

**CALGARY ARTS DEVELOPMENT AUTHORITY LTD.**

**Non-Consolidated Financial Statements**

**And Independent Auditors' Report Thereon**

**Year Ended December 31, 2021**

**CALGARY ARTS DEVELOPMENT AUTHORITY LTD.**

**Index to the Non-Consolidated Financial Statements**

**Year ended December 31, 2021**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Calgary Arts Development Authority Ltd.:

### ***Opinion***

We have audited the non-consolidated financial statements of Calgary Arts Development Authority Ltd. (the Entity), which comprise:

- the non-consolidated statement of financial position as at December 31, 2021
- the non-consolidated statement of operations for the year then ended
- the non-consolidated statement of changes in net assets for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards, including the 4200 series of standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.



We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Responsibilities of Management and Those Charged With Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the non-consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.



The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

March 15, 2022

**CALGARY ARTS DEVELOPMENT AUTHORITY LTD.**  
**Non-Consolidated Statement of Financial Position**  
**As at December 31, 2021, with comparative information for 2020**

	2021			2020		
	General Fund	Public Arts	Total	General Fund	Public Arts	Total
<b>Assets</b>						
<b>Current</b>						
Cash and cash equivalents	\$ 1,887,470	\$ 612,284	\$ 2,499,754	\$ 1,338,003	\$ –	\$ 1,338,003
Accounts receivable	54,056	2,519,000	2,573,056	226,499	–	226,499
Goods and services tax receivable	24,656	–	24,656	13,024	–	13,024
Prepaid expenses (Note 13)	96,523	–	96,523	46,564	–	46,564
Refundable deposits (Note 13)	17,326	–	17,326	12,326	–	12,326
	2,080,031	3,131,284	5,211,315	1,636,416	–	1,636,416
Capital assets, net (Note 3)	17,695	–	17,695	11,474	–	11,474
	\$ 2,097,726	\$ 3,131,284	\$ 5,229,010	\$ 1,647,890	\$ –	\$ 1,647,890
<b>Liabilities and Net Assets</b>						
<b>Current</b>						
Accounts payable and accrued liabilities	\$ 873,717	\$ 18,361	\$ 892,078	\$ 585,909	\$ –	\$ 585,909
Employee deductions payable	53,026	–	53,026	21,826	–	21,826
Grant liabilities (Note 5)	100,000	250,649	350,649	100,750	–	100,750
Deferred contributions (Note 6)	23,700	2,432,976	2,456,676	140,487	–	140,487
	1,050,443	2,701,986	3,752,429	848,972	–	848,972
<b>Net Assets</b>						
Internally restricted (Note 7)	1,047,283	429,298	1,476,581	798,918	–	798,918
Commitments (Note 13)	\$ 2,097,726	\$ 3,131,284	\$ 5,229,010	\$ 1,647,890	\$ –	\$ 1,647,890

See accompanying notes to non-consolidated financial statements.

