

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.

Non-Consolidated Financial Statements

And Independent Auditor's Report Thereon

Year Ended December 31, 2023

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.

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Year ended December 31, 2023

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KPMG LLP
205 5th Avenue SW
Suite 3100
Calgary AB T2P 4B9
Tel 403-691-8000
Fax 403-691-8008
www.kpmg.ca

INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023, 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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's 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.

Auditor's 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 auditor's 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.
- 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 14, 2024

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
Non-Consolidated Statement of Financial Position
As at December 31, 2023, with comparative information for 2022

	2023			2022		
	General Fund	Public Arts	Total	General Fund	Public Arts	Total
Assets						
Current						
Cash and cash equivalents	\$ 433,330	\$ 5,096,395	\$ 5,529,725	\$ 892,705	\$ 5,241,670	\$ 6,134,375
Short-term investments (Note 5)	2,516,027	3,544,297	6,060,324	1,006,866	–	1,006,866
Accounts receivable (Notes 11 and 17)	15,636	2,722,500	2,738,136	42,540	–	42,540
Goods and services tax receivable	49,148	24,609	73,757	39,931	2,967	42,898
Note receivable (Note 6)	53,551	–	53,551	–	–	–
Prepaid expenses	84,885	143,890	228,775	42,347	–	42,347
Refundable deposits	29,090	–	29,090	29,090	–	29,090
	3,181,667	11,531,691	14,713,358	2,053,479	5,244,637	7,298,116
Capital assets, net (Note 3)	276,478	–	276,478	266,634	–	266,634
	\$ 3,458,145	\$ 11,531,691	\$ 14,989,836	\$ 2,320,113	\$ 5,244,637	\$ 7,564,750
Liabilities and Net Assets						
Current						
Accounts payable and accrued liabilities	\$ 2,007,169	\$ 25,773	\$ 2,032,942	\$ 1,076,395	\$ 12,799	\$ 1,089,194
Employee deductions payable	28,154	–	28,154	39,882	–	39,882
Grant liabilities (Note 7)	1,492	22,112	23,604	53,243	24,113	77,356
Deferred contributions (Note 8)	290,566	10,681,221	10,971,787	110,500	4,681,243	4,791,743
	2,327,381	10,729,106	13,056,487	1,280,020	4,718,155	5,998,175
Net Assets						
Internally restricted (Note 9)	1,130,764	802,585	1,933,349	1,040,093	526,482	1,566,575
	\$ 3,458,145	\$ 11,531,691	\$ 14,989,836	\$ 2,320,113	\$ 5,244,637	\$ 7,564,750
Commitments (Notes 15 and 16)						

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, 2023, with comparative information for 2022

	2023			2022		
	General Fund	Public Arts	Total	General Fund	Public Arts	Total
Revenues						
City of Calgary grant (Note 11)	\$ 19,414,600	\$ 1,549,523	\$ 20,964,123	\$ 17,690,000	\$ 1,136,941	\$ 18,826,941
Revenue from other sources (Note 12)	416,068	–	416,068	228,257	–	228,257
Program income	102,872	–	102,872	136,358	–	136,358
Interest income	53,355	101,961	155,316	27,802	8,233	36,035
Rent (Note 16)	7,596	–	7,596	–	–	–
	19,994,491	1,651,484	21,645,975	18,082,417	1,145,174	19,227,591
Expenses (Note 13)						
Grant expense – City of Calgary	14,171,202	189,279	14,360,481	13,512,277	217,671	13,729,948
Salaries and employee benefits	2,191,805	501,697	2,693,502	1,951,741	496,261	2,448,002
Consulting and project management	980,551	252,017	1,232,568	935,302	148,715	1,084,017
Advertising and promotion (Note 15)	984,250	47,884	1,032,134	609,984	26,644	636,628
Rent	394,301	–	394,301	214,197	1,488	215,685
Honorariums	242,113	17,015	259,128	275,258	16,342	291,600
Telecommunications	236,093	13,035	249,128	141,068	21,463	162,531
Grant expense – other (Note 14)	229,901	–	229,901	165,007	–	165,007
Catering and hosting	184,748	5,487	190,235	153,808	1,093	154,901
Artist and speaker fees	62,700	106,089	168,789	20,733	20,247	40,980
Installation costs	–	155,752	155,752	–	3,461	3,461
Office supplies	93,443	290	93,733	70,617	1,824	72,441
Professional fees	76,428	104	76,532	64,601	8,648	73,249
Amortization	69,095	–	69,095	7,084	–	7,084
Travel and parking	61,729	6,682	68,411	38,744	4,118	42,862
Bank charges and miscellaneous	4,843	50	4,893	4,644	15	4,659
Foreign exchange loss	618	–	618	417	–	417
Bad debt	–	–	–	4,125	–	4,125
	19,983,820	1,295,381	21,279,201	18,169,607	967,990	19,137,597
Excess (deficiency) of revenues over expenses	\$ 10,671	\$ 356,103	\$ 366,774	\$ (87,190)	\$ 177,184	\$ 89,994

