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Financial Statements

December 31, 2017

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Contents

For the year ended December 31, 2017

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Management's Responsibility

To the Board of Directors of Calgary Economic Development Ltd.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian Public Sector Accounting Standards for Not-For-Profit Organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP is appointed by the Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

April 18, 2018

Mary Moran
Chief Executive Officer

Sheila Will
Chief Financial Officer

Independent Auditors' Report

To the Board of Directors of Calgary Economic Development Ltd.:

We have audited the accompanying financial statements of Calgary Economic Development Ltd., which comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards for Not-For-Profit Organizations, 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Calgary Economic Development Ltd. as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards for Not-For-Profit Organizations.

Calgary, Alberta

MNP LLP

April 18, 2018

Chartered Professional Accountants

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Calgary Economic Development Ltd.
Statement of Financial Position
As at December 31, 2017

	2017	*2016*
Assets		
Current		
Cash	**514,404**	1,179,165
Accounts receivable and accrued revenue *(Note 3)*	**1,182,863**	676,521
Due from related party *(Note 10)*	**172,795**	246,854
Prepaid expenses	**46,647**	73,589
Employee expense advances	**9,380**	-
Note receivable from a related party (*Note 8*)	**700,000**	-
	2,626,089	2,176,129
Restricted cash *(Note 7)*	**2,074,166**	3,274,261
Property and equipment *(Note 4)*	**126,587**	97,949
Intangible assets *(Note 5)*	**23,513**	104,728
	4,850,355	5,563,067
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 6)*	**914,016**	852,747
Due to related party *(Note 10)*	**4,385**	675
Salary and vacation payable	**481,739**	393,130
Deferred contributions *(Note 7)*	**2,074,166**	3,274,261
	3,474,306	4,520,813
Commitments *(Note 12)*		
Net Assets		
Invested in property, equipment and intangible assets *(Note 9)*	**150,100**	202,677
Unrestricted	**1,225,949**	929,577
	1,376,049	1,132,254
	4,850,355	5,653,067

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

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Calgary Economic Development Ltd.
Statement of Operations
For the year ended December 31, 2017

	2017	2016
Revenue		
City of Calgary		
Operating grant *(Note 1)*	**5,584,179**	5,367,212
Other grants (*Note 10*)	**2,401,437**	1,813,220
Alberta government	**1,227,431**	529,923
Federal government	**1,030,646**	177,167
Other government	**-**	4,450
Business community *(Note 10)*	**1,693,208**	1,558,288
Expense recovery *(Note 10)*	**173,347**	249,416
Other revenue	**200,845**	93,137
Investment income *(Note 10)*	**51,017**	16,930
	12,362,110	9,809,743
Expenses		
Employee costs	**5,314,538**	4,814,368
Marketing and promotion *(Note 10)*	**3,928,671**	2,748,758
Program costs *(Note 10)*	**1,529,430**	904,215
Corporate services *(Note 10)*	**915,874**	810,143
Business travel	**299,093**	208,483
Amortization of intangible assets (*Note 5*)	**54,934**	70,231
Amortization of property and equipment (*Note 4*)	**48,542**	17,254
	12,091,082	9,573,452
Excess of revenue over expenses before other items	**271,028**	236,291
Other items		
Loss on disposal of property, equipment and intangibles	**(27,233)**	(36,935)
Excess of revenue over expenses	**243,795**	199,356

The accompanying notes are an integral part of these financial statements

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Calgary Economic Development Ltd.
Statement of Changes in Net Assets
For the year ended December 31, 2017

	Invested in property, equipment and intangible assets	*Unrestricted*	***2017***	*2016*
Net assets, beginning of year	202,677	929,577	**1,132,254**	932,898
Excess (deficiency) of revenue over expenses *(Note 9)*	(130,709)	374,504	**243,795**	199,356
Investment in property and equipment	77,180	(77,180)	**-**	-
Investment in intangible assets	952	(952)	**-**	-
Net assets, end of year	**150,100**	**1,225,949**	**1,376,049**	1,132,254