**ON BEHALF OF THE BOARD**

Caitlyn Ducasse Director  
B Jump Director

**CALGARY ARTS DEVELOPMENT AUTHORITY LTD.**

**Non-Consolidated Statement of Operations**

**Year ended December 31, 2021, with comparative information for 2020**

	2021			2020		
	General Fund	Public Arts	Total	General Fund	Public Arts	Total
<b>Revenues</b>						
City of Calgary grant (note 9)	\$ 14,934,285	\$ 932,376	\$ 15,866,661	\$ 15,223,375	\$ -	\$ 15,223,375
Revenue from other sources (Note 10)	567,872	-	567,872	194,275	-	194,275
Canada Wage Emergency Subsidy program	-	-	-	19,250	-	19,250
Interest income	9,419	-	9,419	12,352	-	12,352
Program income	41,147	-	41,147	5,000	-	5,000
	15,552,723	932,376	16,485,099	15,454,252	-	15,454,252
<b>Expenses (Note 11)</b>						
Grant expense – City of Calgary (Note 14)	11,320,408	37,949	11,358,357	12,564,948	-	12,564,948
Salaries and employee benefits	1,254,077	207,112	1,461,189	1,177,655	-	1,177,655
Consulting and project management	1,017,712	152,339	1,170,051	601,389	-	601,389
Advertising and promotion	698,364	505	698,869	303,584	-	303,584
Grant expense – other sources (Note 12)	400,040	-	400,040	155,000	-	155,000
Honorariums	242,376	9,364	251,740	122,862	-	122,862
Rent	166,450	-	166,450	181,359	-	181,359
Telecommunications	95,445	13,742	109,187	59,607	-	59,607
Artist and speaker fees	51,291	-	51,291	4,025	-	4,025
Professional fees	37,861	5,247	43,108	32,862	-	32,862
Office supplies	41,312	182	41,494	37,881	-	37,881
Catering and hosting	24,157	2,252	26,409	21,102	-	21,102
Travel and parking	8,314	10,386	18,700	10,148	-	10,148
Amortization	5,321	-	5,321	6,765	-	6,765
Bank charges and miscellaneous	2,846	-	2,846	3,807	-	3,807
Bad debt	1,500	-	1,500	380	-	380
Foreign exchange loss	884	-	884	121	-	121
	15,368,358	439,078	15,807,436	15,283,495	-	15,283,495
Excess of revenues over expenses	\$ 184,365	\$ 493,298	\$ 677,663	\$ 170,757	\$ -	\$ 170,757

See accompanying notes to non-consolidated financial statements.

**CALGARY ARTS DEVELOPMENT AUTHORITY LTD.**  
**Non-Consolidated Statement of Changes in Net Assets**  
**Year ended December 31, 2021, with comparative information for 2020**

	2021							
	<u>General Fund</u>			<u>Public Arts</u>				
	Internally Restricted (Note 7)	Unrestricted	Total	Internally Restricted (Note 7)	Unrestricted	Total	Total	
<b>Net assets – beginning of year</b>	\$ 798,918	\$ –	\$ 798,918	\$ –	\$ –	\$ –	\$ 798,918	
Excess of revenues over expenses	–	184,365	184,365	–	493,298	493,298	677,663	
Interfund transfer	184,365	(184,365)	–	493,298	(493,298)	–	–	
Transfer from Public Art Fund to General Fund (Note 8)	64,000	–	64,000	(64,000)	–	(64,000)	–	
<b>Net assets – end of year</b>	\$ 1,047,283	\$ –	\$ 1,047,283	\$ 429,298	\$ –	\$ 429,298	\$ 1,476,581	

  

	2020							
	<u>General Fund</u>			<u>Public Arts</u>				
	Internally Restricted (Note 7)	Unrestricted	Total	Internally Restricted (Note 7)	Unrestricted	Total	Total	
<b>Net assets – beginning of year</b>	\$ 628,161	\$ –	\$ 628,161	\$ –	\$ –	\$ –	\$ 628,161	
Excess of revenues over expenses	–	170,757	170,757	–	–	–	170,757	
Interfund transfer	170,757	(170,757)	–	–	–	–	–	
<b>Net assets – end of year</b>	\$ 798,918	\$ –	\$ 798,918	\$ –	\$ –	\$ –	\$ 798,918	

See accompanying notes to non-consolidated financial statements.



