

**CALGARY ARTS DEVELOPMENT
AUTHORITY LTD.**

FINANCIAL STATEMENTS

December 31, 2009



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
FINANCIAL STATEMENTS
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	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





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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, 2009, 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, 2009, 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, Alberta
March 12, 2010

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CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
STATEMENT OF FINANCIAL POSITION
As at December 31, 2009

	2009	2008
ASSETS		
CURRENT		
Cash	\$ 103,758	\$ 60,116
Short term investments	100,000	-
Accounts receivable	39,314	114,881
Goods and services tax receivable	17,952	29,607
Refundable deposits	5,414	-
Prepaid expenses	7,059	7,272
	<u>273,497</u>	<u>211,876</u>
 PROPERTY AND EQUIPMENT (note 4)	 20,562	 9,401
	<u>\$ 294,059</u>	<u>\$ 221,277</u>
 LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 90,729	\$ 35,905
Bonus payable	-	13,945
Grant commitments (note 5)	35,500	44,375
	<u>126,229</u>	<u>94,225</u>
 DEFERRED CONTRIBUTIONS (note 6)		
Related to operations	-	2,908
Related to property and equipment	20,562	9,401
	<u>146,791</u>	<u>106,534</u>
 NET ASSETS		
INTERNALLY RESTRICTED (note 7)	<u>147,268</u>	<u>114,743</u>
	<u>147,268</u>	<u>114,743</u>
	<u>\$ 294,059</u>	<u>\$ 221,277</u>

Approved on behalf of the Board,

Director

Director



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
STATEMENT OF OPERATIONS
For the year ended December 31, 2009

	General	Programs (Schedule 1)	2009 Total	2008 Total
REVENUE				
City of Calgary	\$ 696,634	\$ 4,068,168	\$ 4,764,802	\$ 4,203,896
Miscellaneous income (note 8)	6,012	54,552	60,564	13,437
Research income	15,000	-	15,000	-
Amortization of deferred contributions related to property and equipment	6,400	-	6,400	4,620
Utilization of deferred contributions	-	2,908	2,908	66,834
Interest income	1,478	-	1,478	26,318
Juno awards revenue	-	-	-	1,661,888
Partnership support	-	-	-	58,020
	<u>725,524</u>	<u>4,125,628</u>	<u>4,851,152</u>	<u>6,035,013</u>
EXPENSES				
Operating grants committed	\$ -	\$ 3,755,220	\$ 3,755,220	\$ 2,886,000
Salaries and employee benefits	436,972	152,523	589,495	531,944
Advertising and promotion	21,149	105,387	126,536	78,792
Consulting and project management	61,750	43,411	105,161	108,128
Catering and hosting	16,147	25,723	41,870	32,338
Lease payments	36,203	-	36,203	20,893
Miscellaneous	2,022	28,588	30,610	1,692
Professional fees	27,074	-	27,074	18,284
Office supplies	25,443	2,288	27,731	16,747
Volunteer development	4,442	13,085	17,527	4,422
Special project grants committed	-	17,000	17,000	462,335
Telecommunications	16,757	2,136	18,893	29,097
Travel and parking	3,962	5,812	9,774	6,384
Sponsorships	7,000	-	7,000	-
Amortization	6,400	-	6,400	4,620
Bank charges	2,133	-	2,133	2,169
Juno awards expenses	-	-	-	1,722,150
	<u>667,454</u>	<u>4,151,173</u>	<u>4,818,627</u>	<u>5,925,995</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 58,070	\$ (25,545)	\$ 32,525	\$ 109,018

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
STATEMENT OF CHANGES IN NET ASSETS
For the year ended December 31, 2009

	Internally Restricted	Unrestricted	2009 Total	2008 Total
Balance, beginning of year	114,743	-	\$ 114,743	5,725
Excess of revenue over expenses	-	32,525	32,525	109,018
Interfund transfers (Note 7)	32,525	(32,525)	-	-
Balance, end of year	\$ 147,268	\$ -	\$ 147,268	\$ 114,743



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2009

	2009 Total	2008 Total
CASH FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 32,525	\$ 109,018
Add back non-cash items:		
Amortization of property and equipment	6,400	4,620
Amortization of deferred contributions related to property and equipment	(6,400)	(4,620)
	<u>32,525</u>	<u>109,018</u>
Changes in non-cash working capital:		
Accounts receivable	75,567	(105,976)
Interest receivable	-	4,693
Goods and services tax receivable	11,655	(18,402)
Refundable deposits	(5,414)	-
Prepaid expenses	213	865,846
Accounts payable	54,824	(202,697)
Bonus payable	(13,945)	7,195
Grant commitments	(8,875)	(46,025)
Deferred contributions related to operations	(2,908)	(791,360)
	<u>143,642</u>	<u>(177,708)</u>
FINANCING ACTIVITY		
Contributions received for property and equipment	<u>31,320</u>	<u>8,357</u>
INVESTING ACTIVITIES		
Acquisitions of short term investments	(100,000)	-
Redemption of short term investments	-	212,587
Acquisitions of property and equipment	(31,320)	(8,357)
	<u>(131,320)</u>	<u>204,230</u>
INCREASE IN CASH	43,642	34,879
CASH, BEGINNING OF THE YEAR	60,116	25,237
CASH, END OF THE YEAR	\$ 103,758	\$ 60,116