The accompanying notes are an integral part of these financial statements

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Calgary Economic Development Ltd.
Statement of Cash Flows
For the year ended December 31, 2017

	2017	*2016*
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**243,795**	199,356
Amortization of intangible assets	**54,934**	70,231
Amortization of property and equipment	**48,542**	17,254
Loss on disposal of property, equipment and intangibles	**27,233**	36,935
	374,504	323,776
Changes in working capital accounts		
Accounts receivable and accrued revenue	**(506,342)**	(172,027)
Due from related party	**74,059**	(35,399)
Prepaid expenses and employee expense advances	**17,562**	(31,078)
Accounts payable and accrued liabilities	**61,269**	376,582
Due to related party	**3,710**	675
Salary and vacation payable	**88,609**	(22,734)
Deferred contributions	**(1,200,095)**	2,402,743
	(1,086,724)	2,842,358
Investing		
Purchase of property and equipment (*Note 4*)	**(77,180)**	(107,363)
Purchase of intangible assets (*Note 5*)	**(952)**	(53,580)
	(78,132)	(160,943)
Financing		
Note advanced to a related party	**(700,000)**	-
Purchases of short-term investments	**-**	(6,316,930)
Proceeds on disposal of short-term investments	**-**	7,810,045
	(700,000)	1,493,115
(Decrease) increase in cash and cash equivalents	**(1,864,856)**	4,174,710
Cash and cash equivalents, beginning of year	**4,453,426**	278,716
Cash and cash equivalents, end of year	**2,588,570**	4,453,426
Cash and cash equivalents are composed of:		
Unrestricted cash	**514,404**	1,179,165
Restricted cash - external	**2,074,166**	3,274,261
	2,588,570	4,453,426

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Calgary Economic Development Ltd. (the "Company") was incorporated as Promoting Calgary Inc. under the Business Corporations Act in the Province of Alberta in July 1999. The Company changed its name to Calgary Economic Development Ltd. on January 1, 2003. The Company is registered as a non-profit organization under the Income Tax Act of Canada, and is exempt from income taxes. The Company is a controlled not-for-profit organization of the City of Calgary (the "City").

The mandate of Calgary Economic Development Ltd. is to lead the City of Calgary's economic development efforts in promoting the City's competitive advantages and pro-business climate. Successful economic development results in business growth and industry development, increased investment and trade activities. In turn, this fosters increased competitiveness, access to foreign markets, sustainable prosperity, diversification, productivity, high employment and a desirable quality of life.

The Company has been receiving contributions from the City since inception to sustain its operations. In the current year, the Company received an operating grant of $5,584,179 (2016 - $5,367,212) and the City has indicated that they will provide similar funding each year to the end of the 2018 fiscal year, at which point the funding is subject to renegotiation.

2. Significant accounting policies

Basis of accounting

These financial statements are expressed in Canadian dollars. The financial statements of the Company are the responsibility of management. They have been prepared in accordance with Canadian Public Sector Accounting Standards for Not-for-Profit Organizations ("PSAS for NPOs"), with the optional 4200 series, as established by the Public Sector Accounting Board in Canada. The significant polices are described below.

Use of estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of property and equipment, and intangible assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the statement of operations in the periods in which they become known.

Controlled not-for-profit

The Company's financial statements do not include the accounts of Calgary Film Centre Ltd. ("CFCL"), which is controlled by the Company. The required disclosures have been provided in Note 15.

All transactions with the subsidiary are disclosed as related party transactions (refer to Notes 8 and 10).

Revenue recognition

The Company follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions for the purchase of property and equipment are deferred and recognized on the same basis as amortization expense of the related asset. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Sponsorship (pledges) are recognized as revenue when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Contributions for program related activities include amounts recovered from events and projects undertaken by the Company alone or with a number of economic partners.

Interest revenue is recognized on a pro rata basis over the term of the related deposit or investment.

