calgary film centre
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Financial Statements

December 31, 2017

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Contents
For the year ended December 31, 2017

Page

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Management's Responsibility

To the Board of Directors of Calgary Film Centre 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. 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 is composed entirely of Directors who are neither management nor employees of the Centre. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. 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 Centre's external auditors.

MNP LLP is appointed by the Board 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.

March 16, 2018

Luke Azevedo
Chief Operating Officer, Calgary Film Centre Ltd.

Sheila Will
Chief Financial Officer, Calgary Economic Development Ltd.

Independent Auditors' Report

To the Board of Directors of Calgary Film Centre Ltd.:

We have audited the accompanying financial statements of Calgary Film Centre 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 Film Centre 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.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates that the future funding for the Calgary Film Centre Ltd. is uncertain. This condition indicates the existence of a material uncertainty that may cast significant doubt about the Calgary Film Centre Ltd.'s ability to continue as a going concern.

Calgary, Alberta

March 16, 2018

MNP LLP

Chartered Professional Accountants

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Calgary Film Centre Ltd.
Statement of Financial Position
As at December 31, 2017

	2017	2016
Assets		
Current		
Cash and cash equivalents	**185,591**	344,819
Amounts receivable *(Note 4)*	**38,429**	60,417
Due from related parties *(Note 15)*	**41,885**	675
	265,905	405,911
Restricted cash *(Note 11)*	**330,593**	646,503
Property and equipment *(Note 5)*	**26,649,272**	27,575,979
Intangible assets *(Note 6)*	**28,342**	33,400
	27,274,112	28,661,793
Liabilities		
Current		
Current portion of bank indebtedness *(Note 7)*	**762,465**	688,938
Accounts payable and accrued liabilities *(Note 10)*	**154,265**	145,047
Due to related party *(Note 15)*	**172,795**	246,854
Note payable to related party *(Note 8 and 15)*	**700,000**	-
Deferred contribution *(Note 11)*	**330,593**	646,503
Tenant deposits	**51,200**	166,000
Deferred rental revenue	-	110,250
	2,171,318	2,003,592
Bank indebtedness *(Note 7)*	**11,576,385**	11,948,941
Deferred contributions related to property and equipment *(Note 12)*	**10,049,868**	10,401,448
	23,797,571	24,353,981
Commitments and contingencies *(Note 16)*		
Net Assets		
Invested in property, equipment and intangible assets	**4,288,896**	4,570,052
Unrestricted	**(812,355)**	(262,240)
	3,476,541	4,307,812
	27,274,112	28,661,793

Approved on Behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

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Calgary Film Centre Ltd.
Statement of Operations
For the year ended December 31, 2017

	2017	*2016*
Revenue		
Rental revenue	**941,809**	830,517
Amortization of deferred contributions related to property and equipment *(Note 12)*	**429,580**	391,036
Amortization of deferred contributions *(Note 11)*	**315,910**	65,519
Related party contributions *(Note 15)*	**14,745**	10,500
Other revenue	**7,211**	84,368
Interest income	-	1,914
	1,709,255	1,383,854
Expenses		
Amortization *(Note 5 and Note 6)*	**1,042,952**	760,268
Operating and utility costs	**565,120**	393,530
Interest expense	**326,192**	211,355
Corporate services *(Note 15)*	**212,461**	321,196
Programming events	**209,835**	-
Employee costs	**134,898**	101,450
Business travel, entertainment and events	**42,706**	53,744
Marketing and promotion	**6,362**	24,006
Sponsorship	-	28,000
	2,540,526	1,893,549
Deficiency of revenue over expenses	**(831,271)**	(509,695)

The accompanying notes are an integral part of these financial statements

Calgary Film Centre 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	4,570,052	(262,240)	**4,307,812**	4,817,507
Deficiency of revenue over expenses *(Note 9)*	(613,372)	(217,899)	**(831,271)**	(509,695)
Invested in property and equipment	111,187	(111,187)	-	-
Construction loan repayments	363,196	(363,196)	-	-
Construction loan advances	(64,167)	64,167	-	-
Deferred contributions received	(78,000)	78,000	-	-
Net assets, end of year	**4,288,896**	**(812,355)**	**3,476,541**	4,307,812

The accompanying notes are an integral part of these financial statements

Calgary Film Centre Ltd.
Statement of Cash Flows
For the year ended December 31, 2017