**CALGARY ARTS DEVELOPMENT AUTHORITY LTD.****Non-Consolidated Statement of Cash Flows****Year ended December 31, 2021, with comparative information for 2020**

	2021	2020
<b>Cash provided by (used in):</b>		
<b>Operating Activities</b>		
Excess of revenues over expenses	\$ 677,663	\$ 170,757
Add back non-cash items:		
Amortization of capital assets	5,321	6,765
Changes in non-cash working capital:		
Accounts receivable	(2,346,557)	(221,359)
Goods and services tax receivable	(11,632)	(1,026)
Prepaid expenses	(49,959)	10,449
Refundable deposits	(5,000)	-
Accounts payable and accrued liabilities	306,169	167,870
Employee deductions payable	31,200	1,386
Grant liabilities	249,899	68,000
Deferred contributions	2,316,189	132,737
Cash flows from operating activities	1,173,293	335,579
<b>Investing Activities</b>		
Redemption of short-term investments	1,500,000	2,500,000
Purchase of short-term investments	(1,500,000)	(2,500,000)
Purchase of capital assets	(11,542)	-
Cash flows (used in) from investing activities	(11,542)	-
<b>Increase in cash and cash equivalents</b>	<b>1,161,751</b>	<b>335,579</b>
Cash and cash equivalents, beginning of year	1,338,003	1,002,424
Cash and cash equivalents, end of year	\$ 2,499,754	\$ 1,338,003

See accompanying notes to non-consolidated financial statements.

## **1. PURPOSE OF ORGANIZATION**

The 2004 Calgary Civic Arts Policy led to the Calgary City Council's creation of Calgary Arts Development Authority Ltd. ("CADA"). CADA is a not-for-profit organization incorporated under the Alberta Business Corporations Act on March 18, 2005. CADA is The City of Calgary's arts development authority that promotes and directs investments in the arts to increase the sector's public and artistic impact on behalf of the citizens of Calgary. The Calgary Civic Arts Policy also directs CADA to create arts development strategy for Calgary. CADA is a government not-for-profit organization as it is controlled by the City of Calgary.

Management has determined that under Section 149 of the Income Tax Act, CADA is not subject to the payment of income tax.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

The non-consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS"), including the 4200 series of standards. CADA's significant accounting policies are as follows:

### **(a) Basis of Presentation and Disclosure of Controlled Not-for-Profit Organization**

These financial statements have been prepared on a non-consolidated basis. Financial details regarding cSPACE Projects ("cSPACE"), a controlled entity, is disclosed in note 14 to these non-consolidated financial statements.

### **(b) Non-use of Non-Consolidated Statement of Remeasurement Gains and Losses**

As there are no items to be reported on the non-consolidated statement of remeasurement gains and losses, the statement has not been prepared.

### **(c) Non-use of Net Debt Model Format**

PSAS requires a net debt presentation for the non-consolidated statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as net debt or net financial assets as an indicator of the future revenues required to pay for past transactions and events. CADA operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these non-consolidated financial statements do not report a net debt indicator.

## **2. SIGNIFICANT ACCOUNTING POLICIES, continued**

### **(d) Fund Accounting**

In March 2021, CADA was awarded the public art program from the City of Calgary, which includes the transfer of funding for that program. For specific reporting purposes with the City, we have separated the reporting of the activities of CADA into two funds.

The General Fund accounts for CADA's program delivery (which includes the grant investment program, communications and engagement and arts development programs) and administrative activities.

The Public Arts Fund accounts for CADA's activities in Calgary's public arts. This includes the commissioning and installation of public art as well as programming for public art.

### **(e) Revenue Recognition**

CADA follows the deferral method of accounting for contributions.

Externally restricted contributions, such as grants, revenue from other sources, miscellaneous income designated for a specific purpose, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, such as grants, revenue from other sources, miscellaneous income not designated for a specific purpose are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest revenue is recognized when it is earned.

Rental revenue is recognized in the period during which occupancy took place.

### **(f) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months.

### **(g) Capital Assets**

Purchased capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development, or betterment of the asset. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expenses, and assets purchased under \$10,000 are expensed. When a capital asset no longer contributes to CADA's ability to provide services, its carrying amount is written down to its residual value.