2. Significant accounting policies (*Continued from previous page)*

Cash

Cash include balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Property, equipment and intangible assets

Purchased property, equipment and intangible assets are recorded at cost. Contributed property, equipment and intangible assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives. Tenant improvements are amortized over the lease term.

	Method	**Rate**
Technology	straight-line	2 years
Furniture and fixtures	straight-line	5 years
Tenant improvements	straight-line	5 years
Software	straight-line	1 year
Trademarks	straight-line	5 years
Website development costs	straight-line	30 %

Long-lived assets

Long-lived assets consist of property, equipment and intangible assets. Long-lived assets held for use are measured and amortized as described in the above accounting policy.

When the Company determines that a long-lived asset no longer has any long-term service potential to the Company, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Financial instruments

The Company recognizes its financial instruments when the Company becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with PSAS Section 4260 *Disclosure of Related Party Transactions By Not-For-Profit Organizations* (refer to Note 10).

At initial recognition, the Company may irrevocably elect to subsequently measure any financial instrument at fair value. The Company has not made such an election during the year.

Transaction costs related to financial instruments remeasured at fair value at each reporting date are expensed in the period, whereas they are added to the carrying value of the financial instrument for those measured at cost or amortized cost.

Financial asset impairment

The Company assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Company determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Company reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year deficiency of revenue over expenses. The Company reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the statement of operations in the year the reversal occurs.

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2. Significant accounting policies (*Continued from previous page)*

Contributed materials and services

The Company receives various contributions in the form of material or services that it uses to carry out its objectives. Because of the difficulty in determining the fair value of these materials and services, the Company does not recognize the amounts in the financial statement.

3. Accounts receivable and accrued revenue

Accounts receivable and accrued revenue relate to the following:

	2017	*2016*
Accrued revenue	**902,226**	166,185
Trade accounts receivable	**172,123**	405,018
Goods and Services Tax receivable	**108,514**	105,318
	1,182,863	676,521

As at December 31, 2017, accounts receivable includes $6,533 (2016 - $77,781) in amounts outstanding greater than 90 days, of which $5,000 was subsequently received (2016 - $47,530). Accounts receivable have been recorded at their net realizable value, based on management's best estimate of the recoverable amounts.

4. Property and equipment

	Technology	*Furniture and fixtures*	*Tenant improvements*	***Total***
Cost:				
Balance December 31, 2016	669,679	380,515	2,606,413	**3,656,607**
Additions	72,633	4,547	-	**77,180**
Balance at December 31, 2017	**742,312**	**385,062**	**2,606,413**	**3,733,787**
Accumulated amortization:				
Balance December 31, 2016	(643,072)	(333,330)	(2,582,256)	**(3,558,658)**
Amortization	(27,988)	(10,937)	(9,617)	**(48,542)**
Balance at December 31, 2017	**(671,060)**	**(344,267)**	**(2,591,873)**	**(3,607,200)**
Net book value December 31, 2016	26,607	47,185	24,157	97,949
Net book value December 31, 2017	**71,252**	**40,795**	**14,540**	**126,587**

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Calgary Economic Development Ltd.
Notes to the Financial Statements
For the year ended December 31, 2017

5. Intangible assets

	Software	*Trademarks*	*Website development costs*	***Total***
Cost:				
Balance December 31, 2016	265,959	7,290	501,833	**775,082**
Additions	-	952	-	**952**
Disposals	-	(6,288)	(63,712)	**(70,000)**
Balance at December 31, 2017	**265,959**	**1,954**	**438,121**	**706,034**
Accumulated amortization:				
Balance December 31, 2016	(265,959)	(6,311)	(398,084)	**(670,354)**
Additions	-	(1,106)	(53,828)	**(54,934)**
Disposals	-	6,288	36,479	**42,767**
Balance at December 31, 2017	**(265,959)**	**(1,129)**	**(415,433)**	**(682,521)**
Net book value December 31, 2016	-	979	103,749	104,728
Net book value December 31, 2017	**-**	**825**	**22,688**	**23,513**