	2017	2016
Cash provided by (used for) the following activities:		
Operating		
Deficiency of revenue over expenses	**(831,271)**	(509,695)
Adjustments for items not involving cash:		
Amortization	**1,042,952**	760,268
Recognition of deferred contributions related to property and equipment	**(429,580)**	(391,036)
Recognition of deferred contributions related to programming funds	**(315,910)**	(65,519)
	(533,810)	(205,982)
Changes in working capital accounts		
Amounts receivable	**21,988**	769,272
Due from related parties	**(41,210)**	(675)
Accounts payable and accrued liabilities	**9,218**	(803,143)
Due to related party	**(74,059)**	35,399
Tenant deposits	**(114,800)**	161,750
Deferred rental revenue	**(110,250)**	106,000
	(842,922)	62,621
Investing		
Purchase of property and equipment *(Note 5)*	**(106,187)**	(4,585,533)
Purchase of intangible assets *(Note 6)*	**(5,000)**	(33,400)
Changes in accounts payable and accrued liabilities related to property	-	(556,658)
	(111,187)	(5,175,591)
Financing		
Repayment of bank indebtedness	**(363,196)**	(119,026)
Increase in bank indebtedness	**64,167**	5,444,356
Cash contributions received for property and equipment	**78,000**	-
Advance of note payable from related party	**700,000**	-
	478,971	5,325,330
(Decrease) increase in cash and cash equivalents	**(475,138)**	212,360
Cash and cash equivalents, beginning of year	**991,322**	778,962
Cash and cash equivalents, end of year	**516,184**	991,322
Cash and cash equivalents are composed of:		
Unrestricted cash	**185,591**	344,819
Restricted cash - external	**330,593**	646,503
	516,184	991,322
Other cash items		
Interest paid:		
Capitalized	-	72,484
Expensed	**310,166**	187,538
	310,166	260,022

The accompanying notes are an integral part of these financial statements

1. Incorporation

Calgary Film Centre Ltd. (the "Centre") was incorporated under the authority of the Alberta Companies Act on December 17, 2009. The Centre is a wholly owned subsidiary of Calgary Economic Development Ltd. the ("Parent Company") and was granted para-municipal status retroactive to the incorporation date.

The Centre was formed with the primary purpose of supporting the growth and development of the film, television, media and other creative industries.

On June 23, 2014, the Centre changed its name from The Alberta Creative Hub to Calgary Film Centre Ltd.

2. Going concern

The accompanying financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes the Center will continue operations for the foreseeable future and will be able to realize its assets and fulfill its liabilities and commitments in the normal course of business.

The Centre's continuation 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.

Management is currently reviewing its options to increase revenue and reduce the debt carried by the Centre with the support of its related parties and anticipates it will continue operating as a going concern. There can be, however, no assurance that the actions described above will be sufficient for the Centre to continue operating as a going concern.

These 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 should the Centre not be able to continue its normal course of business.

3. Significant accounting policies

Basis of accounting

The financial statements are expressed in Canadian dollars. The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards for Not-for-Profit Organizations, with the optional 4200 series, as established by the Public Sector Accounting Board. The significant policies are described below.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Revenue recognition

The Centre 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.

Rental revenue is recognized on a monthly basis pursuant to the terms of the lease agreement.

Contributions for program related activities include amounts recovered from events and projects undertaken by the Centre 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.

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

Contributed materials and services

The Centre received various contributions in the form of materials 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 Centre does not recognize the amounts in the financial statements.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives. Amortization is calculated in the month the asset is put into use and ends in the month of disposal.

	Rate
Film studio	25 years
Warehouse	25 years
Paved surfaces	10 years
Fences	10 years
Security	5 years
Art	5 years
Fixtures	5 years
Guard shack	10 years
Technology	2 years

Financial instruments

The Centre recognizes its financial instruments when the Centre 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 4250 *Disclosure of Related Party Transactions By Not-For-Profit Organizations* (refer to Note 15). At initial recognition, the Centre may irrevocably elect to subsequently measure any financial instrument at fair value. The Centre 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 included in the carrying value of financial instruments for those measured at cost or amortized cost.

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

Derivative financial instruments and hedging activities

Derivative financial instruments are financial contracts whose value changes in response to a change in an underlying variable, such as specified interest rate, financial instrument or commodity price, or foreign exchange rate. The Centre holds derivative financial instruments to hedge its interest rate risk exposure.

