

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.

Non-Consolidated Financial Statements

And Independent Auditors' Report Thereon

Year Ended December 31, 2022

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.

Index to the Non-Consolidated Financial Statements

Year ended December 31, 2022

	Page
AUDITORS' REPORT	2
NON-CONSOLIDATED FINANCIAL STATEMENTS:	
Non-Consolidated Statement of Financial Position	5
Non-Consolidated Statement of Operations	6
Non-Consolidated Statement of Changes in Net Assets	7
Non-Consolidated Statement of Cash Flows	8
Notes to the Non-Consolidated Financial Statements	9 - 21

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, 2022
- 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 financial statements present fairly, in all material respects, the non-consolidated financial position of the Entity as at December 31, 2022, and its non-consolidated results of operations, its non-consolidated remeasurement gains and losses, and its non-consolidated 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 the financial statements in accordance with Canadian public sector accounting standards, including the 4200 series of standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 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 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.



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 auditor's 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 auditor's 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 16, 2022

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.

Non-Consolidated Statement of Financial Position

As at December 31, 2022, with comparative information for 2021

	2022			2021		
	General Fund	Public Arts	Total	General Fund	Public Arts	Total
Assets						
Current						
Cash and cash equivalents	\$ 892,705	\$ 5,241,670	\$ 6,134,375	\$ 1,887,470	\$ 612,284	\$ 2,499,754
Short-term investments (Note 5)	1,006,866	–	1,006,866	–	–	–
Accounts receivable (Notes 15 and 16)	42,540	–	42,540	54,056	2,519,000	2,573,056
Goods and services tax receivable	39,931	2,967	42,898	24,656	–	24,656
Prepaid expenses	42,347	–	42,347	96,523	–	96,523
Refundable deposits	29,090	–	29,090	17,326	–	17,326
	2,053,479	5,244,637	7,298,116	2,080,031	3,131,284	5,211,315
Capital assets, net (Note 3)	266,634	–	266,634	17,695	–	17,695
	\$ 2,320,113	\$ 5,244,637	\$ 7,564,750	\$ 2,097,726	\$ 3,131,284	\$ 5,229,010
Liabilities and Net Assets						
Current						
Accounts payable and accrued liabilities	\$ 1,076,395	\$ 12,799	\$ 1,089,194	\$ 873,717	\$ 18,361	\$ 892,078
Employee deductions payable	39,882	–	39,882	53,026	–	53,026
Grant liabilities (Note 6)	53,243	24,113	77,356	100,000	250,649	350,649
Deferred contributions (Note 7)	110,500	4,681,243	4,791,743	23,700	2,432,976	2,456,676
	1,280,020	4,718,155	5,998,175	1,050,443	2,701,986	3,752,429
Net Assets						
Internally restricted (Note 8)	1,040,093	526,482	1,566,575	1,047,283	429,298	1,476,581
	\$ 2,320,113	\$ 5,244,637	\$ 7,564,750	\$ 2,097,726	\$ 3,131,284	\$ 5,229,010
Commitments (Notes 14 and 15)						

See accompanying notes to non-consolidated financial statements.

ON BEHALF OF THE BOARD

Director

Director

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.

Non-Consolidated Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	2022			2021		
	General Fund	Public Arts	Total	General Fund	Public Arts	Total
Revenues						
City of Calgary grant (Note 10)	\$ 17,690,000	\$ 1,136,941	\$ 18,826,941	\$ 14,934,285	\$ 932,376	\$ 15,866,661
Revenue from other sources (Note 11)	228,257	–	228,257	567,872	–	567,872
Program income	136,358	–	136,358	41,147	–	41,147
Interest income	27,802	8,233	36,035	9,419	–	9,419
	18,082,417	1,145,174	19,227,591	15,552,723	932,376	16,485,099
Expenses (Note 12)						
Grant expense – City of Calgary	13,512,277	217,671	13,729,948	11,320,408	37,949	11,358,357
Salaries and employee benefits	1,951,741	496,261	2,448,002	1,254,077	207,112	1,461,189
Consulting and project management	935,302	148,715	1,084,017	1,017,712	152,339	1,170,051
Advertising and promotion (Note 14)	609,984	26,644	636,628	698,364	505	698,869
Honorariums	275,258	16,342	291,600	242,376	9,364	251,740
Rent	214,197	1,488	215,685	166,450	–	166,450
Grant expense – other sources (Note 13)	165,007	–	165,007	400,040	–	400,040
Telecommunications	141,068	21,463	162,531	95,445	13,742	109,187
Catering and hosting	153,808	1,093	154,901	24,157	2,252	26,409
Professional fees	64,601	8,648	73,249	37,861	5,247	43,108
Office supplies	70,617	1,824	72,441	41,312	182	41,494
Travel and parking	38,744	4,118	42,862	8,314	10,386	18,700
Artist and speaker fees	20,733	20,247	40,980	51,291	–	51,291
Amortization	7,084	–	7,084	5,321	–	5,321
Bank charges and miscellaneous	4,644	15	4,659	2,846	–	2,846
Bad debt	4,125	–	4,125	1,500	–	1,500
Installation costs	–	3,461	3,461	–	–	–
Foreign exchange loss	417	–	417	884	–	884
	18,169,607	967,990	19,137,597	15,368,358	439,078	15,807,436
(Deficiency) excess of revenue over expenses	\$ (87,190)	\$ 177,184	\$ 89,994	\$ 184,365	\$ 493,298	\$ 677,663