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities relate to the following:

	2017	*2016*
Trade accounts payable	**777,430**	841,197
Accrued liabilities	**136,586**	11,550
	914,016	852,747

7. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted for programs. Recognition of these amounts as revenue is deferred to periods when the specified expenses are made. Changes in the deferred contribution balance are as follows:

	2017	*2016*
Balance, beginning of year	**3,274,261**	871,518
Amount received during the year	**3,152,292**	5,119,761
Less: Amount recognized as revenue during the year	**(4,338,578)**	(2,717,018)
Less: Funds held for return as accrued liability	**(13,809)**	-
Balance, end of year	**2,074,166**	3,274,261

8. Note receivable from related party

On June 29, 2017 the Company and CFCL entered into an agreement which enabled CFCL to draw on a demand loan of up to $500,000, with an interest rate at prime. On September 29, 2017 the available funds on this loan were increased to $700,000, and then on December 12, 2017 the available funds were further increased to $900,000. As of December 31, 2017, CFCL has drawn $700,000 against this loan agreement.

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9. Net assets invested in property, equipment and intangible assets

	2017	*2016*
Property and equipment	**126,587**	97,949
Intangible assets	**23,513**	104,728
Invested in property, equipment and intangible assets	**150,100**	202,677
Amortization of intangible assets	**(54,934)**	(70,231)
Amortization of property and equipment	**(48,542)**	(17,254)
Loss on disposal of property, equipment and intangibles	**(27,233)**	(36,935)
Deficiency of revenue over expenses	**(130,709)**	(124,420)

10. Related party transactions

CFCL

Related party balances and transactions with CFCL consist of:

	2017	*2016*
Due from related party:		
Management Services Agreement and other	**168,687**	246,854
Interest on note receivable from related party	**4,108**	-
Note receivable from a related party	**700,000**	-
Due to related party	**4,385**	675
Revenue recognized from CFCL:		
Management Services Agreement and other	**172,797**	246,854
Interest on note receivable from related party	**4,108**	-
Expenses paid to CFCL	**25,245**	84,638

At current time, the note receivable is deemed to be fully collectable based on the business plan for CFCL

City

Related party balances and transactions with the City consist of:

	2017	*2016*
Accounts receivable	**5,250**	10,000
Accounts payable	**1,195**	1,558
Revenue and expense recovery (excluding operating grant identified in Note 1)	**2,463,958**	1,823,220
Expenses paid to City	**191,613**	157,306

Other companies related through common ownership

The Company had the following balances and transactions with other companies related through common ownership by the City:

	2017	*2016*
Accounts receivable	**35,000**	10,000
Accounts payable	**7,497**	9,228
Revenue recognized from companies related by common ownership	**85,000**	60,000
Expenses paid to companies related by common ownership	**403,425**	181,603

(These transactions include expenses for event space and catering, and staff for parking)

10. Related party transactions (*Continued from previous page)*

Other companies related to directors

The Company paid to organizations related to directors of the Company for other services totaling $64,113 (2016 - $14,920), of which $64,000 (2016 - $nil) is included in program costs, $113 (2016 - $12) is included in corporate services expense, and $nil (2016 - $14,908) is included in marketing and promotion. At year end, $23,100 was outstanding (2016 - $nil) and included in accounts payable. The Company also recognized revenue from these companies totaling $232,781 (2016 - $198,240), which is included in business community revenue towards its Action Calgary and other programming. At year end, $62,500 (2016 - $81,250) of this amount was outstanding and included in accounts receivable.

All transactions are in the normal course of operations and have been recorded at the agreed to exchange amounts that have been negotiated between the parties.

