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CITY CLERK'S DEPARTMENT

Annual Report and Risk Management Report to the Audit Committee

June 22, 2017 | Sheila Will, CFO



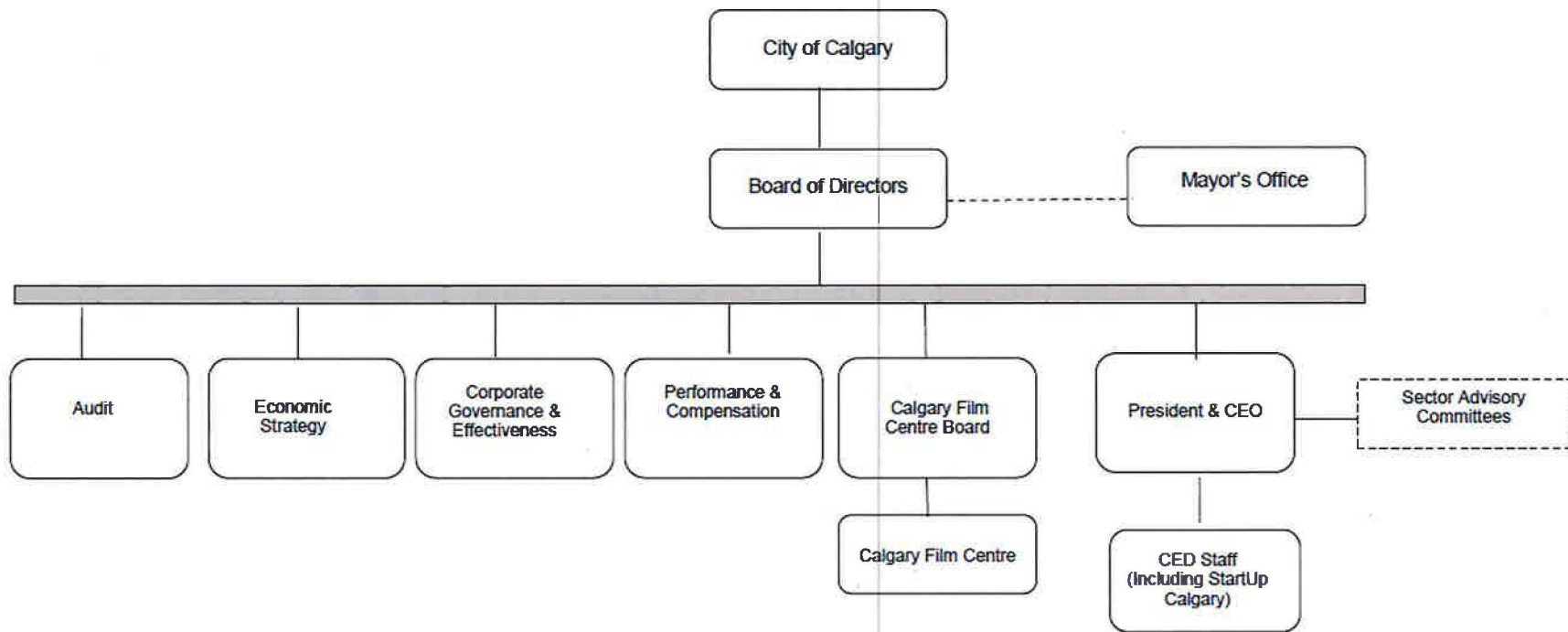
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Agenda

- Governance Structure
- Audit Committee
- Succession Planning & Recruitment
- 2016 Financial Highlights – CED & CFCL
- Internal Controls
- 2017 Strategy
- Risk Management
- Top Three Risks & Mitigating Strategies