Derivative financial instruments may be designated for hedge accounting, provided that the Centre formally documents the hedging relationship at its inception by outlining the risks being hedged along with the details of both the hedged and hedging item. The documentation identifies the specific asset, liability, or anticipated transaction being hedged, the hedging item, the risk that is being hedged, and the intended term of the hedging relationship. The Centre must formally assess, at inception and over the term of the hedging relationship, whether the critical terms of the hedging and hedged item match.

Interest on the hedged item is recognized using the effective interest method. Net amounts receivable/payable on the hedging item adjust the interest on the hedged item in the period accrued.

Financial asset impairment

The Centre assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Centre 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 Centre 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 excess of revenue over expenses.

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 over 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 intangibles.

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

4. Amounts receivable

Amounts receivable relates to the following:

	2017	*2016*
Rent and recovery of expenses receivable	**38,429**	49,917
Recoverable construction costs from the City of Calgary	-	10,500
	38,429	60,417

5. Property and equipment

	Land	*Buildings*	*Furniture, fixtures and equipment*	***Total***
Cost:				
Balance at December 31, 2016	4,815,656	23,462,495	77,367	28,355,518
Additions	-	15,880	90,307	106,187
Balance at December 31, 2017	**4,815,656**	**23,478,375**	**167,674**	**28,461,705**
Accumulated amortization:				
Balance at December 31, 2016	-	766,182	13,357	779,539
Amortization	-	1,009,485	23,409	1,032,894
Balance at December 31, 2017	-	**1,775,667**	**36,766**	**1,812,433**
Net book value at December 31, 2016	4,815,656	22,696,313	64,010	27,575,979
Net book value at December 31, 2017	**4,815,656**	**21,702,708**	**130,908**	**26,649,272**

Amortization on the film studios, paved surfaces and fences began in May 2016. Amortization on the warehouse began in December 2015. Amortization of the artwork, included in furniture, fixtures and equipment will commence in 2018.

6. Intangible assets

	Website Development Costs	***Total***
Cost:		
Balance December 31, 2016	33,400	33,400
Additions	5,000	5,000
Balance at December 31, 2017	**38,400**	**38,400**
Accumulated amortization:		
Balance December 31, 2016	-	-
Additions	10,058	10,058
Balance at December 31, 2017	**10,058**	**10,058**
Net book value, December 31, 2016	33,400	33,400
Net book value December 31, 2017	**28,342**	**28,342**

Amortization of the website commenced in 2017 once the development was completed and the website was put into use.

7. Bank indebtedness

	Interest Rate	***2017***	*2016*
Bank indebtedness:			
Loan – 5-year Swap *(a)*	2.30%	**5,213,459**	5,377,361
Loan – 10-year Swap *(b)*	2.75%	**6,735,482**	6,934,776
Demand Loan *(c)*	Prime	**389,909**	325,742
		12,338,850	12,637,879
Less: current portion of loans payable		**(762,465)**	(688,938)
Non-current portion of loans payable		**11,576,385**	11,948,941

Principal instalments payable within the next five fiscal years and thereafter on bank indebtedness are as follows:

2018	762,465
2019	382,159
2020	392,011
2021	4,920,980
2022	228,634
Thereafter	5,652,601
	12,338,850

In June 2015, the Centre 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, the Centre 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 swap.

(a) *Loan – 5-year interest rate swap*

On August 2, 2016, the Centre converted $5,431,163 of its interim construction loan to a term facility with a 5-year interest rate swap which ends on August 1, 2021. The Centre uses hedge accounting for the interest rate swap which is in place to fix the interest rate on the balance of the loan payable at 2.30% in order to reduce its exposure to fluctuation of interest rate on the loan. At December 31, 2017 the Centre has reduced its principal portion of the debt by $163,902 (2016 - $53,802).

On the notional amount of the above described loan, the Centre entered into an interest rate swap agreement with a Canadian Chartered Bank, under which the Centre has swapped its floating bankers' acceptance rate for fixed interest payments at 2.30% per annum. The fair market value of the interest rate swap at December 31, 2017, which has been estimated using year-end market rates, would result in a gain of $180,734 (2016 - $69,905). This gain approximates the amount the Centre would receive if the swap agreement was closed out at December 31, 2017.

(b) *Loan – 10-year interest rate swap*

On August 2, 2016 the Centre converted $7,000,000 of its interim construction loan to a term facility with a 10-year interest rate swap which ends on August 1, 2026. The Centre uses hedge accounting for the interest rate swap which is in place to fix the interest rate on the balance of the loan payable at 2.75% in order to reduce its exposure to fluctuation of interest rate on the loan. At December 31, 2017 the Centre has reduced its principal portion of the debt by $199,294 (2016 - $65,224).

