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Financial Statements

December 31, 2016

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For the year ended December 31, 2016

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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 10, 2017

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, 2016, 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, 2016 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 10, 2017

Chartered Professional Accountants

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Calgary Economic Development Ltd.
Statement of Financial Position
As at December 31, 2016

	2016	2015
Assets		
Current		
Cash	**1,179,165**	278,716
Short-term investments *(Note 3)*	**-**	1,493,115
Accounts receivable and accrued revenue *(Note 4)*	**676,521**	504,494
Due from related party *(Note 11)*	**246,854**	211,455
Prepaid expenses	**73,589**	42,511
	2,176,129	2,530,291
Restricted cash *(Note 8)*	**3,274,261**	-
Property and equipment *(Note 5)*	**97,949**	8,422
Intangible assets *(Note 6)*	**104,728**	157,732
	5,653,067	2,696,445
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 7)*	**852,747**	476,165
Due to related party *(Note 11)*	**675**	-
Salary and vacation payable	**393,130**	415,864
Deferred contributions *(Note 8)*	**3,274,261**	871,518
	4,520,813	1,763,547
Commitments *(Note 13)*		
Net Assets		
Invested in property, equipment and intangible assets *(Note 10)*	**202,677**	166,154
Unrestricted	**929,577**	766,744
	1,132,254	932,898
	5,653,067	2,696,445

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, 2016

	2016	*2015*
Revenue		
City of Calgary		
Operating grant *(Note 1)*	**5,367,212**	5,155,865
Other grants (*Note 11*)	**1,813,220**	112,800
Alberta government *(Note 9)*	**529,923**	5,170,418
Federal government	**177,167**	54,000
Other government	**4,450**	7,700
Business community	**1,558,288**	1,621,636
Expense recovery *(Note 11)*	**249,416**	211,555
Other revenue	**93,137**	138,748
Investment income	**16,930**	65,586
	9,809,743	12,538,308
Expenses		
Employee costs	**4,814,368**	4,734,466
Marketing and promotion *(Note 11)*	**2,748,758**	1,383,663
Program costs *(Note 9)*	**904,215**	5,584,891
Corporate services *(Note 11)*	**810,143**	666,238
Business travel	**208,483**	119,887
Amortization of intangible assets (*Note 6*)	**70,231**	87,919
Amortization of property and equipment (*Note 5*)	**17,254**	21,847
	9,573,452	12,598,911
Excess (deficiency) of revenue over expenses before other items	**236,291**	(60,603)
Other items		
Loss on disposal of property, equipment and intangibles	**(36,935)**	(932)
Excess (deficiency) of revenue over expenses	**199,356**	(61,535)

The accompanying notes are an integral part of these financial statements

Calgary Economic Development Ltd.
Statement of Changes in Net Assets
For the year ended December 31, 2016

	Invested in property, equipment and intangible assets	*Unrestricted*	***2016***	*2015*
Net assets, beginning of year	166,154	766,744	**932,898**	**994,433**
Excess (deficiency) of revenue over expenses *(Note 10)*	(124,420)	323,776	**199,356**	**(61,535)**
Investment in property and equipment	107,363	(107,363)	**-**	**-**
Investment in intangible assets	53,580	(53,580)	**-**	**-**
Net assets, end of year	**202,677**	**929,577**	**1,132,254**	932,898

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Calgary Economic Development Ltd.
Statement of Cash Flows
For the year ended December 31, 2016

	2016	*2015*
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	**199,356**	(61,535)
Change in terms of advances to related party included in revenue	**-**	2,000,000
Amortization of intangible assets	**70,231**	87,919
Amortization of property and equipment	**17,254**	21,847
Loss on disposal of property, equipment and intangibles	**36,935**	932
	323,776	2,049,163
Changes in working capital accounts		
Accounts receivable and accrued revenue	**(172,027)**	40,032
Due from related party	**(35,399)**	(203,127)
Prepaid expenses	**(31,078)**	(24,958)
Accounts payable and accrued liabilities	**376,582**	(189,553)
Due to related party	**675**	-
Salary and vacation payable	**(22,734)**	(72,764)
Deferred contributions	**2,402,743**	(4,826,172)
	2,842,538	(3,227,379)
Investing		
Purchases of short-term investments	**(6,316,930)**	(3,628,709)
Proceeds on disposal of short-term investments	**7,810,045**	7,152,711
	1,493,115	3,524,002
Capital		
Purchase of property and equipment (*Note 5*)	**(107,363)**	(4,570)
Purchase of intangible assets (*Note 6*)	**(53,580)**	(87,215)
	(160,943)	(91,785)
Increase in cash resources	**4,174,710**	204,838
Cash resources, beginning of year	**278,716**	73,878
Cash resources, end of year	**4,453,426**	278,716

Cash and cash equivalents are composed of:		
Unrestricted cash	**1,179,165**	278,716
Restricted cash - external	**3,274,261**	-
	4,453,426	278,716

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 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 of Calgary since inception to sustain its operations. In the current year, the Company received an operating grant of $5,367,212 (2015 - $5,155,865) and the City has indicated that they will provide similar funding each year until the 2018 fiscal year, at which point the funding is subject to renegotiation.