## **2. SIGNIFICANT ACCOUNTING POLICIES, continued**

### **(g) Capital Assets (continued)**

Amortization is provided by using the straight-line method to amortize the cost of the assets over their estimated useful lives as follows:

Computer Equipment	4 years
Leasehold Improvements	5 years
Office Equipment	3 years

### **(h) Contributed Goods and Services**

Volunteers contribute many hours per year to assist CADA in carrying out its services and programs. Because of the difficulty of determining their fair value, contributed services are not recognized in the non-consolidated financial statements. There were no contributed goods during the year (2020 - \$nil).

### **(i) Non-monetary Transactions**

Non-monetary transactions which contain commercial substance are recorded at the fair market value of the asset given up. There were no non-monetary transactions during the year (2020 - \$nil).

### **(j) Financial Instruments**

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. CADA has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, CADA determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset.

If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount CADA expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

## **2. SIGNIFICANT ACCOUNTING POLICIES, continued**

### **(k) Management Estimates**

The preparation of non-consolidated financial statements in accordance with PSAS 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 non-consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include valuation of accounts receivable, and the useful lives of capital assets and related amortization. Actual results could differ from those estimates.

In January 2020, the World Health Organization declared the Novel Coronavirus (“COVID-19”) outbreak a global health emergency and on March 11, 2020, it was declared a global pandemic. This has resulted in governments worldwide, including the Canadian and Alberta governments, enacting emergency measure to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, closures of nonessential businesses, and physical distancing, have caused material disruption to businesses worldwide, resulting in an economic slowdown.

In March 2020, CADA moved to a virtual working environment due to the pandemic. The impact of COVID-19 restrictions resulted in the temporary closure of certain programs from March 15 to August 31, 2020. CADA received additional grant funding during the fiscal 2020 and 2021 years, which has aided in sustaining operations for the current year and will continue to support CADA from a going concern perspective.

At the time of approval of these non-consolidated financial statements, CADA continues to review its financial activities in response to the COVID-19 pandemic. These factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect to CADA is not known at this time.

There have been no impacts to contracts or lease agreements, the assessment of provisions and contingent liabilities, or the timing of revenue recognition. CADA continues to use its capital assets and management has not assessed any impairment that needs to be recognized on these assets at December 31, 2021. CADA continues to manage liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis. As at December 31, 2021, CADA continues to meet its contractual obligations within normal payment terms and CADA’s exposure to credit risk remains unchanged as no outstanding debt exists.

**CALGARY ARTS DEVELOPMENT AUTHORITY LTD.**  
**Notes to the Non-Consolidated Financial Statements**  
**Year ended December 31, 2021, with comparative information for 2020**

**3. CAPITAL ASSETS**

	Cost	Accumulated Amortization	2021 Net	2020 Net
Leasehold Improvements	\$ 16,185	(\$ 9,711)	\$ 6,474	\$ 9,711
Computer Equipment	14,110	(14,110)	-	1,763
Office Equipment	11,542	(321)	11,221	-
Balance, end of the year	\$ 41,837	(\$ 24,142)	\$ 17,695	\$ 11,474

**4. FINANCIAL INSTRUMENTS**

CADA's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, refundable deposits, accounts payable and accrued liabilities, employee deductions payable and grant liabilities, all of which are measured at amortized cost. Due to their short-term nature, the carrying value of financial instruments approximate their fair market value. It is management's opinion that CADA is not exposed to significant interest rate risks arising from these financial instruments.

(a) Foreign Exchange Risk

CADA is exposed to the financial risk related to the fluctuation of foreign exchange rates. Their revenue is based on the Canadian dollar, but incurs some consulting expenses in U.S. dollars. A significant change in currency exchange rates of the U.S. dollar relative to the Canadian dollar could have an effect on CADA's results of operations, financial position and cash flows. CADA does not use derivative instruments to reduce its exposure to foreign exchange risk.