Governance Structure



Audit Committee Overview

- Reports to Board of Directors
- Up to 6 meetings per year
- Responsible for stewardship of the corporate finances
- Oversee financial reporting of Calgary Film Center
- Responsible for the Risk Matrix
- Terms of Reference reviewed annually (last reviewed Sept 15, 2016)
- Comprised of 4 board members including President & CEO and 1 community member. Experienced committee with all members holding a combination of CPA, ICD.D, Masters and/or Doctorate designations

Succession Plan & Recruitment

Board of Directors

- Appointed at annual general meeting for a one or two year term; eligible for re-election up to maximum of six consecutive years
- In 2017 added one and removed 2 board members with one position open
- Annual board effectiveness survey includes a skill matrix and peer evaluation

Organization

- Organization restructure in 2015, one Senior Management team (SMT) hire in 2016
- Succession Planning Process for President & CEO and SMT underway including a development plan for high potential employees
- SMT received 360 leadership profile assessment and coaching
- All management have annual performance management plan and quarterly review
- Commitment to fairness and equity in employment practices

2016 Financial Highlights - CED

- MNP issued an unqualified audit report for 2016
- In 2016, secured Opportunity Calgary(OC) funding of \$9.7 million from 3 orders of government for 3 years of programming (includes \$6.7 million of City Resiliency Funding)
- Restricted cash and deferred contributions increase compared to prior year is related to funding of OC
- 2016 Revenue and Expense decrease of \$3 million related to: \$2 million of increased programming activities from OC funding and 2015 included a Film Center grant of \$5 million

2016 Financial Highlights - CFCL

- MNP issued an unqualified audit report for 2016
- Grand Opening for the Film Centre was May 19, 2016
- Total bank indebtedness of \$12.6 million at December 31, 2016
- Debt service covenant (DSC) on bank debt of 100%; DSC was waived for 2016 due to it being the first year of operation (annual DSC was calculated at 140%)

Internal Controls

- Segregation of duties
- Monthly review of financial results with strong governance structure
- Approval procedures in place and reviewed at least annually
- Regular risk assessment
- Data backed up regularly with automated data integrity check
- Off-site data backup
- Fully hosted environment planned for July 2017
- Disaster recovery plan in Q3 2017

2017 Strategy

- Completed 3-year Strategy for 2016-2018 in 2015
- Developed balanced scorecard and individual performance metrics for each initiative
- Annual business plan approved by Board of Directors
- Initiatives:
 - Accelerate Sector Development and Diversification
 - Inspire Stakeholder Collaboration
 - Enhance Calgary's Image
 - Build an Authentic Brand for CED
 - Building Organizational Excellence

Risk Management

- An Enterprise Risk Matrix (ERP) has been created for each of CED & CFCL to identify top risks
- ERP tabled at each Committee and Board Meeting, and at Strategic Planning Sessions
- The Key areas of risk have been identified as:
 - Financial
 - Reputational & Relevance
 - Safety & Security
 - Sustainability & Operational

Top 3 Risks

1. Startup of Calgary Film Centre and Alberta Media Fund
2. Long term and sustainable funding (City Base Grant is 55% of Revenue)
3. Loss of key staff

Top 3 Risks: Mitigation Strategies

Calgary Film Centre and Alberta Media Fund

- Work with Government of Alberta on Alberta Media Fund
- Creation of tenant pipeline
- Enhance Creative Industries business development with OC funding
- Sensitivity reports and forecasts
- Programming to increase usage & revenue

Top 3 Risks: Mitigation Strategies

Long Term Funding

- Benchmark with other economic development agencies
- Economic downturn impact on revenue.
- Continue to identify other revenue sources i.e. Private sector and other orders of government
- Manage programming to available funding

Loss of Key Staff

- Employee succession planning & development opportunities
- Annual benchmarking of salary & benefits
- Contact Relationship Management software to maintain intellectual capital and continuity in relationship

An aerial photograph of the Calgary skyline at sunset. The city is densely packed with skyscrapers and buildings, with the Rocky Mountains visible in the background under a warm, orange-hued sky. The foreground shows green trees and a river with a bridge.

thank you.

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