7. Bank indebtedness *(Continued from previous page)*

On the notional amount of the above described loan, the Centre entered into an interest rate swap agreement with Canadian Chartered Bank, under which the Centre has swapped its floating bankers' acceptance rate for fixed interest payments at 2.75% per annum. The fair market value of the interest rate swap at December 31, 2017, which has been estimated using year-end market rates, would result in a gain of $360,392 (2016 - $161,807). This gain approximates the amount the Centre would receive if the swap agreement was closed out at December 31, 2017.

(c) *Demand loan*

On October 19, 2016, the Centre entered into a new credit facility with a Canadian Chartered Bank at an interest rate of prime and with a $550,000 limit, to fund additional capital requirements. Up to a maximum of four draws are permitted under this facility. As of December 31, 2017, $389,909 (December 31, 2016 – $325,742) has been drawn on this loan. The loan facility conversion date has been extended to July 31, 2018, after which this facility can be converted to a 5-year term facility after this debt.

Line of credit

The Centre has access to a $250,000 line of credit through a Canadian Chartered Bank, with an interest rate of prime. No draws were made on the line of credit as of December 31, 2017.

General terms

The facilities, as noted above, are secured by a general security agreement with a Canadian Chartered Bank representing first charge on all the Centre'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 the Centre's real property in the principal amount of $14,100,000, beneficially owned by and registered in the name of the Centre.

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 Centre 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.

8. Note payable with related party

On June 29, 2017 the Centre and its Parent Company entered into an agreement which enabled the Centre 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. On December 12, 2017 the available funds were further increased to $900,000. As of December 31, 2017, the Centre has drawn $700,000 against this loan agreement.

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

	2017	*2016*
Property and equipment	**26,649,272**	27,575,979
Intangible assets	**28,342**	33,400
Invested in property, equipment and intangible assets	**26,677,614**	27,609,379
Amortization of intangible assets	**(10,058)**	-
Amortization of property and equipment	**(1,032,893)**	(760,267)
Amortization of deferred contributions related to property	**29,580**	391,036
Deficiency of revenue over expenses	**(613,371)**	(369,232)

10. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities relate to the following:

	2017	*2016*
Trade accounts payable	**88,996**	68,853
Accrued liabilities	**63,483**	72,174
Goods and Services Tax payable	**1,786**	4,020
	154,265	145,047

11. Deferred contribution

Deferred contributions consist of funding externally restricted for the development, operations and programming of the Calgary Film Studio. Recognition of this amount as revenue is deferred to periods when the specified expense occurs.

Changes in the deferred contribution balance are as follows:

	2017	*2016*
Balance, beginning of year	**646,503**	712,022
Amounts recognized as revenue during the year	**(315,910)**	(65,519)
Balance, end of year	**330,593**	646,503

12. Deferred contributions related to property, equipment and intangibles

Deferred capital contributions related to property consist of the unamortized amount of contributions received for construction of the Centre. Recognition of these amounts as revenue is deferred to the periods in which the related capital assets are amortized. The Government of Alberta funding was disbursed through the Parent Company.

	City of Calgary	*Government of Alberta*	*Business Community Funder*	***Total***
Balance at January 1, 2016	5,064,090	4,729,360	999,034	10,792,484
Additional contributions	-	-	-	-
Revenue recognized	(154,638)	(205,891)	(30,507)	(391,036)
Balance at December 31, 2016	4,909,452	4,523,469	968,527	10,401,448
Additional contributions	78,000	-	-	78,000
Revenue recognized	(202,759)	(186,821)	(40,000)	(429,580)
Balance at December 31, 2017	**4,784,693**	**4,336,648**	**928,527**	**10,049,868**

13. Income taxes

The Centre is registered as 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 free status under the Act, the Centre must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

14. Financial instruments

General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Centre'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 Centre's senior management. The Board of Directors receives quarterly reports from the Centre'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 Centre, as part of its operations, carries a number of financial instruments. The nature of these instruments and the Centre's operations expose the Centre to credit, interest rate and liquidity risk. The Centre manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. During 2016, upon direction of the Board of Directors, the Centre entered into interest rate swaps to minimize exposure to interest rate risk.

Interest rate risk

The Centre is exposed to interest rate risk on bank indebtedness. This risk is managed by entering into interest rate swaps with a major Canadian Chartered Bank to exchange the variable interest payments to fixed interest rates on the 5 and 10 year loans, the fixed interest rates are 2.30% and 2.75% respectively. The swaps mature on August 1, 2021 ($4,603,034) and August 1, 2026 ($4,790,726). The swap eliminates most of the interest rate volatility, consistent with the Centre's interest rate risk management objectives.