The carrying amount of foreign currency denominated monetary assets and liabilities is as follows:

	2021	2020
Cash and cash equivalents	\$ 32,453	\$ 3,187
Accounts payable and accrued liabilities	\$ 5,671	\$ -

**CALGARY ARTS DEVELOPMENT AUTHORITY LTD.**  
**Notes to the Non-Consolidated Financial Statements**  
**Year ended December 31, 2021, with comparative information for 2020**

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**4. FINANCIAL INSTRUMENTS, continued**

(b) Credit Risk

Credit risk refers that a counter party may default on its contractual obligations resulting in a financial loss. CADA is exposed to credit risk with respect to cash and cash equivalents, short-term investments and accounts receivable. Cash and cash equivalents and short-term investments are deposited with chartered Canadian commercial banks. Substantially all of CADA's accounts receivable are due from well known and reliable funders and are subject to normal credit risk.

(c) Liquidity Risk

Liquidity risk is the risk that CADA will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or other financial assets. Liquidity requirements of CADA are met through maintaining sufficient cash to meet short term obligations. There has been no change in this risk from the prior year, except for the potential impacts of the events disclosed in note 2(k).

**5. GRANT LIABILITIES**

	2021	2020
Balance, beginning of the year	\$ 100,750	\$ 32,750
Add: liabilities approved during the year	11,987,045	12,791,198
Less: liabilities paid out during the year	(11,737,146)	(12,723,198)
Balance, end of the year	\$ 350,649	\$ 100,750

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**CALGARY ARTS DEVELOPMENT AUTHORITY LTD.**  
**Notes to the Non-Consolidated Financial Statements**  
**Year ended December 31, 2021, with comparative information for 2020**

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**5. GRANT LIABILITIES, continued**

The above balances consist of grant liabilities to the following programs or organizations:

	2021	2020
Public Art Microgrants	\$ 250,649	\$ -
Calgary Arts Foundation (Note 14)	100,000	-
Pink Flamingo	-	90,000
Mayor's Lunch (Artist Legacy Awards)	-	10,750
	<hr/> \$ 350,649	<hr/> \$ 100,750

These liabilities will be paid out in accordance with funding agreements with funded programs and organizations.

**6. DEFERRED CONTRIBUTIONS**

Deferred contributions are comprised of unspent externally restricted grants and other revenue.

	2021	2020
Calgary Public Art Capital Funds	\$ 2,432,976	\$ -
Chinook Blast	20,000	79,287
Mayor's Lunch (Artist Legacy Awards)	3,700	38,700
Rise Up	-	10,000
Cultural Activation	-	12,500
	<hr/> \$ 2,456,676	<hr/> \$ 140,487



**CALGARY ARTS DEVELOPMENT AUTHORITY LTD.**  
**Notes to the Non-Consolidated Financial Statements**  
**Year ended December 31, 2021, with comparative information for 2020**

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**6. DEFERRED CONTRIBUTIONS, continued**

Continuity of deferred contributions is as follows:

	2021	2020
Balance, beginning of year	\$ 140,487	\$ 7,750
Less: amount recognized as revenue in the year	(809,935)	(18,750)
Add: amount received related to future years	3,126,124	151,487
Balance, end of the year	\$ 2,456,676	\$ 140,487

**7. INTERNALLY RESTRICTED**

The Board has internally restricted the following amount for specific purposes:

**(a) General Fund Contingency Operating Reserve - \$ 547,286 (2020 - \$298,918)**

These funds are internally restricted by the Board for the purpose of addressing short term fluctuations in operating costs of the General Fund.

**(b) General Fund Community Investment Reserve - \$ 500,000 (2020 - \$466,969)**

These funds are internally restricted by the Board for the purposes of funding strategic initiatives in accordance with the strategic plan approved by the Board from time to time. As at December 31, 2021, Management identified \$500,000 (2020 - \$466,969) to support strategic business plan initiatives.

**(c) Public Art Fund Operating Reserve - \$ 429,298 (2020 - \$ nil)**

These funds are internally restricted by the Board for the purpose of addressing short term fluctuations in operating costs of the Public Art Fund

**(d) Public Art Capital Project Reserve - \$ nil (2020 - \$ nil)**

This reserve is internally restricted by the Board for the purpose of funding capital projects initiated by the Public Art Program. To December 31, 2021, this reserve has not been funded.