2. Significant accounting policies

Basis of accounting

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 16.

All transactions with the subsidiary are disclosed as related party transactions (refer to notes 9 and 11).

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.

Short-term investments

Short-term investments consist of investments in RBC Premium Money Market Fund.

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	declining balance	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 11).

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.

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

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.

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. Short-term investments

Short-term investments consist of money market funds. Investments of $nil (2015 - $871,518) are externally restricted, refer to Note 8. As at December 31, 2016 the balance of short-term investments is $nil (2015 - $1,493,115).

4. Accounts receivable and accrued revenue

Accounts receivable, and accrued revenue relate to the following:

	2016	*2015*
Trade accounts receivable	**405,018**	387,282
Accrued revenue	**166,185**	69,000
Goods and Services Tax receivable	**105,318**	50,147
	676,521	506,429
Allowance for doubtful accounts	**-**	(1,935)
	676,521	504,494

As at December 31, 2016, accounts receivable includes $77,781 (2015 - $217,585) in amounts outstanding greater than 90 days, of which $47,530 was subsequently received (2015 - $176,975). Accounts receivable have been recorded at their net realizable value, based on management's best estimate of the recoverable amounts.

5. Property and equipment

	Technology	*Furniture and fixtures*	*Tenant improvements*	***Total***
Cost:				
Balance December 31, 2015	635,656	332,837	2,581,631	**3,550,124**
Additions	34,023	48,558	24,782	**107,363**
Disposals	-	(880)	-	**(880)**
Balance at December 31, 2016	**669,679**	**380,515**	**2,606,413**	**3,656,607**
Accumulated amortization:				
Balance December 31, 2015	(630,113)	(329,958)	(2,581,631)	**(3,541,702)**
Amortization	(12,959)	(3,670)	(625)	**(17,254)**
Disposals	-	298	-	**298**
Balance at December 31, 2016	**(643,072)**	**(333,330)**	**(2,582,256)**	**(3,558,658)**
Net book value December 31, 2015	5,543	2,879	-	8,422
Net book value December 31, 2016	**26,607**	**47,185**	**24,157**	**97,949**

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6. Intangible assets

	Software	*Trademarks*	*Website Development Costs*	***Total***
Cost:				
Balance December 31, 2015	265,959	7,290	521,225	**794,474**
Additions	-	-	53,580	**53,580**
Disposals	-	-	(72,972)	**(72,972)**
Balance at December 31, 2016	265,959	7,290	501,833	**775,082**
Accumulated amortization:				
Balance December 31, 2015	(265,959)	(4,853)	(365,930)	**(636,742)**
Additions	-	(1,458)	(68,773)	**(70,231)**
Disposals	-	-	36,619	**36,619**
Balance at December 31, 2016	(265,959)	(6,311)	(398,084)	**(670,354)**
Net book value December 31, 2015	-	2,437	155,295	157,732
Net book value December 31, 2016	-	979	103,749	**104,728**

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities relate to the following:

	2016	*2015*
Trade accounts payable	**841,197**	464,090
Accrued liabilities	**11,550**	12,075
	852,747	476,165

8. 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:

	2016	*2015*
Balance, beginning of year	**871,518**	5,697,690
Amount received during the year	**5,119,761**	784,213
Less: Amount recognized as revenue during the year	**(2,717,018)**	(5,610,385)
Balance, end of year	**3,274,261**	871,518

9. Advances to a related party

In 2014, the Alberta Government approved a grant of $5,000,000 for the development of the Calgary film studio, the full amount had been received as of December 31, 2014. The Company is permitted, under the grant agreement, to disburse grant funds to other organizations for the purpose of carrying out the construction of the Calgary film studio.

For the year ended December 31, 2014, the Company advanced Calgary Film Centre Ltd. ("CFCL") $2,000,000 in the form of a promissory note for the construction of the Calgary film studio. In 2015, the promissory note was cancelled and a grant agreement between the Company and CFCL was completed. Under the terms of the grant agreement, the Company provided funds to CFCL for the purpose of the construction of the Calgary film studio.

As of December 31, 2015, all funds received by the Company had been advanced to CFCL and were included in program costs.

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

	2016	*2015*
Property and equipment	**97,949**	8,422
Intangible assets	**104,728**	157,732
Invested in property, equipment and intangible assets	**202,677**	166,154
Amortization of intangible assets	**(70,231)**	(87,919)
Amortization of property and equipment	**(17,254)**	(21,847)
Loss on disposal of property, equipment and intangibles	**(36,935)**	(932)
Deficiency of revenue over expenses	**(124,420)**	(110,698)

11. Related party transactions

Calgary Film Centre Ltd.

Calgary Film Centre Ltd. (“CFCL”) is a wholly-owned, non-consolidated subsidiary of the Company. Related party balances with CFCL consist of:

	2016	*2015*
Due from related party	**246,854**	211,455
Due to related party	**675**	-

The Company signed a Management Services Agreement (MSA) with CFCL for the purposes of reimbursing the Company for administration support and management support services provided to CFCL. The Company recognized revenue related to this MSA of $243,332 (2015 - $211,455), which is included in expense recovery revenue, as well as additional revenue of $3,522 (2015 - $nil) for recovery of expenses paid on CFCL’s behalf.