Credit risk

Credit risk is the risk that the Centre will incur a financial loss because a lessee, contributor or counterparty has failed to discharge an obligation. The Centre is exposed to credit risk on its amounts receivable. At December 31, 2017, $67,126 (2016 - $59,018) of the receivables were current. This risk is somewhat mitigated due to the fact that the amounts receivable comprises amounts due from various levels of government.

	Current	*0-30 days*	*31-60 days*	*61-90 days*	*91 days and older*	***Total***
2017						
Accounts receivable	17,170	12,456	8,803	-	-	**38,429**
Due from related parties	-	37,500	1,800	2,585	-	**41,885**
Total	**17,170**	**49,956**	**10,603**	**2,585**	-	**80,314**
2016						
Accounts receivable	39,246	19,097	2,074	-	-	60,417
Due from related party	675	-	-	-	-	675
Total	39,921	19,097	2,074	-	-	61,092

The Centre is also exposed to credit risk as a significant portion of the Centre's cash and cash equivalents are held at one Canadian Chartered Bank. As such, the Centre is exposed to all the risks of that financial institution.

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

Liquidity risk

Liquidity risk is the risk that the Centre will not be able to meet its financial obligations as they fall due. The Centre has a forecasting and budgeting process in place to help determine the funds required to support the Centre's normal operating requirements on an ongoing basis. The Centre ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

The following table sets out the contractual maturities of financial liabilities:

2017	*0-90 days*	*91 days and older*	***Total***
Note payable to related party	700,000	-	**700,000**
Due to related party	60,387	112,408	**172,795**
Trade accounts payable	88,508	-	**88,508**
Accrued liabilities	63,483	-	**63,483**
Tenant deposits	51,200	-	**51,200**
Goods and Services Tax payable	1,786	-	**1,786**
Total	**965,364**	**112,408**	**1,077,772**
2016			
Due to related party	246,854	-	246,854
Tenant deposits	-	166,000	166,000
Accrued liabilities	72,174		72,174
Trade accounts payable	68,853	-	68,853
Goods and Services Tax payable	4,020	-	4,020
Total	391,901	166,000	557,901

15. Related party transactions

The Centre is a wholly owned subsidiary of Calgary Economic Development Ltd. ("Parent Company"). The Centre has entered into a Management Services Agreement with the Parent Company and is required to pay $168,612 (2016 - $243,333) for management fees, this is recorded in corporate services. Additional expenses of $8,293 (2016 - $3,522) are expenses incurred by the Parent Company on the Centre's behalf. Management fees for 2017 are outstanding at December 31, 2017. The Centre received $25,245 (2016 - $84,368) from the Parent Company in 2017 to fund website development and other marketing activities, this is recorded in related party contributions. $10,500 of 2016 funding for a public art project was adjusted to deferred revenue in 2017.

In 2015 the Parent Company disbursed $5,000,000 to the Centre that had been received from the Government of Alberta for the construction of the Calgary film studio. $186,821 was recognized as deferred contributions in 2017 (2016 - $205,892).

Calgary Economic Development Ltd.	***2017***	*2016*
Due from related party	**4,385**	675
Due to related party	**172,795**	246,854
Note payable to related party	**700,000**	-
Revenue recognized from Parent Company	**25,245**	84,638
Expenses paid to Parent Company	**176,905**	246,854

City of Calgary ("City") and affiliates	***2017***	*2016*
Due from related party for artwork reimbursement	**37,500**	-
Due to related party	**488**	449
Utilities expense	**6,224**	5,538
Deferred revenue recognized	**202,760**	154,638
Property tax expense	**263,597**	346,622

Related party balances and transactions not otherwise disclosed in these financial statements consist of:

The Centre paid a company related to a director of the Parent Company, for building operation services totaling $nil (2016 - $30,833). A balance owing to the company related to the director of $nil (2016 - $2,484) was included in accounts payable at year-end.

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

16. Commitments and contingencies

Commitments

Commitments payable for operations within the next two years are as follows:

2018	102,416
2019	17,268
	119,684

Contingencies

The Centre is party to disputes arising in the ordinary course of operations. While it is not feasible to predict the outcomes of these disputes, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the operations of the Centre.

17. Comparative figures

Certain comparative information has been reclassified to conform to the current year's presentation.