11. Income taxes

The Company is a tax-exempt organization under the *Income Tax Act* (the "Act") and as such is exempt from income taxes. In order to maintain its tax-exempt status under the Act, the Company must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

12. Commitments

Facility lease

On September 16, 2016, the Company entered a five-year lease with the related party City of Calgary Corporate Properties with an effective date of January 1, 2015. Annual rent for 2017 is $63,834 plus operating costs (2016 - $53,195 plus operating costs).

The Company has a ten-year rental agreement, effective June 15, 2009, with a third-party corporation, for office space in the Neilson Block which is part of the TELUS Convention Centre facility. The term of the agreement is for ten years with an option to not continue after the first five years. On March 27, 2014, the Company agreed to continue the lease for another five years. There are no rental costs and the Company does pay operating costs.

The estimated minimum annual payments on leases for facilities and equipment are as follows:

2018	75,090
2019	85,729
2020	11,256
2021	8,442
	180,517

13. Financial instruments

General objectives, policies and processes

The Board of Directors, through the Audit Committee, has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's senior management. The Board of Directors receives quarterly reports from the Company's senior management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Company, as part of its operations, carries a number of financial instruments. The nature of these instruments and the Company's operations expose the Company to credit, interest rate and liquidity risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. There have been no significant changes from the previous year in the exposure to risk, policies or procedures used to manage financial instrument risks.

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13. Financial instruments *(Continued from previous page)*

Credit risk

Credit risk is the risk that the Company will incur a financial loss because a contributor or counterparty has failed to discharge an obligation. The Company is exposed to credit risk on its accounts receivable and accrued revenue. This risk is somewhat mitigated because the accounts receivable comprises amounts due from the City of Calgary and the provincial and federal governments. To further mitigate this risk, the Company regularly reviews its accounts receivable list and follows up on collections in a timely manner. The amount outstanding at the prior year end, which is the Company's maximum exposure to credit risk related to the accounts receivable, are disclosed in Note 3 and summarized below.

	Current	*0-30 days*	*31-60 days*	*61-90 days*	*91 days and older*	*Total*
2017						
Trade accounts receivable	**67,000**	**41,046**	**55,544**	**2,000**	**6,533**	**172,123**
Goods and Services Tax	**108,514**	**-**	**-**	**-**	**-**	**108,514**
Accrued revenue	**280,758**	**150,479**	**184,622**	**155,846**	**130,521**	**902,226**
Due from related party	**18,159**	**14,126**	**14,051**	**14,051**	**112,408**	**172,795**
Employee advances	**7,200**	**2,180**	**-**	**-**	**-**	**9,380**
Note receivable	**245,000**	**85,000**	**85,000**	**85,000**	**200,000**	**700,000**
Total	**726,631**	**292,831**	**339,217**	**256,897**	**449,462**	**2,065,038**
2016						
Trade accounts receivable	55,103	198,393	14,812	58,929	77,781	405,018
Goods and Services Tax	105,318	-	-	-	-	105,318
Accrued revenue	166,185	-	-	-	-	166,185
Due from related party	246,854	-	-	-	-	246,854
Total	573,460	198,393	14,812	58,929	77,781	923,375

Credit concentration

As at December 31, 2017, one member accounted for 78% of accounts receivable (2016 – two members, 46%); The Company believes that there is no unusual exposure associated with the collection of these amounts. The balance of accounts receivable is widely distributed amongst the remainder of the Company's large membership base. The Company performs regular credit checks and provides allowances for potentially uncollectible accounts receivable.

Interest rate risk

The Company is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the fair value of financial instruments. As at December 31, 2017 a 1% change in interest rate, with all other variables held constant would impact the excess of revenue over expenses by $25,886 (2016 - $44,534).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term requirements, considering its anticipated cash flows from operations and its holdings of cash and cash equivalents. In addition, the monies invested in short-term investments can be withdrawn on demand. At the current time, the Company deems the note receivable from CFCL to be collectable, and even with the going concern uncertainty for CFCL (identified in Note 15), do not deem the Company to be in a position of liquidity risk. The table on the following page sets out the contractual maturities of financial liabilities.

