

## 2017 Financial Statements vs 2016 Financial Statements

### Statement of Financial Position

Total Assets have increased \$23,827 over the 2016 audited financial statements. This increase can be explained as follows:

- **Cash has increased \$38,046.** This increase can be explained as follows:
  - Net income for 2018 is \$180,969 (see the statement of operation for the explanations for the increase in net income over the prior year), resulting in additional available cash of \$182,733 after adjusting for non-cash expense of amortization. This available cash is impacted by the following changes:
    - Prepaid expenses have decreased \$25,141 (see below for explanation of changes). This decrease in prepaid expenses indicates that less cash was needed in 2017 to pay for future expenses, resulting in an increase in available cash of \$25,141.
    - Overall liabilities have decreased \$157,143 (see current liabilities changes below). This decrease indicates that more cash was used in the current year to settle liabilities, resulting in a decrease in available cash
    - Capital assets were purchased in the amount of \$14,110. This purchase resulted in a decrease in available cash.
- **Prepaid expenses have decreased \$25,141.** This can be explained as follows:
  - In 2016, there were venue and entertainment deposits for the 2017 Mayor's Lunch in the amount of \$20,000. The deposit for the 2018 Mayor's lunch event was not paid until 2018
  - In 2016, there was also a deposit paid in the amount of \$17,400 for the New Pathways wrap up event that happened in Q1 of 2017. There is no such event scheduled for 2018 so no deposit needed

These decreases are offset by the following increases:

- There was new software (QuestionPro) purchased during the year that was not purchased before. The remaining prepaid portion at year end is \$1,300
- There was a deposit on a new phone system in the amount of \$5,131. It is not anticipated that the phone system is installed until Spring 2018
- There was a \$5,000 deposit made to the employee benefits Health Spending account at the end of December
- **Capital assets (net) have increased 12,346.** There was a purchase of a new server during the year (there were previously no capital assets). This will be amortized straight-line over 4 years

Total current liabilities have decreased \$157,143 over the 2016 audited statements. This decrease can be explained as follows:

- **Accounts payable has decreased \$124,573.** This can be explained as follows:

- There was \$95,000 accrued in 2016 for work done but not yet invoiced for the New Pathways program. As this program finished in 2017, there is no additional accrual required for the current year
- There was a deposit made on the 2016 audit fees (\$3,500). There was no deposit made in the current year so the accrual is higher
- In 2016 there was \$75,000 accrued for final payments to Arts groups that participated in the New Pathways program. They had earned this by the 2016 year end, but the presentation of their grant occurred at the Q1 2017 New Pathways event. There was no accrual needed for this in 2017 as this project wrapped up during in the year

These decreases are offset by the following increases:

- Employee deductions for Dec 2017 were not paid until Jan 15. This resulted in an increase of \$21,500 (they were paid in Dec in 2016)
- There was an outstanding VISA payable at Dec 2017 of \$11,500. This was paid in full by the end of Dec 2016
- There was a cheque run on Dec 31 that was not released until Jan 2. All the 2016 cheques were released in 2016. This resulted in additional accrued payables of \$11,800
- **Deferred Revenue has decreased \$128,750.** This can be explained as follows:
  - \$150,000 of income in 2016 was deferred for the New Pathways program. This program was finished in Q2 of 2017 so there is no additional deferral needed for this program
  - In 2016, there was income to be earned from the Arts Spaces Research for consulting work that carried over to 2017. All of the work on this project was completed in 2017 so no additional deferred income was needed (resulting in a decrease of \$32,500)

These decreases are offset by the following increases:

- \$9,000 of Poet Laureate funding for the new 2018 Poet Laureate has already been obtained. This was not received until Q1 of 2017 for the 2017 Poet Laureate
- \$50,000 was received for the SpaceFinder program that was deferred to cover the ongoing costs of this program in 2018
- **Grant Liabilities have increased \$96,180.** This can be explained as follows:
  - As discussed below in other Income, the REA program funding was delayed, which resulted in a delay in processing the grants. The REA grants have increased \$125,000 over the prior year
  - The balance of the funds that were held for the Invest YYC program were disbursed to CADA in 2017 for use in a future Arts program. These resulted in an increase of \$23,000 over 2016.

These increases are offset by the following decreases:

- Mayor's Lunch grants were paid out in the year (\$32,500) but only \$8,250 in additional funding was received. This resulted in a decrease in the grant payable of \$24,000
- Payments of \$32,000 were made in the year to Equinox Vigil from the original grant of \$100,000

## Statement of Operations

Total net income has increased \$156,996, which can be broken down as an increase in revenue of \$2,296,331, which is partially offset by a decrease in expenses of \$2,139,334.