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, 2022, with comparative information for 2021

	2022						
	General Fund			Public Arts			
	Internally Restricted (Note 8)	Unrestricted	Total	Internally Restricted (Note 8)	Unrestricted	Total	Total
Net assets – beginning of year	\$ 1,047,283	\$ –	\$ 1,047,283	\$ 429,298	\$ –	\$ 429,298	\$ 1,476,581
(Deficiency) excess of revenues over expenses	–	(87,190)	(87,190)	–	177,184	177,184	89,994
Interfund transfer	(87,190)	87,190	–	177,184	(177,184)	–	–
Transfer from Public Art Fund to General Fund (Note 9)	80,000	–	80,000	(80,000)	–	(80,000)	–
Net assets – end of year	\$ 1,040,093	\$ –	\$ 1,040,093	\$ 526,482	\$ –	\$ 526,482	\$ 1,566,575

	2021						
	General Fund			Public Arts			
	Internally Restricted (Note 8)	Unrestricted	Total	Internally Restricted (Note 8)	Unrestricted	Total	Total
Net assets – beginning of year	\$ 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 9)	64,000	–	64,000	(64,000)	–	(64,000)	–
Net assets – end of year	\$ 1,047,283	\$ –	\$ 1,047,283	\$ 429,298	\$ –	\$ 429,298	\$ 1,476,581

See accompanying notes to non-consolidated financial statements.

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
Non-Consolidated Statement of Cash Flows
Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating Activities		
Excess of revenues over expenses	\$ 89,994	\$ 677,663
Add back non-cash items:		
Amortization of capital assets	7,084	5,321
Changes in non-cash working capital:		
Accounts receivable	2,530,516	(2,346,557)
Goods and services tax receivable	(18,242)	(11,632)
Prepaid expenses	54,176	(49,959)
Refundable deposits	(11,764)	(5,000)
Accounts payable and accrued liabilities	197,116	306,169
Employee deductions payable	(13,144)	31,200
Grant liabilities	(273,293)	249,899
Deferred contributions	2,335,067	2,316,189
Cash flows from operating activities	4,897,510	1,173,293
Investing Activities		
Redemption of short-term investments	3,000,000	1,500,000
Purchase of short-term investments	(4,006,866)	(1,500,000)
Purchase of capital assets	(256,023)	(11,542)
Cash flows used in investing activities	(1,262,889)	(11,542)
Increase in cash and cash equivalents	3,634,621	1,161,751
Cash and cash equivalents, beginning of year	2,499,754	1,338,003
Cash and cash equivalents, end of year	\$ 6,134,375	\$ 2,499,754

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, the reporting of the activities of CADA are separated 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) Investments

Investments are comprised of Guaranteed Investment Certificates ("GICs") and fixed income instruments with original maturities greater than 90 days and related accrued interest. Investments maturing in one year or less from the date of the non-consolidated statement of financial position are classified as short-term investments; investments with longer original maturities are classified as long-term investments.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) 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.

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

(i) 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 (2021 – \$nil).

(j) 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 (2021 – \$nil).

(k) 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.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(k) Financial Instruments (continued)

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.

(l) 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.

As at the reporting date, CADA assessed the financial impact of the COVID-19 pandemic and did not identify any significant impacts to its non-consolidated financial statements as at December 31, 2022. CADA will continue to monitor this as part of its risk assessment process.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2022 Net	2021 Net
Leasehold Improvements	\$272,208	(\$12,948)	\$259,260	\$ 6,474
Computer Equipment	14,110	(14,110)	-	-
Office Equipment	11,542	(4,168)	7,374	11,221
Balance, end of the year	\$ 297,860	(\$ 31,226)	\$266,634	\$ 17,695

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:

	2022	2021
Cash and cash equivalents	\$ 225	\$32,453
Accounts payable and accrued liabilities	\$ -	\$ 5,671

(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 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.