**CALGARY ARTS DEVELOPMENT AUTHORITY LTD.**  
**Notes to the Non-Consolidated Financial Statements**  
**Year ended December 31, 2021, with comparative information for 2020**

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**8. TRANSFER BETWEEN FUNDS**

During the year, as approved by the Board, CADA transferred \$64,000 (2020 - \$nil) from the Public Arts Fund to the General Fund to provide for administration expenses of the Public Arts Fund.

**9. CITY OF CALGARY GRANT**

During the year, in accordance with the 4-Year funding agreement (“Funding Agreement”) with the City of Calgary, and as approved in the City of Calgary budget, CADA received \$14,290,000 (2020 - \$13,140,000) in funding to provide grants directly to Artists and Arts Organizations. The Funding Agreement requires annual grants allocated at a minimum of 75% of this funding. The actual grants advanced during the year represent 78.4% (2020 – 80.2%) of this funding.

**10. REVENUE FROM OTHER SOURCES**

	2021	2020
Calgary Arts Foundation (Note 14)	\$ 351,040	\$ 100,000
Travel Alberta	80,000	-
Friends of the Federation of Calgary Communities	64,000	-
Mayor’s Lunch (Artist Legacy Awards)	32,500	38,250
Calgary Hotel Association	12,332	-
Calgary Economic Development	10,000	-
Poet Laureate	9,000	13,500
Judith Marcuse Projects Society	9,000	-
Pink Flamingo	-	20,000
Space Finder	-	10,000
Summer Temporary Employment Program	-	4,200
Other Sources	-	8,325
	<b>\$ 567,872</b>	<b>\$ 194,275</b>

**CALGARY ARTS DEVELOPMENT AUTHORITY LTD.**  
**Notes to the Non-Consolidated Financial Statements**  
**Year ended December 31, 2021, with comparative information for 2020**

**11. EXPENSES BY DEPARTMENT**

	2021	2020
Community Investment	\$ 12,843,568	\$ 13,608,960
Engagement	1,058,494	404,808
Operations	1,005,085	790,130
Communication	461,211	479,597
Public Arts	439,078	-
	<b>\$ 15,807,436</b>	<b>\$ 15,283,495</b>

**12. GRANTS EXPENSE FROM OTHER SOURCES**

	2021	2020
Calgary Arts Foundation (Note 13)	\$ 351,040	\$ 100,000
Mayor's Lunch (Artist Legacy Awards)	40,000	35,000
Changemakers	9,000	-
Pink Flamingo	-	20,000
	<b>\$ 400,040</b>	<b>\$ 155,000</b>

### **13. COMMITMENTS**

In January 2014, CADA entered into a lease agreement for new leased premises with an expiry date of March 2024. The estimated minimum annual rental payment, including estimated operating costs, are as follows:

2022	149,431
2023	149,431
2024	<u>37,357</u>
	<b><u>\$ 336,219</u></b>

In November 2018, CADA signed a lease agreement for a photocopier, which expires in January 2024. The minimum annual rental payments are as follows:

2022	5,027
2023	<u>5,028</u>
	<b><u>\$ 10,055</u></b>

In April 2021, CADA signed an agreement with the City of Calgary for the transfer of the Public Art program to CADA until December 31, 2024. Included in this agreement was the transfer of responsibility of several projects that were currently on hold to CADA. Under the agreement, CADA has agreed to start projects in 2022 totalling \$1,366,000 and in 2023 totalling \$5,100,000. The funding for these projects has been provided under the agreement.

In November 2021, CADA signed an agreement for consulting fees to provide a research report on the annual impact of arts organizations. The scope of the work is expected to be completed within 2022. The value of the contract is \$51,895 (of which \$38,921 has already been paid and is included in prepaid expenses).

