

**CALGARY ARTS DEVELOPMENT
AUTHORITY LTD.**

FINANCIAL STATEMENTS

December 31, 2008



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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.

Partners

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CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
STATEMENT OF FINANCIAL POSITION
As at December 31, 2008

	2008	2007
ASSETS		
CURRENT		
Cash	\$ 60,116	\$ 25,237
Short-term investments	-	212,587
Accounts receivable	114,881	8,905
Interest receivable	-	4,693
Goods and Services Tax receivable	29,607	11,205
Prepaid expenses (note 3)	7,272	873,118
	<u>211,876</u>	<u>1,135,745</u>
PROPERTY AND EQUIPMENT (note 4)	<u>9,401</u>	<u>5,664</u>
	<u>\$ 221,277</u>	<u>\$ 1,141,409</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 35,905	\$ 238,602
Bonus payable	13,945	6,750
Grant commitment (note 5)	44,375	90,400
	<u>94,225</u>	<u>335,752</u>
DEFERRED CONTRIBUTIONS (note 6)		
Related to operations	2,908	794,268
Related to property and equipment	9,401	5,664
	<u>106,534</u>	<u>1,135,684</u>
NET ASSETS		
INTERNALLY RESTRICTED (note 7)	114,743	-
UNRESTRICTED	-	5,725
	<u>114,743</u>	<u>5,725</u>
	<u>\$ 221,277</u>	<u>\$ 1,141,409</u>

Approved on behalf of the Board,

_____, Director

_____, Director



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
STATEMENT OF OPERATIONS
For the year ended December 31, 2008

	General	Programs (Schedule 1 & 2)	2008 Total	2007 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	-
	<u>796,771</u>	<u>5,238,092</u>	<u>6,034,863</u>	<u>3,615,686</u>
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	-
	<u>712,096</u>	<u>5,213,749</u>	<u>5,925,845</u>	<u>3,604,928</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>84,675</u>	<u>24,343</u>	<u>109,018</u>	<u>10,758</u>
OTHER EXPENSE				
Vacation accrual paid to City of Calgary	-	-	-	15,264
	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,264</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 84,675</u>	<u>\$ 24,343</u>	<u>\$ 109,018</u>	<u>\$ (4,506)</u>



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
STATEMENT OF CHANGES IN NET ASSETS
For the year ended December 31, 2008

	Internally Restricted	Unrestricted	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)
	<u>109,018</u>	<u>(4,506)</u>
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
	<u>(177,708)</u>	<u>(1,623)</u>
FINANCING ACTIVITIES		
Contributions received for property and equipment	<u>8,357</u>	<u>720</u>
INVESTING ACTIVITIES		
Acquisitions of short-term investments	-	(212,587)
Redemption of short-term investments	212,587	-
Acquisitions of property and equipment	(8,357)	(720)
	<u>204,230</u>	<u>(213,307)</u>
INCREASE (DECREASE) IN CASH	34,879	(214,210)
CASH, BEGINNING OF THE YEAR	<u>25,237</u>	<u>239,447</u>
CASH, END OF THE YEAR	\$ 60,116	\$ 25,237



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
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)



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
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

	<u>2008</u>	<u>2007</u>
Prepaid expenses related to 2008 Juno Awards event (Note 12)	\$ -	\$ 868,178
Others	7,272	4,940
	<u>\$ 7,272</u>	<u>\$ 873,118</u>

4. PROPERTY AND EQUIPMENT

	Cost		Accumulated Amortization		Net Book Value	
	2008	2007	2008	2007	2008	2007
Computers	\$ 17,716	\$ 9,361	\$ 10,621	\$ 7,620	\$ 7,095	\$ 1,741
Equipment	8,091	8,091	5,785	4,168	2,306	3,923
	<u>\$ 25,807</u>	<u>\$ 17,452</u>	<u>\$ 16,406</u>	<u>\$ 11,788</u>	<u>\$ 9,401</u>	<u>\$ 5,664</u>

5. GRANT COMMITMENTS

	<u>2008</u>	<u>2007</u>
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	<u>\$ 44,375</u>	<u>\$ 90,400</u>



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

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



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
NOTES TO THE AUDITED FINANCIAL STATEMENTS
For the year ended December 31, 2008

9. MISCELLANEOUS INCOME

	<u>2008</u>	<u>2007</u>
Recovery from forfeited grant commitments	\$ 12,500	\$ 13,650
Expenses recovery	785	3,779
Other	152	3,298
	<u>\$ 13,437</u>	<u>\$ 20,727</u>

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	\$ 3,348,500	\$ 100,000	\$ -	\$ 3,448,500	\$ 2,994,758
Partnership support	17,500	10,000	21,020	48,520	-
Miscellaneous income (Note 9)	12,500	-	-	12,500	14,151
Utilization of deferred contributions	-	45,262	21,572	66,834	-
Interest	-	-	-	-	15,925
ArtsMART income	-	(150)	-	(150)	5,027
	<u>3,378,500</u>	<u>155,112</u>	<u>42,592</u>	<u>3,576,204</u>	<u>3,029,861</u>
EXPENSES					
Operating grants committed	\$ 2,886,000	\$ -	\$ -	\$ 2,886,000	\$ 2,890,500
Special project grants committed	462,335	-	-	462,335	101,000
Consulting and project management	12,204	29,555	14,289	56,048	29,063
Advertising and promotion	5,937	25,476	-	31,413	3,986
Salaries and employment benefits	3,172	21,000	-	24,172	-
Office supplies and equipments	13,320	824	-	14,144	-
Catering and hosting	10,855	454	-	11,309	12
Travel and parking	3,277	13	-	3,290	-
Volunteer development	2,738	-	-	2,738	-
Others	150	-	-	150	-
Telecommunications	-	-	-	-	2,725
	<u>3,399,988</u>	<u>77,322</u>	<u>14,289</u>	<u>3,491,599</u>	<u>3,027,286</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	<u>\$ (21,488)</u>	<u>\$ 77,790</u>	<u>\$ 28,303</u>	<u>\$ 84,605</u>	<u>\$ 2,575</u>

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>1,661,888</u>
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	607
Miscellaneous	513
Telecommunications	394
	<u>1,722,150</u>
(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.

