipment	(5,890)	(3,346)
	<u>(4,506)</u>	<u>11,594</u>
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	16,376	(3,981)
(Increase) in interest receivable	(4,693)	-
Decrease (increase) in goods and services tax receivable	5,041	(16,246)
(Increase) in prepaid expenses	(873,118)	-
Increase in accounts payable	105,159	84,715
(Decrease) in grant commitments	(26,150)	-
(Decrease) in unearned revenue	-	(4,000)
Increase (decrease) in deferred contributions related to operations	780,268	(17,882)
	<u>(1,623)</u>	<u>54,200</u>
FINANCING ACTIVITIES		
Contributions received for property and equipment	720	3,783
INVESTING ACTIVITIES		
Transfers and cash from Calgary Region Arts Foundation, net of commitments	-	117,029
Acquisitions of short-term investments	(212,587)	-
Acquisitions of property and equipment	(720)	(3,783)
	<u>(213,307)</u>	<u>113,246</u>
INCREASE (DECREASE) IN CASH	(214,210)	171,229
CASH, BEGINNING OF THE YEAR	239,447	68,218
CASH, END OF THE YEAR	\$ 25,237	\$ 239,447
Cash and cash equivalents are comprised of:		
Cash	\$ 25,237	\$ 139,043
Guaranteed Investment Certificate	-	100,404
	<u>\$ 25,237</u>	<u>\$ 239,447</u>



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2007

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.

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.

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 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

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.

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)



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.**NOTES TO THE AUDITED FINANCIAL STATEMENTS**

For the year ended December 31, 2007

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**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. SHORT-TERM INVESTMENTS

The short-term investments consist of one-year redeemable guarantee investment certificates bearing interest rate of prime less 2.7%, recorded at cost, which approximates their fair values.

4. PREPAID EXPENSES

	<u>2007</u>	<u>2006</u>
Prepaid expenses related to 2008 Juno Awards event (Note 12)	\$ 868,178	\$ -
Others	4,940	-
	<u>\$ 873,118</u>	<u>\$ -</u>

5. PROPERTY AND EQUIPMENT

	<u>Cost</u>		<u>Accumulated Amortization</u>		<u>Net Book Value</u>	
	2007	2006	2007	2006	2007	2006
Computers	\$ 9,361	\$ 8,641	\$ 7,620	\$ 3,348	\$ 1,741	\$ 5,293
Equipment	8,091	8,091	4,168	2,550	3,923	5,541
	<u>\$ 17,452</u>	<u>\$ 16,732</u>	<u>\$ 11,788</u>	<u>\$ 5,898</u>	<u>\$ 5,664</u>	<u>\$ 10,834</u>

6. GRANT COMMITMENTS

	<u>2007</u>	<u>2006</u>
Balance, beginning of the year	\$ 116,550	\$ -
Add: commitments approved during the year	2,991,500	499,250
Less: commitments paid out during the year	(3,004,000)	(382,700)
Less: commitments cancelled during the year	(13,650)	-
Balance, end of the year	<u>\$ 90,400</u>	<u>\$ 116,550</u>



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.**NOTES TO THE AUDITED FINANCIAL STATEMENTS**

For the year ended December 31, 2007

7. 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.

	2006	Additions	Utilization	Total 2007
Deferred contributions related to operations				
Juno Awards	\$ -	\$ 724,526	\$ -	\$ 724,526
Sector Marketing	-	100,000	(30,258)	69,742
General	14,000	509,280	(523,280)	-
Community investment	-	2,964,500	(2,964,500)	-
	<u>14,000</u>	<u>4,298,306</u>	<u>(3,518,038)</u>	<u>794,268</u>
Deferred contributions related to property and equipment				
	10,834	720	(5,890)	5,664
	<u>10,834</u>	<u>720</u>	<u>(5,890)</u>	<u>5,664</u>
	<u>\$ 24,834</u>	<u>\$ 4,299,026</u>	<u>\$ (3,523,928)</u>	<u>\$ 799,932</u>

8. CONSULTING FEES

	2007	2006
Consulting fees related to merger transition	\$ 25,000	\$ 12,500
City of Calgary festivals research project	-	4,000
Others	-	1,500
	<u>\$ 25,000</u>	<u>\$ 18,000</u>

9. MISCELLANEOUS INCOME

	2007	2006
Recovery from forfeited grant commitments	\$ 13,650	\$ -
Expenses recovery from City of Calgary	3,779	-
Others	3,298	1,949
Deferred revenue recognized from Calgary Region Arts Foundation	-	26,679
Goods and Services Tax expenses recovery for 2005	-	7,980
	<u>\$ 20,727</u>	<u>\$ 36,608</u>

10. PARTNERSHIP SUPPORT

	2007	2006
Grant for Cultural Facilities Trends and Needs Analysis from Calgary Foundation	\$ -	\$ 25,000
University of Calgary	-	25,000
	<u>\$ -</u>	<u>\$ 50,000</u>



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
NOTES TO THE AUDITED FINANCIAL STATEMENTS
For the year ended December 31, 2007

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. SUBSEQUENT EVENT

During 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, is sponsored by the City of Calgary, the Government of Alberta, and Foundation to Assist Canadian Talent on Records ("FACTOR"), and will be held in the first week of April 2008. The organization had incurred \$868,178 of expenses related to 2008 Juno Awards and received contributions of \$724,526, which has been deferred to 2008.

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.



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

For the year ended December 31, 2007

	Community Investment	Sector Marketing	2007	2006
REVENUE				
City of Calgary	\$ 2,964,500	\$ 30,258	\$ 2,994,758	\$ -
Interest	15,925	-	15,925	-
Miscellaneous income (Note 9)	13,650	501	14,151	-
ArtsMART income	-	5,027	5,027	40,172
	<u>2,994,075</u>	<u>35,786</u>	<u>3,029,861</u>	<u>40,172</u>
EXPENSES				
Operating grants committed	2,890,500	-	2,890,500	-
Special project grants committed	101,000	-	101,000	-
Consulting and project management	-	29,063	29,063	25,921
Ticket sales	-	-	-	9,340
Advertising and promotion	-	3,986	3,986	4,629
Telecommunications	-	2,725	2,725	2,700
Catering and hosting	-	12	12	-
	<u>2,991,500</u>	<u>35,786</u>	<u>3,027,286</u>	<u>42,590</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 2,575</u>	<u>\$ -</u>	<u>\$ 2,575</u>	<u>\$ (2,418)</u>