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
Notes to the Non-Consolidated Financial Statements
Year ended December 31, 2022, with comparative information for 2021

5. SHORT-TERM INVESTMENTS

Short-term investments consist of Guaranteed Investment Certificates (GICs) with interest rates of 1.40% and a maturity date of July 5, 2023.

6. GRANT LIABILITIES

	2022	2021
Balance, beginning of the year	\$ 350,649	\$ 100,750
Add: liabilities approved during the year	13,633,629	11,987,045
Less: liabilities paid out during the year	(13,906,922)	(11,737,146)
Balance, end of the year	\$ 77,356	\$ 350,649

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

	2022	2021
Public Art Microgrants	\$ 24,113	\$ 250,649
Calgary Arts Foundation (Note 16)	50,993	100,000
Judith Marcuse Project	2,250	-
	\$ 77,356	\$ 350,649

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

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
Notes to the Non-Consolidated Financial Statements
Year ended December 31, 2022, with comparative information for 2021

7. DEFERRED CONTRIBUTIONS

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

	2022	2021
Calgary Public Art Capital Funds (Note 10)	\$ 4,681,243	\$ 2,432,976
Organization Change	100,000	-
Mayor's Lunch (Artist Legacy Awards)	10,500	3,700
Chinook Blast	-	20,000
	\$ 4,791,743	\$ 2,456,676

Continuity of deferred contributions is as follows:

	2022	2021
Balance, beginning of year	\$2,456,676	\$ 140,487
Less: amount recognized as revenue in the year	(247,933)	(809,935)
Add: amount received related to future years	2,583,000	3,126,124
	\$4,791,743	\$ 2,456,676

8. INTERNALLY RESTRICTED

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

(a) General Fund Contingency Operating Reserve – \$540,093 (2021 – \$547,283)

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

8. INTERNALLY RESTRICTED, continued

(b) General Fund Community Investment Reserve – \$500,000 (2021 – \$500,000)

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, 2022, Management identified \$500,000 (2021 – \$500,000) to support strategic business plan initiatives.

(c) Public Art Fund Operating Reserve – \$526,482 (2021 – \$429,298)

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 (2021 – \$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, 2022, this reserve has not been funded.

9. TRANSFER BETWEEN FUNDS

During the year, as approved by the Board, CADA transferred \$80,000 (2021 – \$64,000) from the Public Arts Fund to the General Fund to provide for administration expenses of the Public Arts Fund.

10. 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 \$17,490,000 (2021 – \$14,290,000) 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 76.6% (2021 – 78.4%) of this funding.

In addition, in accordance with the Agreement letter signed dated March 20, 2021, CADA received \$800,000 in operating funds (2021 - \$800,000) to administer the Public Art Program and an additional \$2,359,000 (2021-\$2,516,000) in capital funding to be spent on capital art projects which have been approved within the agreement. In 2022, \$4,681,243 of this capital funding has been deferred to a future year (2021 - \$2,432,976).

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
Notes to the Non-Consolidated Financial Statements
Year ended December 31, 2022, with comparative information for 2021

11. REVENUE FROM OTHER SOURCES

	2022	2021
Calgary Arts Foundation (Note 16)	\$ 145,007	\$ 351,040
Travel Alberta	40,000	80,000
Mayor's Celebration of the Arts (Artist Legacy Awards)	21,750	32,500
Calgary Hotel Association	12,500	12,332
Poet Laureate	9,000	9,000
Friends of the Federation of Calgary Communities	-	64,000
Calgary Economic Development	-	10,000
Judith Marcuse Projects Society	-	9,000
	\$ 228,257	\$ 567,872

12. EXPENSES BY DEPARTMENT

	2022	2021
Community Investment	\$15,328,411	\$ 12,843,568
Operations	1,360,890	1,005,085
Engagement	713,359	1,058,494
Communication	761,343	461,211
Public Arts	973,594	439,078
	\$19,137,597	\$ 15,807,436

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
Notes to the Non-Consolidated Financial Statements
Year ended December 31, 2022, with comparative information for 2021