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
NOTES TO THE AUDITED FINANCIAL STATEMENTS
For the year ended December 31, 2009

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) 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 are as follows:

Computers	3 years
Equipment	5 years

c) 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.

d) 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, application of this policy does 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, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) 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 INVESTMENT

The short term investment is a one-year redeemable guaranteed investment certificate bearing interest rate of 0.6%, recorded at cost, which approximates its fair value.

4. PROPERTY AND EQUIPMENT

	Cost		Accumulated Amortization		Net Book Value	
	2009	2008	2009	2008	2009	2008
Computers	\$ 17,717	\$ 17,717	\$ 13,647	\$ 10,621	\$ 4,070	\$ 7,096
Equipment	16,406	8,091	8,235	5,786	8,171	2,305
Leasehold improvements	9,246	-	925	-	8,321	-
	\$ 43,369	\$ 25,808	\$ 22,807	\$ 16,407	\$ 20,562	\$ 9,401

5. GRANT COMMITMENTS

	2009	2008
Balance, beginning of the year	\$ 44,375	\$ 90,400
Add: commitments approved during the year	3,772,220	3,348,335
Less: commitments paid out during the year	(3,781,095)	(3,381,860)
Less: commitments cancelled during the year	-	(12,500)
Balance, end of the year	\$ 35,500	\$ 44,375

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.

	2008	Additions	Utilizations	2009
Deferred contributions related to operations	\$ 2,908	\$ -	\$ (2,908)	\$ -
Deferred contributions related to property and equipment	9,401	17,561	(6,400)	20,562
	\$ 12,309	\$ 17,561	\$ (9,308)	\$ 20,562

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
NOTES TO THE AUDITED FINANCIAL STATEMENTS
For the year ended December 31, 2009

7. INTERFUND TRANSFER

In 2009, the Board restricted the following amounts for specific purposes:

a) Reserve - Juno Awards Legacy: \$Nil (2008 - \$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. Those funds have been utilized in supporting the startup of Music Calgary Inc. in 2009.

b) Reserve - Contingency for Operating Cost Increases: \$40,000 (2008 - \$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: \$107, 268 (2008 - \$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, 2009, management was undertaking two multi-year projects and an additional \$17,000 had been utilized in project grants based on outcomes of the 2009 Special Project Grant program.

8. MISCELLANEOUS INCOME

	2009	2008
Cultural District Society	\$ 40,000	\$ -
Other	20,564	152
Recovery from forfeited grant commitments	-	12,500
Expenses recovery	-	785
	<u>\$ 60,564</u>	<u>\$ 13,437</u>

9. LEASE COMMITMENT

In current year, the organization leased premises with minimum monthly lease payments of \$3,115. This lease expires in August 2014.

	Total
2010	\$ 37,380
2011	37,380
2012	37,380
2013	37,380
2014	24,920

10. 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.



CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
NOTES TO THE AUDITED FINANCIAL STATEMENTS
For the year ended December 31, 2009

11. 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, 2009

	Community Investment	Sector Marketing	Juno Awards Legacy	2009	2008
REVENUE					
City of Calgary	\$ 4,068,168	\$ -	\$ -	\$ 4,068,168	\$ 3,448,500
Partnership support	-	-	-	-	48,520
Miscellaneous income (Note 8)	14,552	40,000	-	54,552	12,500
Utilization of deferred contributions	-	2,908	-	2,908	66,834
	<u>4,082,720</u>	<u>42,908</u>	<u>-</u>	<u>4,125,628</u>	<u>3,576,354</u>
EXPENSES					
Operating grants committed	\$ 3,755,220	\$ -	\$ -	\$ 3,755,220	\$ 2,886,000
Advertising and promotion	1,930	103,457	-	105,387	31,413
Salaries and employment benefits	116,471	36,052	-	152,523	24,172
Consulting and project management	39,411	4,000	-	43,411	56,048
Others (Note 7a)	-	88	28,500	28,588	300
Catering and hosting	16,000	9,723	-	25,723	11,309
Special project grants committed	17,000	-	-	17,000	462,335
Volunteer development	12,760	325	-	13,085	2,738
Travel and parking	3,266	2,546	-	5,812	3,290
Office supplies and equipment	265	2,023	-	2,288	14,144
Telecommunications	2,028	108	-	2,136	-
	<u>3,964,351</u>	<u>158,322</u>	<u>28,500</u>	<u>4,151,173</u>	<u>3,491,749</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 118,369	\$ (115,414)	\$ (28,500)	\$ (25,545)	\$ 84,605