13. Financial instruments *(Continued from previous page)*

	0-90 days	***91 days and older***	***Total***
2017			
Trade accounts payable	**777,430**	**-**	**777,430**
Accrued liabilities	**128,136**	**8,450**	**136,586**
Due to related party	**4,385**	**-**	**4,385**
Total	**909,951**	**8,450**	**918,401**
2016			
Trade accounts payable	841,197	-	841,197
Accrued liabilities	11,550	-	11,550
Due to related party	675	-	675
Total	853,422	-	853,422

14. Defined contribution pension plan

The Company established a defined contribution pension plan for its salaried employees on January 1, 2000. The total expense incurred for the year ended December 31, 2017 was $152,198 (2016 - $136,180).

15. Controlled not-for-profit

The Company controls its wholly owned subsidiary, the Calgary Film Centre Ltd., formerly The Alberta Creative Hub. The companies are under common management. CFCL has not been consolidated in the Company's financial statements, but its financial statements are available on request. CFCL was incorporated under the authority of the Alberta Companies Act on December 17, 2009 and commenced operations on January 1, 2010. The Company is registered as a not for profit organization and thus is exempt from income taxes under the Income Tax Act of Canada. It was formed with the primary purpose of supporting the growth and development of the film, television, media and other creative industries.

The following is condensed financial information of CFCL as at and for the years ended December 31, 2017 and December 31, 2016. This information was prepared using the same accounting policies as Calgary Economic Development Ltd.

	2017	*2016*
Financial position		
Total assets	**27,274,112**	28,661,793
Total liabilities	**(23,797,571)**	(24,353,981)
Total net assets	**3,476,541**	4,307,812
Statement of operations		
Revenue	**1,709,255**	1,383,854
Expenses	**2,540,526**	1,893,549
Deficiency of revenue over expenses	**(831,271)**	(509,695)
Cash flows		
Cash flows from operating activities	**(842,922)**	62,621
Cash flows from financing activities	**478,971**	5,325,330
Cash flows from investing activities	**(111,187)**	(5,175,591)
(Decrease) increase in cash and cash equivalents	**(475,138)**	212,360

15. Controlled not-for-profit *(Continued from previous page)*

CFCL has entered into a management agreement with the Company that sets out the terms and conditions by which the Company is to provide services of its employees in relation to general day-to-day administration and management services in connection with the business of CFCL (Note 10).

CFCL has entered into a term loan agreement of $900,000 with the Company to provide interim financing (Note 8).

In June 2015, CFCL entered into a credit facility for interim construction financing of up to $13,000,000, bearing interest at a rate of prime. On August 2, 2016, CFCL converted the $12,431,163 drawn on the interim construction loan to a term facility, in the form of one 5-year and one 10-year interest rate swap. On October 19, 2016, CFCL entered into a new credit facility of up to $550,000, bearing interest at prime. As at December 31, 2017, CFCL has bank indebtedness of $12,338,850 (2016 - $12,637,879).

The credit facilities, as noted above, are secured by a general security agreement with a Canadian Chartered Bank representing first charge on all CFCL's present and after acquired personal property, and all other property, assets and undertakings and by a continuing collateral mortgage representing a first charge on CFCL’s real property in the principal amount of $14,100,000, beneficially owned by and registered in the name of CFCL.

The facilities are subject to certain financial and non-financial covenants including a debt service coverage ratio and a change in ownership provision. As at December 31, 2017, the CFCL was in violation of certain covenants, for which the lender has provided a waiver stating that as at December 31, 2017 there is no intention to demand repayment.

There is a material uncertainty as to the ability of CFCL to continue as a going concern. Its ability to continue as a going concern is dependent upon the continuing support of its related parties, generating excess revenue over expenses through increased occupancy, and the ability to generate sufficient cash from operations.

The Company’s financial statements and CFCL’s financial statements do not reflect any adjustments in the carrying values of the assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used that would be necessary if the going concern assumption were not appropriate for CFCL.

16. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.