

C2019-0187
ATTACHMENT 3

Financial statements of

Calgary Bid Exploration Committee

December 31, 2017



April 26, 2018

Independent Auditor's Report

To the Directors of Calgary Bid Exploration Committee

We have audited the accompanying financial statements of Calgary Bid Exploration Committee, which comprise the statement of financial position as at December 31, 2017 and the statements of operations and accumulated surplus, changes in cash flows and net financial assets for the period then ended, and the related notes, which comprise 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, 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.

Auditor's 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 auditor's 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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Calgary Bid Exploration Committee as at December 31, 2017 and the results of its operations, changes in its cash flows and net financial assets for the period then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary Bid Exploration Committee

December 31, 2017

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CALGARY BID EXPLORATION COMMITTEE
Statement of Financial Position

	Year ended December 31, 2017	As at December 31, 2016
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	161,715	1,135,636
Accounts receivable (Note 4)	40,211	2,962
	<u>201,926</u>	<u>1,138,598</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	95,108	137,852
	<u>95,108</u>	<u>137,852</u>
NET FINANCIAL ASSETS	<u>106,818</u>	<u>1,000,746</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	-	12,220
ACCUMULATED SURPLUS	<u>106,818</u>	<u>1,012,966</u>

CALGARY BID EXPLORATION COMMITTEE
Statement of Operations and Accumulated Surplus

	Year ended December 31, 2017	Three month period ended December 31, 2016
	\$	\$
REVENUES		
Government transfers (Note 7)	1,800,000	1,200,000
Interest	4,865	-
	<u>1,804,865</u>	<u>1,200,000</u>
EXPENSES		
Salaries and employee benefits	680,803	69,725
Consulting	1,829,087	83,358
General administration	161,539	32,864
Amortization Expense (Note 6)	8,766	1,078
Loss on Asset Disposal	24,122	-
Bank & Financing charges	6,696	9
	<u>2,711,013</u>	<u>187,034</u>
EXCESS OF REVENUES OVER EXPENSES / (EXCESS OF EXPENSES OVER REVENUES)	(906,148)	1,012,966
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>1,012,966</u>	<u>-</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>106,818</u></u>	<u><u>1,012,966</u></u>

Calgary Bid Exploration Committee
Statement of Cash Flows

	Year ended December 31, 2017	Three month period ended December 31, 2016
	\$	\$
Operating activities		
Excess of revenues over expenses / (Excess of expenses over revenues)	(906,148)	1,012,966
Deduct items not affecting cash:		
Amortization expense	8,766	1,078
Write off of tangible capital assets	24,122	
Change in non-cash working capital		
Accounts receivable	(37,249)	(2,962)
Accounts payable and accrued liabilities	(42,744)	137,852
	<u>(953,253)</u>	<u>1,148,934</u>
Capital activity		
Acquisition of tangible capital assets	<u>(20,668)</u>	<u>(13,298)</u>
	<u>(20,668)</u>	<u>(13,298)</u>
 (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	 (973,921)	 1,135,636
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,135,636</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>161,715</u></u>	<u><u>1,135,636</u></u>
 Cash and Temporary investments consist of:		
Cash	161,715	135,637
Temporary investments	-	999,999
	<u><u>161,715</u></u>	<u><u>1,135,636</u></u>

Calgary Bid Exploration Committee
Statement of Changes in Net Financial Assets

	Year ended December 31, 2017	Three month period ended December 31, 2016
	\$	\$
EXCESS OF REVENUES OVER EXPENSES / (EXCESS OF EXPENSES OVER REVENUES)	(906,148)	1,012,966
Amortization of tangible capital assets	8,766	1,078
Write-down of tangible capital assets	24,122	-
Acquisition of tangible capital assets	(20,668)	(13,298)
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	<u>(893,928)</u>	<u>1,000,746</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,000,746	-
NET FINANCIAL ASSETS, END OF YEAR	<u>106,818</u>	<u>1,000,746</u>

Calgary Bid Exploration Committee

Notes to the financial statements

December 31, 2017

1. DESCRIPTION OF BUSINESS

Calgary Bid Exploration Committee ("CBEC") was incorporated as Non-Profit Company on October 17, 2016 by The City of Calgary ("The City"). 75% of CBEC shares are owned by The City and the remaining 25% are owned by Tourism Calgary. The objective of CBEC is to evaluate the feasibility of The City submitting a bid to host the 2026 Olympic and Paralympic Winter Games ("OPWG") and if feasible, to determine if a bid is prudent. CBEC submitted a Feasibility Study and Conceptual Master Hosting Plan to The City on May 31, 2017 and has substantially ceased operations on October 31, 2017. CBEC has continued to incur minor expenditures past this date in relation to the wind up of operations. Upon completion of all expenditures and operations, a liability will be recorded to the City for any additional surplus remaining within CBEC in accordance with the terms of the funding agreement.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements are prepared in accordance with Public Sector Accounting Standards ("PSAS") for local government organizations as established by the Public Sector Accounting Board and as published by the Chartered Professional Accountants of Canada.

Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and when reasonably measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or service and/or the legal obligation to pay.

Cash and temporary investments

Cash and temporary investments consist of cash in the bank and cashable investments that are highly liquid and easily convertible to cash.

Calgary Bid Exploration Committee

Notes to the financial statements

December 31, 2017

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, represents the Change in Net Financial Assets for the year.

Government Transfers

Government transfers are the transfer of assets from government that are not the result of an exchange transaction, are not expected to be repaid in the future, or are not the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Tangible capital assets ("TCA")

Tangible capital assets are stated at cost less accumulated amortization. Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives.

The amortization rates are as follows:

Computer infrastructure	straight-line method over 3 years
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Amortization commences in the first full month of ownership.

Tangible capital assets are recorded at cost and are tested for impairment whenever a change in events or circumstances indicates that the carrying value may not be recoverable. Any resulting impairment loss is recognized in the period it is determined.

Calgary Bid Exploration Committee

Notes to the financial statements

December 31, 2017

Use of estimate

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include the estimated useful life and potential impairment of tangible capital assets and accrued liabilities.

Actual results could differ from these estimates. These estimates and assumptions are reviewed quarterly and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Contributed goods and services

Contributed goods and services to CBEC are not recognized in the financial statements.

3. CASH AND TEMPORARY INVESTMENTS

	December 2017	December 2016
	\$	\$
Cash	161,715	135,637
Temporary investments	-	999,999
	161,715	1,135,636

4. ACCOUNTS RECEIVABLE

	December 2017	December 2016
	\$	\$
GST Receivable	40,211	2,962
	40,211	2,962

The GST number was received in 2017 and the refund is expected by March 31, 2018.

Calgary Bid Exploration Committee

Notes to the financial statements

December 31, 2017

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 2017 \$	December 2016 \$
Accounts Payable	3,845	91,275
Payroll Deductions Payable	-	14,777
Accrued Liabilities	91,263	31,800
	95,108	137,852

6. TANGIBLE CAPITAL ASSETS

	December 2016		
	Cost \$	Accumulated Amortization \$	Net Book Value \$
Computer Infrastructure	13,298	1,078	12,220

In 2017, cost of \$33,966 and accumulated amortization of \$9,844 were written off.

7. GOVERNMENT TRANSFERS

	December 2017 \$	December 2016 \$
Revenue from the City of Calgary	1,800,000	1,200,000
	1,800,000	1,200,000

Calgary Bid Exploration Committee

Notes to the financial statements

December 31, 2017

8. RELATED PARTIES

The City and Tourism Calgary are the sole shareholders CBEC and thus are related parties for 2016 and 2017. In addition, The City controls both CBEC and Calgary Municipal Land Corporation. Therefore, they are related parties.

The following summarizes CBEC's related party transactions in 2016 and 2017 which have all occurred in the normal course of business:

	December 2017 \$	December 2016 \$
<u>Funding Received by CBEC</u>		
City of Calgary	1,800,000	1,200,000
<u>Expenses Paid by CBEC</u>		
Calgary Municipal Land Corporation	72,747	-
Tourism Calgary	162,289	62,620
<u>Accounts Payable and Accruals at Year End</u>		
City of Calgary	62,268	-
Tourism Calgary	-	83,036

The above transactions have been recorded at the exchange amount, which represents the amount of consideration established and agreed to by the related parties.

The following goods and services have been contributed by related parties and have not been recognized in the financial statements as the amounts cannot be reasonably estimated.

CMLC's senior management team has contributed procurement planning and implementation advisory services, and financial advisory services on a pro bono, no fee basis.

A legal firm of which one of the directors is a partner of provided legal advisory services on a pro bono, no fee basis.

A professional services firm of which one of the directors is a partner provided consulting services in relation to an economic impact study on a pro bono, no fee basis.