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, 2023, with comparative information for 2022

	2023						
	General Fund			Public Arts			
	Internally Restricted (Note 9)	Unrestricted	Total	Internally Restricted (Note 9)	Unrestricted	Total	Total
Net assets – beginning of year	\$ 1,040,093	\$ –	\$ 1,040,093	\$ 526,482	\$ –	\$ 526,482	\$ 1,566,575
Excess of revenues over expenses	–	10,671	10,671	–	356,103	356,103	366,774
Interfund transfer	10,671	(10,671)	–	356,103	(356,103)	–	–
Transfer from Public Art Fund to General Fund (Note 10)	80,000	–	80,000	(80,000)	–	(80,000)	–
Net assets – end of year	\$ 1,130,764	\$ –	\$ 1,130,764	\$ 802,585	\$ –	\$ 802,585	\$ 1,933,349
	2022						
	General Fund			Public Arts			
	Internally Restricted (Note 9)	Unrestricted	Total	Internally Restricted (Note 9)	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 10)	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

See accompanying notes to non-consolidated financial statements.

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
Non-Consolidated Statement of Cash Flows
Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating Activities		
Excess of revenues over expenses	\$ 366,774	\$ 89,994
Add back non-cash items:		
Amortization of capital assets	69,095	7,084
Changes in non-cash working capital:		
Accounts receivable	(2,695,596)	2,530,516
Goods and services tax receivable	(30,859)	(18,242)
Prepaid expenses	(186,428)	54,176
Refundable deposits	–	(11,764)
Accounts payable and accrued liabilities	943,748	197,116
Employee deductions payable	(11,728)	(13,144)
Grant liabilities	(53,752)	(273,293)
Deferred contributions	6,180,044	2,335,067
Cash flows from operating activities	4,581,298	4,897,510
Investing Activities		
Redemption of short-term investments	2,006,866	3,000,000
Purchase of short-term investments	(7,060,324)	(4,006,866)
Purchase of capital assets	(78,939)	(256,023)
Advancement of note receivable	(53,551)	–
Cash flows used in investing activities	(5,185,948)	(1,262,889)
(Decrease) increase in cash and cash equivalents	(604,650)	3,634,621
Cash and cash equivalents, beginning of year	6,134,375	2,499,754
Cash and cash equivalents, end of year	\$ 5,529,725	\$ 6,134,375

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 16 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 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 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 (2022 – \$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 (2022 – \$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.

(m) New Accounting Standard

Effective January 1, 2022, CADA adopted the new accounting standard PS 3280 (Asset Retirement Obligations) and applied the standard using the modified retroactive approach, which requires restatement of prior year comparative information where applicable.