The Company paid to CFCL expenses, in the amount of $84,368 (2015 - $nil) related to the opening of the Calgary Film Centre, and the Community Economic Resiliency initiative; these expenses are included in marketing and promotion expense.

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

Other related party transactions

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

The Company paid the City of Calgary rent, operating and other costs totaling $157,306 (2015 - $194,103), which is included in corporate services expense. At December 31, 2016, $1,558 (2015 - $2,042) of this amount is included in accounts payable. In addition to the operating grant of $5,367,212 (2015 - $5,155,865), the Company received revenue from the City of Calgary totaling $1,763,011 (2015 - $112,800) for project activities (primarily related to the Community Economic Resiliency initiative, and received $60,209 (2015 - $5,000) for reimbursement of expenses.

The Company paid other companies related through common ownership for sponsorship, rental of space and other services totaling $181,603 (2015 - $131,658). Of this amount, $79,512 (2015 - $42,168) is included in marketing and promotion, $91,335 (2015 - $89,490) is included in employee costs, $3,613 (2015 - $nil) is included in business travel costs, and $7,143 (2015 - $nil) is included in corporate services expense. At year end, $9,228 (2015 - $969) was included in accounts payable. The Company also received revenue from these companies totaling $60,000 (2015 - $87,930), which is included in business community revenue. At year end, $10,000 (2015 - $35,000) of this amount is included in accounts receivable.

The Company paid other companies related to directors of the Company for other services totaling $14,920 (2015- $16,700), of which $12 (2015 - $14,198) is included in corporate services expense, $14,908 (2015 – $nil) is in marketing and promotion, and $nil (2015 - $2,502) in program costs. At year end, these amounts were fully paid. The Company also recognized revenue from these companies totaling $198,240 (2015 - $149,000), which is included in business community revenue towards its Action Calgary and other programming. At year end, $81,250 (2015 - $nil) of this amount was outstanding.

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.

12. 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-free status under the Act, the Company must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

13. 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 2016 is $53,195 plus operating costs (2015 - $42,556 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:

2017	64,451
2018	75,090
2019	85,729
2020	11,256
2021	2,814
	239,340

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14. 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.

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 4 and summarized below.

	Current	*0-30 days*	*31-60 days*	*61-90 days*	*91 days and older*	*Total*
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**
2015						
Trade accounts receivable	103,066	36,355	13,099	15,242	217,585	385,347
Goods and Services Tax	50,147	-	-	-	-	50,147
Accrued revenue	69,000	-	-	-	-	69,000
Due from related party	211,455	-	-	-	-	211,455
Total	433,668	36,355	13,099	15,242	217,585	715,949

Credit concentration

As at December 31, 2016, three members accounted for 51% of accounts receivable (2015 – two members, 48%); 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.

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

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, 2016 a 1% change in interest rate, with all other variables held constant would impact the (deficiency) excess of revenue over expenses by $44,534 (2015 - $14,931).

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

	0-90 days	*91 days and older*	*Total*
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**
2015			
Trade accounts payable	465,097	(1,007)	464,090
Accrued liabilities	12,075	-	12,075
Due to related party	-	-	-
Total	477,172	(1,007)	476,165

15. 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, 2016 was $136,180 (2015 - $132,811).

16. 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, 2016 and December 31, 2015. This information was prepared using the same accounting policies as Calgary Economic Development Ltd.

	2016	*2015*
Financial position		
Total assets	**28,661,793**	25,359,365
Total liabilities	**(24,353,981)**	(20,541,858)
Total net assets	**4,307,812**	4,817,507
Statement of operations		
Revenue	**1,383,854**	395,506
Expenses	**1,893,549**	(398,969)
Deficiency revenue over expenses	**(509,695)**	(3,463)
Cash flows		
Cash flows from operating activities	**62,621**	(1,223,919)
Cash flows from financing activities	**5,325,330**	16,630,287
Cash flows from capital activities	**(5,175,591)**	(16,561,145)
Increase (decrease) in cash and cash equivalents	**212,360**	(1,154,777)

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 11).

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, 2016, CFCL has bank indebtedness of $12,637,879 (2015 - $7,312,549).

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. As at December 31, 2016, CFCL is in compliance with all borrower covenants and conditions with the exception of the debt service coverage ratio, which has been waived by the Canadian Chartered Bank for 2016. It is CFCL management's expectation that CFCL is likely to remain in compliance with all financial and non-financial covenants for the next 12 months, subsequent to year-end.

17. Subsequent event

On March 21, 2017, the Priorities and Finance Committee of the City of Calgary approved the Company's plan to purchase the intellectual property and assets of a Not for Profit entity operating in Calgary for a nominal amount and merge the operations in the Company. The impact of this acquisition going forward will increase both revenue and expenses of the Company and the amount is not determinable as the acquisition has not been completed and the costs have not been incurred.

18. Comparative figures

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