The increase in revenue of \$2,296,331 can be explained as follows:

- **City of Calgary Revenue has increased \$2,250,000.** \$250,000 of this increase represents the annual increase as approved in the 3 year funding agreement. The remaining \$2,000,000 increase is the Cornerstone Bridge Funding Grant that was received during the year for the 10 Cornerstone organizations in Calgary
- **Grants revenue from other sources have increased \$40,784.** This can be primarily explained as follows:
  - In Q2 of 2017, the New Pathways Program had finished. All income that had been deferred on that program has been included in income in 2017. In 2016, a decision was made to only include the amounts received for the unforeseen foreign exchange differences. This resulted in additional revenue of \$185,000 in 2017 over 2016
  - There were summer students employed during the year. CADA was able to secure a STEP (Summer Temporary Employment Program) grant for part of the year to partially offset their wage costs. This resulted in additional funding of \$11,760
  - There was a onetime flow thru grant paid to the Calgary Blues Festival in 2017 which resulted in additional income of \$10,835
  - The funding for SpaceFinder has increased \$7,000 over last year. This was a new program in the fall of 2016 and the funding had not yet been secured.

These increases are offset by the following decreases:

- There was a decrease of \$151,857 in the Remarkable Experience Accelerator (REA) income recognized during the year. In 2016, the funding for this program was received early in the year. In 2017, this funding was not received until mid-year, which delayed the processing of the grants/expenditures for this program.
- Invest YYC program was discontinued in 2016. This resulted in a decrease in income of \$22,304
- **Miscellaneous income has decreased \$10,262.** In 2016, a decision was made to charge for tickets to the Arts Congress. In 2017, this was a free event as it was part of the Common Ground series that promoted diversity in the Arts.

The increase in expense of \$2,139,334 can be explained as follows:

- **Grants Expense City of Calgary (total) has increased \$2,171,075.** This represents an increase as a result of the increase in funding, as well as the \$2,000,000 that was fully provided to the Cornerstone companies.
- **Grant Expense – Other has decreased \$116,592.** The change in this account can primarily be explained as follows:

- There was a delay in the funding of the REA program. This resulted in a delay in the payment of the REA grants of \$103,000
- The Invest YYC program was discontinued in 2016. This decreased grant expense by \$23,485 over 2016

These decreases are partially offset by the following increases

- There was a one time flow thru grant paid to the Calgary Blues Fest in the amount of \$10,835
- **Salaries and Benefits has increased \$120,938.** In 2016, there were 3 fewer staff positions for the first ½ of the year over 2017 when they were in place for the full year. There were also 3 summer students that were hired in 2017 (new temporary positions), as well as a ½ time position was converted to a full time position during 2017.
- **Consulting and Project Management has decreased \$183,974.** This decrease can be explained as follows:
  - The New Pathways program finished in the first half of 2017. In 2016, there were several workshops held as the program was wrapping up. This resulted in additional consulting costs of \$87,000 in 2016
  - In 2016, a marketing tourism strategy was completed for the REA program at a cost of \$60,000. There was no such consulting needed for REA this year
  - There were 2 contractors that were replaced by employees during the year (Beth Miller, Kaele Tunyi Anembom), that resulted in a decrease in consulting fees of \$45,000
- **Telecommunications has increased \$15,217.** There were 2 new laptops purchased during 2017 (no new laptops in 2016) at a cost of \$4,000. In addition, there was new software purchased in the year that was not previously used (Question Pro, NVIVO, Foundant, Flywheel) at a cost of \$11,550 that was not there in 2016
- **Catering and Hosting has increased \$47,860.** In Q1 of 2017 was the New Pathways wrap up event that cost \$39,000. There were only very small breakfast workshop events for New Pathways in 2016 at a minimal cost
- **Advertising has increased \$97,537.** This can be primarily explained as follows:
  - \$35,000 was provided to Mount Royal University for the Artist as Changemaker program. This is a new partnership in 2017.
  - \$5,000 was paid for arts spaces mapping. This is a new program (CSIP)
  - \$2,500 was paid in promotional support for the launching of SpaceFinder in Edmonton to help get the project off the ground. This was not needed in 2016
  - \$15,000 was spent in advertising for the Canada 150 project. This was a one time only project in 2017
  - \$10,000 was spent on the accountability report
  - \$9,000 was spent on a joint partnership with Tourism Calgary/Downtown Calgary to promote the Arts
  - \$9,500 was spent on the new EconoUs conference that was held in the fall of 2017
- **Foreign Exchange Loss has decreased \$26,476.** In 2015, CADA purchased a large amount of US\$ to settle an obligation that it would have in early 2016. There was a decline in the exchange rate between the time of purchase and the time of settlement, resulting in a large loss.