In December 2021, CADA signed a three-year agreement for advertising, with an anticipated end date of December 2024 (or the date of the third publication, whichever occurs last). The agreement provides that the advertising company will supply 40,000 copies of an annual publication for the three-year term. The costs for the first publication, expected in 2022 are \$79,000. The cost for the second and third publication will be discussed at the onset of planning for those publications and is not set within the agreement. A \$5,000 refundable deposit was paid and will be applied against the cost of the third publication anticipated in 2024. This deposit is included in refundable deposits.

**CALGARY ARTS DEVELOPMENT AUTHORITY LTD.**  
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**14. CONTROLLED AND RELATED ENTITY – cSPACE Projects**

CADA is a shareholder of, and controls, the non-profit corporation, cSPACE Projects (“cSPACE”), by virtue of holding 99% of the voting shares. cSPACE was incorporated in Alberta on October 27, 2011 under the Alberta Corporations Act. The purpose of cSPACE is to promote, coordinate and facilitate real estate projects that establish affordable facilities, accommodations and education opportunities for artists and registered non-profit organizations operating in the arts and community sector. cSPACE has not been consolidated with CADA’s non-consolidated financial statements.

Financial summaries of cSPACE as at December 31, 2021 and 2020 and for the years then ended are as follows:

	2021	2020
<b>Financial Position</b>		
Total Assets	\$ 26,827,131	\$27,665,907
Total Liabilities	(16,086,384)	(16,466,605)
<b>Net Assets</b>	<b>\$ 10,740,747</b>	<b>\$11,199,302</b>
<b>Results of Operations</b>		
Total Revenues	\$ 1,795,554	\$ 1,880,351
Total Expenses	(2,261,750)	(2,107,927)
Flood Recovery	15,000	35,518
Flood Losses	(7,359)	(390)
<b>Deficiency of revenues over expenses</b>	<b>(\$ 458,555)</b>	<b>(\$ 192,448)</b>

**CALGARY ARTS DEVELOPMENT AUTHORITY LTD.**  
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**14. CONTROLLED AND RELATED ENTITY – cSPACE Projects (continued)**

	2021	2020
Cash Flows		
Cash flows from operating activities	\$ 321,225	\$ 362,202
Cash flows used in financing activities	(80,770)	(380,875)
Cash flows (used in) from investing activities	(197,696)	154,000
Net change in cash	\$ 42,759	\$ 135,327

During 2021, pursuant to the Memorandum of Understanding between cSPACE and CADA, CADA granted \$200,000 (2020 - \$250,000) of funding to cSPACE. An additional \$15,000 was granted for an Organizational Structural Change grant (2020 - \$nil). In addition to the grants, \$17,308 in venue rental costs in 2021 (2020 - \$nil) and sponsorship of \$85,000 (2020 - \$nil) was also provided.

The transactions are measured at the exchange amounts as they occur within the normal course of business.

**15. RELATED PARTY – Calgary Arts Foundation**

During 2018, CADA formed a registered charity for tax purposes, the Calgary Arts Foundation (the "Foundation"). The Foundation's purpose is to increase fundraising for CADA in order to strengthen the arts in Calgary. In previous years the Foundation was considered a controlled entity. In 2020 changes were made to the Foundation such that CADA is no longer involved in the decision making of the Foundation and there are no common Board members. This results in the Foundation no longer being considered controlled. CADA does have an economic interest in the Foundation and both entities share overlapping staff, however the economic interest is not considered significant. During 2021, the Foundation donated \$ 451,040 (2020 – \$100,000) to CADA, of which is \$nil is receivable at year end (2020 - \$100,000) and \$100,000 (2020 - \$nil) has been deferred to 2022. Additionally, the Foundation reimbursed CADA \$nil for administration costs (2020 - \$5,000).

**16. COMPARATIVE INFORMATION**

Certain comparative information has been reclassified to conform to the current year's presentation. These reclassifications did not impact CADA's excess of revenues over expenses or net assets.