

CITY OF CALGARY
RECEIVED
IN COUNCIL CHAMBER

JUN 22 2017

ITEM: 3.3 AC2017-0389
Distribution
CITY CLERK'S DEPARTMENT

Annual Report and Risk Management Report to the Audit Committee

June 22, 2017 | Sheila Will, CFO



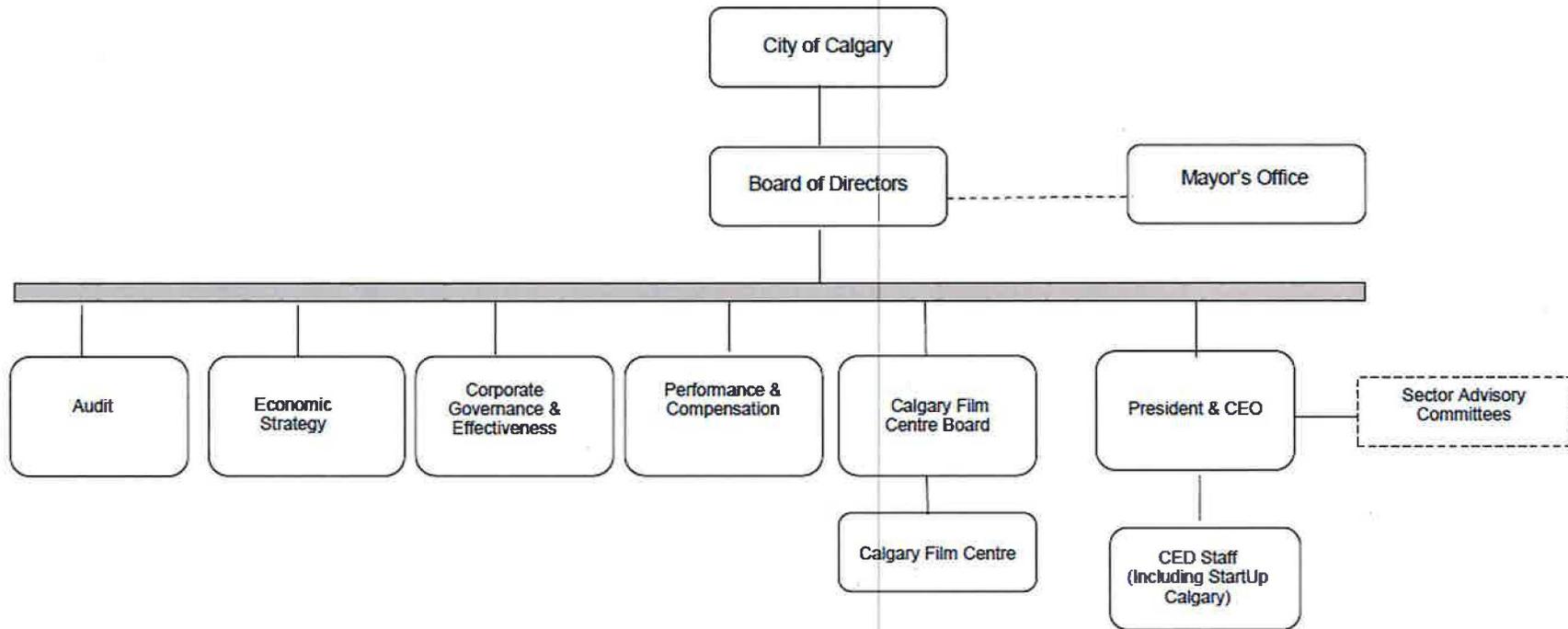
calgary economic
development
be part of the energy™

Calgary Economic Development's collaborative energy makes us a conduit, connector, catalyst and storyteller for Calgary.

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



thank you.

(403) 221-7831
info@calgaryeconomicdevelopment.com
calgaryeconomicdevelopment.com

facebook.com/calgaryeconomic
twitter.com/calgaryeconomic
Lnked.in/calgaryeconomic