

**Variance Report
2016 vs 2015 Audited Financial Statements**

Total Assets increased \$313,405 in the 2016 audited statements over the 2015 statements. This increase can be mainly attributed to the following:

- Cash and cash equivalents increased \$95,000. Short term investments have increased \$248,000, resulting in an **overall increase of \$343,000**. This increase can be primarily explained by:
 - In late 2016 CADA received a \$100,000 grant for Equinox Vigil that is new for 2016. The total amount still remaining to be expended by 2020 is \$72,000
 - In 2016, there was only 1 payment made for the New Pathways program consultant in 2016. There is another large payment due in early 2017 (\$210,800 USD). This amount has been set aside in a short term deposit in order to meet the obligation. In 2015, the amount due for New Pathways was paid in late 2015
- Accounts Receivable **has decreased by \$48,422**. There was \$50,000 approved from the AFA for the New Pathways program that was approved in late 2015 but not yet received by year end last year. There is no outstanding grant in 2016.
- Prepaid expenses have increased by \$18,000. This increase is mainly as a result of \$17,400 in deposits at the Banff Centre for the New Pathways workshop which will be held in Q1 2017.

Total Liabilities have increased \$289,432. This increase can be explained by the following increases:

- **Accounts payable have increased \$165,000**. This increase can be explained as follows:
 - \$75,000 in grants that have been approved but not yet paid by year end for the New Pathways program. These will be provided to the recipients at the workshop held in Q1 2017 but are attributed to work that has been undertaken in 2016.
 - \$95,000 has been accrued for fees earned by EmcArts for the New Pathways workshop which will take place in Q1 2017. As at the end of 2015, all fees earned under the contract with EmcArts were paid
- **Grant liabilities increased \$17,000**. This increase can be partially explained as follows:
 - There is \$72,000 outstanding from a grant to be paid to Equinox Vigil that was received in 2016. This is a new grant in 2016 that will be paid out by 2020.
 - There was a \$9,000 stale dated cheque issued in 2015 for an operating grant for an organization that is no longer operating.

These increases are partially offset by the following decreases:

- Mayor's Lunch Artist Awards have decreased \$36,000, representing the grants issued in the year
 - Remarkable Experience Accelerator (REA) program grants and expenditures are higher this year than the funds received. There is an overall reduction in the outstanding grant liability for this program in the amount of \$26,250
- **Deferred contributions have increased \$107,250**. This can be explained as follows:

- \$60,000 of the New Pathways funding received this year has been deferred to cover the program expenditures in 2017. The only income earned from this program in the current year was \$65,000 which was received to cover unforeseen foreign exchange differences
- An additional \$16,250 in Mayor's Lunch sponsorship has been received for the 2017 Mayor's Lunch
- \$32,500 of the Arts Spaces Research project has been deferred to 2017 to match the timing of the expenditure of the consultant fees. This is a new program for 2016

Total net revenue over expenses **decreased by \$51,880** from 2016 over 2015. This can be further broken down to an increase in revenue of \$1,314,500 offset by an increase in expenses of \$1,366,500.

Total Revenue increased by \$1,314,500 over 2015. This increase can primarily be described as follows:

- **City of Calgary Grant increased \$1,282,500.** This is explained by the following:
 - \$1,000,000 is the Emergency Resiliency Fund grant that was new in 2016.
 - \$282,500 is the annual increase in grant funding
- **Revenue from other sources increased \$41,000.** This can be explained as follows:
 - \$33,000 related the Equinox Vigil program. This program is new in 2016
 - \$38,000 related to the Arts Spaces program. This is a new program in 2016
 - REA program income is \$6,000 higher in 2016. There were additional grants and consulting fees paid in 2016 over 2015, which resulted in additional income earned for this project.
 - \$3,000 was provided to CADA from Alberta Foundation for the Arts for artists to perform at the Fort McMurray Relief Centres. This is a one time payment that was paid out to artists in its entirety

These increases are offset by the following decrease:

- \$39,500 decrease in New Pathways income earned. In 2016, the only income recognized for New Pathways was the \$65,000 received to cover the unforeseen foreign exchange differences since the program started.
- **Interest Income has decreased \$11,500.** The investments are down significantly over the prior year. The purchase of short term investments didn't take place until Q4 2016, and as a result the interest income was forgone on the investments

Total Expenses increased \$1,366,500 over 2015. This increase can be primarily explained as follows:

- **City of Calgary funding has increased \$1,143,000.** This is the one time Emergency Resiliency Fund grant (\$1,000,000) as well as 4% increase to our annual operating grant for the 2016 year
- **Grants expenses – other sources has decreased \$26,000.** This decrease can be mainly explained as follows:

- REA grants have decreased \$41,750 over 2015. There were additional conditions that the grantees needed to meet in 2016 over 2015. As well, part of the new agreement with the funder provided for the recognition that this program required some additional consulting fees that are now able to be recovered from funding. In 2016, there was \$60,000 in consultant fees which were able to be recovered from the funding (see consulting below) received
- Invest YYC - The InvestYYC program was discontinued in 2015. There were still some funds being received by the end of the year that were in progress of completion and they were fully paid out by the end of Q1 2016. The decrease in the program revenue for this program was \$17,000.

These decreases were offset by a \$33,000 increase in grants provided for Equinox Vigil, which is a new program in 2016.

- **Salaries and Employee Benefits decreased \$97,000.** This can be explained as follows
 - 2 staff members left in Q4 2015 that were not replaced. Another staff member left at the end of January and wasn't replaced until March.
 - At the end of Q1 2015 a staff member left on maternity that was replaced by a contractor. The contractor is still in place in 2016
- **Consulting and Project Management increased \$236,000.** This can be explained as follows:
 - There is \$60,000 of consulting work for the REA program for the marketing tourism strategies. This work was not completed in 2015 as planned and was carried over to 2016.
 - There are additional contractors in 2016 for to work in the Impact area resulting in additional contract fees of \$45,000. The additional assistance covered administrative needs for the ERF program and assisted with arts eco system mapping neither of which occurred 2015.
 - In Q2 of 2015, a contractor was hired to replace a maternity leave employee. This contractor was still in place for all of 2016 and job shared the position with the employee who returned from maternity leave and chose to work half time. There is also an additional contractor hired for the Space Finder program. Both of these contractors resulted in an increase of \$35,000 over the prior year with part of these fees being offset by salaries savings.
 - There was a contractor hired in late 2016 for the Art Space Research program at a cost of \$22,500. This is a new program for 2016.
 - Program delivery expenses for New Pathways for 2016 were \$61,500 higher than they were in 2015. The program is winding down (expecting to conclude in Q2 2017) and more intensive work took place in 2016 than in prior years (and as a result, more consulting fees were expended)
 - \$10,000 more in consultant work was used in 2016 over 2015 related to the contract controller. A new staff member was hired in 2016 to cover the accounting system and more work was needed for the quarterly reporting as well as yearend. In addition, the contract controller was involved in additional meetings with regards to projections and budgeting than in the prior year.

- **Rent increased \$8,000.** The landlord issued an additional invoice for cost recoveries for 2015 in Q1 of 2016 (\$3,300). As well, the additional CAM charges in 2016 are \$500/month higher than in 2015
- **Catering and hosting increased \$10,000** over 2015. This can be explained as follows:
 - There were 2 new events in 2016 that didn't take place in 2015. These were an expanded Creative Calgary Congress as well as the Arts Spaces Strategy. These events increased the costs for meals and venue of \$22,000 over 2015
 - This increase is offset by a decrease of \$14,000 for an external event (Animate the Avenue). This program had a nil impact to the net revenue for CADA as any profits earned were provided to the organization overseeing the project.
- **Advertising and promotion has increased \$27,000.**
 - Website costs \$19,000 in 2016 as the website has been redesigned
 - \$6,000 was expensed for the purchase of software related to the Space Finder program
 - \$1,000 in printing for the Arts Professional report and the Calgary Engagement Report that was not done in 2015
 - \$5,000 was paid for the new Living a Creative Life Story Telling project
 - \$5,000 was paid for advertising for the new Arts Spaces project

These increases are offset by the following decreases:

 - Design Fees & printing decreased \$9,100 as a result of the new branding that occurred in 2015. There was no rebranding in 2016
- **Realized Foreign Exchange loss has increased \$34,000.** CADA purchased US\$ in 2015 to cover the payment required in the New Pathways program at a higher rate (1.43) than the exchange rate was at when the payment was needed (1.29). This resulted in the US\$ foreign exchange loss in 2016. There are no significant US\$ held at year end.
- **Volunteer Development has increased \$26,000.** These are primarily due to assessors needed for new programs (or in the case of New Pathways, no assessors have previously been needed)
 - \$2,400 for the ERF grant
 - \$11,900 was paid to Congress participants
 - \$2,200 was paid for assessors for the Small Experience Program
 - \$4,600 was needed for New Pathways