Under PS 3280, a liability for an asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

Asset retirement obligations are legal obligations associated with the retirement of a capital asset. Asset retirement activities include all activities relating to an asset retirement obligation. These may include, but are not limited to:

- Decommissioning or dismantling a capital asset that was acquired, constructed or developed;
- Remediation of contamination of a capital asset created by its normal use;
- Post-retirement activities such as monitoring; and
- Constructing other capital assets to perform post-retirement monitoring activities.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(m) New Accounting Standard (continued)

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying capital asset. Asset retirement costs related to unrecognized capital assets and those not in productive use are expensed immediately. The asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability.

Amounts are measured using information and assumptions that are current at the beginning of the fiscal year in which the standard is in effect. The amount recognized as an asset retirement cost is measured as of the date the asset retirement was incurred. Accumulated accretion and amortization are measured for the period from the date the liability would have been recognized had the provisions of this standard been in effect to the date as of which this standard is first applied.

CADA has analyzed its capital assets and contractual commitments and has not identified any asset retirement obligations requiring recognition in accordance with PS 3280 as at December 31, 2023, December 31, 2022, or January 1, 2022.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2023 Net	2022 Net
Leasehold Improvements	\$313,552	\$(68,797)	\$244,755	\$259,260
Computer Equipment	14,110	(14,110)	-	-
Office Equipment	49,137	(17,414)	31,723	7,374
Balance, end of the year	\$376,799	\$(100,321)	\$276,478	\$266,634

4. FINANCIAL INSTRUMENTS

CADA's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, refundable deposits, note receivable, accounts payable and accrued liabilities, 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:

	2023	2022
Cash and cash equivalents	\$ 168	\$ 225
Prepaid expenses	\$ 14,000	\$ -

(b) Credit Risk

Credit risk refers that a counterparty may default on its contractual obligations resulting in a financial loss. CADA is exposed to credit risk with respect to cash and cash equivalents, note receivable, 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 significant change in these risks from the prior year.

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
Notes to the Non-Consolidated Financial Statements
Year ended December 31, 2023, with comparative information for 2022

5. SHORT-TERM INVESTMENTS

Short-term investments consist of Guaranteed Investment Certificates (GICs) with interest rates, principal amounts, and maturity dates as follows:

- \$2,500,000 with an annual interest rate of 5.72%, maturing on May 14, 2024;
- \$1,000,000 with a prime rate linked interest rate (at December 31, 2023 – 5.2% per annum) and a maturity date of June 26, 2024; and
- \$2,500,000 with a prime rate linked interest rate (at December 31, 2023 – 5.2% per annum) and a maturity date of November 18, 2024.

In 2022, short-term investments consisted of GICs with a principal amount of \$1 million, interest rate of 1.4% and a maturity date of July 5, 2023.

6. NOTE RECEIVABLE

During the year, CADA advanced \$50,000 (2022 – \$nil) to an arm’s length private company in return for a convertible promissory note receivable. This note bears interest at 8%, compounded annually, and has a maturity date of 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.

It is not the intention of management to exercise the conversion feature of the note.

7. GRANT LIABILITIES

	2023	2022
Balance, beginning of the year	\$ 77,356	\$ 350,649
Add: liabilities approved during the year	14,209,602	13,633,629
Less: liabilities paid out during the year	(14,263,354)	(13,906,922)
Balance, end of the year	\$ 23,604	\$ 77,356

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
Notes to the Non-Consolidated Financial Statements
Year ended December 31, 2023, with comparative information for 2022

7. GRANT LIABILITIES, continued

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

	2023	2022
Public Art Microgrants	\$ 22,112	\$ 24,113
Calgary Arts Foundation (Note 17)	1,492	50,993
Judith Marcuse Project	-	2,250
	\$ 23,604	\$ 77,356

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

8. DEFERRED CONTRIBUTIONS

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

	2023	2022
Calgary Public Art Capital Funds (Note 11)	\$ 10,681,221	\$ 4,681,243
Future Focus grants	143,000	100,000
Spaces	75,000	-
Creative Spaces Innovation Lab	62,066	-
Celebration of the Arts (Artist Legacy Awards)	10,500	10,500
	\$ 10,971,787	\$ 4,791,743