13. GRANTS EXPENSE FROM OTHER SOURCES

	2022	2021
Calgary Arts Foundation (Note 15)	\$ 145,007	\$ 351,040
Mayor's Celebration of the Arts (Artist Legacy Awards)	20,000	40,000
Changemakers	-	9,000
	<hr/>	<hr/>
	\$ 165,007	\$ 400,040

14. COMMITMENTS

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

2023	\$ 149,431
2024	<u>37,357</u>
	<u>\$ 186,788</u>

In May 2022, CADA entered into a sub-lease agreement for new premises of 7,785 square feet with a commencement date of October 1, 2022 and an expiry of December 31, 2024. During the term in 2022 this space was under leasehold improvement construction with anticipated occupancy of the space in January 2023. The estimated minimum annual rental payments, including estimated operating costs, are as follows:

2023	\$ 201,164
2024	<u>201,165</u>
	<u>\$ 402,329</u>

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
Notes to the Non-Consolidated Financial Statements
Year ended December 31, 2022, with comparative information for 2021

14. COMMITMENTS, continued

At the same time as the sub-lease agreement, CADA entered into a separate lease agreement for the same premises with a commencement date of January 1, 2025, and an expiry of July 31, 2027. Once the lease commences, CADA is entitled to a leasehold improvement allowance of \$15 per square foot (a total allowance of \$116,775). The estimated minimum annual rental payments, including estimated operating costs, are as follows:

2023	\$ -
2024	-
2025	317,939
2026	317,939
2027	<u>185,465</u>
	<u>\$ 821,343</u>

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

2023	\$ 5,028
------	----------

In April 2021, CADA signed an agreement with the City of Calgary for the transfer of the Public Arts 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 2023 totalling \$5,100,000. The funding for these projects has been provided under the agreement.

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 in 2022 were \$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.

In December 2022, CADA entered into an agreement with a company to provide a \$50,000 convertible promissory note receivable. This note entitles CADA to the repayment of \$50,000 plus interest of 8%, compounded annually which is due to be repaid on December 31, 2024. This note receivable entitles CADA to either request full repayment of the note or conversion of the note to common shares of the company. This note is also convertible prior to maturity at the option of CADA in the event of the company experiencing a change in control or if the company obtains external financing of at least \$500,000. This note has not been funded by December 31, 2022.

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
Notes to the Non-Consolidated Financial Statements
Year ended December 31, 2022, with comparative information for 2021

15. 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, 2022 and 2021 and for the years then ended are as follows:

	2022	2021
Financial Position		
Total Assets	\$ 25,824,370	\$26,827,131
Total Liabilities	(15,459,570)	(16,086,384)
<hr/>		
Net Assets	\$ 10,364,800	\$10,740,747
<hr/>		
Results of Operations		
Total Revenues	\$ 2,052,738	\$ 1,795,554
Total Expenses	(2,428,685)	(2,261,750)
Flood Recovery	-	15,000
Flood Losses	-	(7,359)
<hr/>		
Deficiency of revenues over expenses	\$ (375,947)	(\$ 458,555)

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
Notes to the Non-Consolidated Financial Statements
Year ended December 31, 2022, with comparative information for 2021

15. CONTROLLED AND RELATED ENTITY – cSPACE Projects (continued)

	2022	2021
Cash Flows		
Cash flows from operating activities	\$ 75,781	\$ 229,572
Cash flows used in financing activities	(67,665)	(10,883)
Cash flows (used in) from investing activities	(75,949)	(197,696)
Net change in cash	\$ (67,833)	\$ 42,759

During 2022, pursuant to the Memorandum of Understanding between cSPACE and CADA, CADA granted \$270,000 (2021 – \$200,000) of funding to cSPACE. An additional \$nil was granted for an Organizational Structural Change grant (2021 – \$15,000). In addition to the grants, \$18,793 in venue rental costs in 2022 (2021 – \$17,308) and sponsorship of \$nil (2021 – \$85,000) was also provided. Under the Memorandum of Understanding, CADA will provide operating funds of \$240,000 to cSPACE in accordance with the budget allocation in 2023.

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

16. 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. CADA does not have control over the Foundation, as CADA is not involved in the decision making of the Foundation and there are no common Board members. CADA does have an economic interest in the Foundation and both entities share overlapping staff, however the economic interest is not considered significant. During 2022, the Foundation donated \$96,000 (2021 – \$451,040) to CADA, of which \$50,993 (2021 – \$100,000) has been deferred to 2023. Additionally, the Foundation reimbursed CADA \$11,070 for administration costs (2021 – \$nil), of which \$2,104 is receivable at year end (2021 – \$nil).