CALGARY ARTS DEVELOPMENT AUTHORITY LTD.
Notes to the Non-Consolidated Financial Statements
Year ended December 31, 2023, with comparative information for 2022

8. DEFERRED CONTRIBUTIONS, continued

Continuity of deferred contributions is as follows:

	2023	2022
Balance, beginning of year	\$ 4,791,743	\$ 2,456,676
Less: amount recognized as revenue in the year	(872,706)	(247,933)
Add: amount received related to future years	7,052,750	2,583,000
Balance, end of the year	\$ 10,971,787	\$ 4,791,743

9. INTERNALLY RESTRICTED

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

(a) General Fund Contingency Operating Reserve – \$540,093 (2022 – \$540,093)

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 – \$590,671 (2022 – \$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, 2023, Management identified \$590,671 (2022 – \$500,000) to support strategic business plan initiatives.

(c) Public Art Fund Operating Reserve – \$802,585 (2022 – \$526,482)

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 (2022 – \$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, 2023, this reserve has not been funded.

10. TRANSFER BETWEEN FUNDS

During the year, as approved by the Board, CADA transferred \$80,000 (2022 – \$80,000) from the Public Arts Fund to the General Fund to provide for administration expenses of the Public Arts Fund.

11. 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 \$18,189,600 (2022 – \$17,490,000) 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 77.9% (2022 – 76.6%) of this funding.

CADA received \$1,000,000 (2022 - \$nil) to support activities in the arts sector to support the City and other Civic Partners strategies where arts and culture have been identified as integral contributors.

CADA received \$225,000 (2022 - \$200,000) to support the creative community in delivering unique experiences to Calgary’s Downtown Core, and attracting citizens to Calgary’s Downtown.

In addition, in accordance with the Agreement Letter Update 1 signed dated May 4, 2023, CADA received \$800,000 in operating funds (2022 – \$800,000) to administer the Public Art Program and an additional \$6,747,500 (2022 – \$2,359,000) in capital funding to be spent on capital art projects which have been approved within the agreement letter, of which \$2,722,500 is receivable at year end (2022 - \$nil). In 2023 \$10,681,221 of this capital funding has been deferred to a future year (2022 – \$4,681,243).

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12. REVENUE FROM OTHER SOURCES

	2023	2022
Future Focus	\$ 107,000	\$ -
Calgary Hotel Association	90,000	12,500
Calgary Arts Foundation (Note 17)	87,901	145,007
The Calgary Foundation	50,000	-
Celebration of the Arts (Artist Legacy Awards)	36,750	21,750
Redpoint Media	16,033	-
Canada Council of the Arts	12,934	-
Poet Laureate	9,000	9,000
Canada Summer Student Grant	4,200	-
Judith Marcuse Projects Society	2,250	-
Travel Alberta	-	40,000
	\$ 416,068	\$ 228,257

13. EXPENSES BY DEPARTMENT

	2023	2022
Community Investment	\$15,861,908	\$ 15,328,411
Operations	1,851,255	1,360,890
Engagement	1,334,743	713,359
Public Arts	1,312,691	973,594
Communication	918,604	761,343
	\$21,279,201	\$ 19,137,597

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14. GRANTS EXPENSE FROM OTHER SOURCES

	2023	2022
Changemakers	\$ 107,000	\$ –
Calgary Arts Foundation (Note 17)	87,901	145,007
Celebration of the Arts (Artist Legacy Awards)	35,000	20,000
	\$ 229,901	\$ 165,007

15. 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:

2024 **\$ 37,357**

In January, CADA entered into a sublease agreement with cSPACE, a controlled entity as described in note 16, for the old premises. The sublease agreement expires in March 2024, coinciding with the expiry of the original lease. The annual rental payments are as follows:

2024 **\$ 2,652**

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. The estimated minimum annual rental payments, including estimated operating costs, are as follows:

2024 **\$ 201,165**

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15. 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:

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

In November 2023, CADA signed a lease agreement for a photocopier, which expires in January 2027. The minimum annual rental payments are as follows:

2024	\$ 4,049
2025	4,049
2026	4,049
2027	<u>-</u>
	<u>\$ 12,147</u>

In April 2021, CADA signed an agreement with the City of Calgary (“the City”) 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 on hold to CADA. A new agreement was signed in May 2023 which supersedes the original agreement and is in effect until December 31, 2026, with a renewal available for the period of January 1, 2027 to December 31, 2031. Under the new agreement, the City has agreed to fund CADA for capital projects in the total amount of \$8,900,000 for the time period 2021 – 2023 (2023 – \$4,025,000), all of which has been funded by the end of the year. In addition to this funding, the City has agreed to provide additional capital funding sourced from the art capital allocation for 2023 – 2026 from the City’s Public Art Policy, estimated to be \$10,890,000. This additional funding is anticipated to be paid as follows:

2024	\$2,722,500
2025	2,722,500
2026	<u>2,722,500</u>
	<u>\$8,167,500</u>

15. COMMITMENTS, continued

Over the course of the initial agreement to December 31, 2026, the capital funding provided must be used for the following types of projects and expenses: artist commissions, project expenses not paid by the artists directly, consultant fees, informational awareness programs, programming to create awareness and engagement with the public art collection, marketing for individual projects and the program overall, web development and maintenance, and legal fees specific to public art projects or the public art program overall. It is expected that the average spend rate at the end of the agreement (December 31, 2026) will be a minimum of 60% of total capital funding provided by the City. The current amount of deferred funding is described in Note 8.

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 second publication in 2023 were \$79,000 (first publication in 2022 - \$79,000). The cost for the third publication will be discussed at the onset of planning for those publications and is not set within the agreement.

In November 2023, CADA signed an 18-month agreement for an executive search for the Public Art program. This agreement provides that the consultant group will assist in the recruitment of a new Public Art Director and also provide ongoing advisory support to both the search committee and the successful candidate. The cost for the service is expected to be \$35,000 and will be paid incrementally over the search period.

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16. 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, 2023 and 2022 and for the years then ended are as follows:

	2023	2022
Financial Position		
Total Assets	\$ 24,778,387	\$25,824,370
Total Liabilities	(14,773,712)	(15,459,570)
Net Assets	\$ 10,004,675	\$10,364,800
Results of Operations		
Total Revenues	\$ 2,441,545	\$ 2,052,738
Total Expenses	(2,801,670)	(2,428,685)
Deficiency of revenues over expenses	\$ (360,125)	\$ (375,947)

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

	2023	2022
<hr/>		
Cash Flows		
Cash flows (used in) from operating activities	\$ (2,245)	\$ 75,781
Cash flows used in financing activities	(71,985)	(67,665)
Cash flows used in investing activities	(46,090)	(75,949)
<hr/>		
Net change in cash	\$ (120,320)	\$ (67,833)
<hr/>		

During 2023, pursuant to the Memorandum of Understanding between cSPACE and CADA, CADA granted \$240,000 (2022 – \$270,000) of funding to cSPACE. Two additional grants were paid during 2023 (2022 – \$nil) for a total of \$51,000. In addition to the grants, \$1,382 in venue rental costs was also provided in 2023 (2022 – \$18,793). Under the Memorandum of Understanding, CADA will provide operating funds of \$240,000 to cSPACE in accordance with the budget allocation in 2024 to 2026.

Pursuant to the sub-lease agreement, as described in note 15, cSPACE also paid rent to CADA of \$7,596 in 2023 (2022 - \$nil).

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

17. 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 2023, the Foundation donated \$38,400 (2022 – \$96,000) to CADA, of which \$1,492 (2022 – \$50,993) has been deferred to 2024. Additionally, the Foundation reimbursed CADA \$nil for administration costs (2022 – \$11,070), of which \$nil is receivable at year end (2022 – \$2,104).

18. COMPARATIVE FIGURES

Certain figures for 2022 have been reclassified to conform to the presentation adopted in 2023. These changes did not impact CADA’s excess of revenues over expenses or net assets.