

CALGARY METROPOLITAN REGION BOARD

FINANCIAL STATEMENTS

For the year ended December 31, 2018

CALGARY METROPOLITAN REGION BOARD

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For the year ended December 31, 2018

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CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To: The Board of
Calgary Metropolitan Region Board

Opinion

We have audited the financial statements of the Calgary Metropolitan Region Board which comprise the statement of financial position as at December 31, 2018, and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the board as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT, continued

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Lethbridge, Alberta

March 22, 2019



Chartered Professional Accountants

MANAGEMENT REPORT

The financial statements are the responsibility of the management of the Calgary Metropolitan Region Board.

These financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Board maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Board's assets are properly accounted for and adequately safeguarded.

The elected Board of the Calgary Metropolitan Region Board is responsible for ensuring that management fulfils its responsibilities for financial statements. The Board carries out its responsibility principally through the Governance committee.

The Board meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Board also considers the engagement or re-appointment of the external auditors. The Board reviews the monthly financial reports.

The Board's financial statements have been audited by Avail LLP Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Board. Avail LLP has full and free access to the Board members.

Chief Officer

CALGARY METROPOLITAN REGION BOARD
STATEMENT OF FINANCIAL POSITION
As at December 31, 2018

2018

Financial assets

| | |
|---------------------------------|------------|
| Cash and cash equivalents | \$ 380,278 |
| Short term investments (note 3) | 2,825,000 |
| Accounts receivable | 19,731 |
| GST receivable | 10,078 |

3,235,087

Liabilities

| | |
|--|-----------|
| Accounts payable and accrued liabilities | 91,149 |
| Deferred revenue (note 4) | 1,250,921 |

1,342,070

Net financial assets

1,893,017

Non-financial assets

| | |
|--------------------------------------|--------|
| Prepaid expenses (and deposits) | 12,043 |
| Tangible capital assets (schedule 1) | 16,661 |

28,704

Accumulated surplus (note 5)

\$ 1,921,721

Commitments (note 10)

Approved on behalf of the board:

Member _____

Member _____

CALGARY METROPOLITAN REGION BOARD**STATEMENT OF OPERATIONS**

For the year ended December 31, 2018

| | Budget (unaudited) | 2018 |
|---|-----------------------|---------------------|
| Revenue | | |
| Calgary Regional Partnership | \$ 1,850,000 | \$ 1,873,286 |
| Alberta Municipal Affairs | 2,070,000 | 819,079 |
| Interest | - | 19,731 |
| | 3,920,000 | 2,712,096 |
| Expenses | | |
| Wages and benefits | 577,000 | 560,979 |
| Consulting fees | 1,216,000 | 126,245 |
| Meeting costs | 62,400 | 40,604 |
| Professional fees | 10,000 | 15,951 |
| Office and administration | 16,800 | 10,976 |
| Dues and subscriptions | - | 9,089 |
| Rent | 42,000 | 8,430 |
| Utilities | 4,500 | 3,053 |
| Insurance | 5,000 | 2,229 |
| Freight and delivery | 2,200 | 1,998 |
| Advertising and promotion | - | 1,847 |
| Travel and accommodation | 20,000 | 1,361 |
| Professional development | - | 1,079 |
| Interest and bank charges | - | 562 |
| Amortization | - | 5,972 |
| | 1,955,900 | 790,375 |
| Excess of revenue over expenses | 1,964,100 | 1,921,721 |
| Accumulated surplus deficit, end of year | \$ 1,964,100 | \$ 1,921,721 |

CALGARY METROPOLITAN REGION BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2018

| | Budget (unaudited) | 2018 |
|--|-----------------------|--------------|
| Excess of revenue over expenses | \$ 1,964,100 | \$ 1,921,721 |
| Acquisition of tangible capital assets | (37,500) | (22,633) |
| Amortization of tangible capital assets | - | 5,972 |
| | (37,500) | (16,661) |
| Net change in prepaid expenses | - | (12,043) |
| Change in net financial assets | 1,926,600 | - |
| Net financial assets, end of year | \$ 1,926,600 | \$ 1,893,017 |

CALGARY METROPOLITAN REGION BOARD**STATEMENT OF CASH FLOWS**

For the year ended December 31, 2018

2018

Operating transactions

| | |
|--|--------------|
| Excess of revenue over expenses | \$ 1,921,721 |
| Adjustments for items which do not affect cash | |
| Amortization of tangible capital assets | 5,972 |

1,927,693

Net change in non-cash working capital items

| | |
|--|-----------|
| Accounts receivable | (19,731) |
| GST receivable | (10,078) |
| Prepaid expenses (and deposits) | (12,043) |
| Accounts payable and accrued liabilities | 91,149 |
| Deferred revenue | 1,250,921 |

Cash provided by operating transactions 3,227,911

Capital transactions

| | |
|--|----------|
| Acquisition of tangible capital assets | (22,633) |
|--|----------|

Investing transactions

| | |
|------------------------------------|-------------|
| Purchase of short-term investments | (2,825,000) |
|------------------------------------|-------------|

Increase in cash and cash equivalents 380,278

Cash and cash equivalents, end of year \$ 380,278

Cash and cash equivalents consist of:

| | |
|------|------------|
| Cash | \$ 380,278 |
|------|------------|

CALGARY METROPOLITAN REGION BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2018

1. Nature of operations

Calgary Metropolitan Region Board is constituted under the Municipal Government Act and was approved by the Minister of Municipal Affairs on January 1, 2018 for the purpose of promoting long term sustainability, ensuring environmentally responsible land-use planning, growth management and efficient land use, developing policies regarding the coordination of regional infrastructure investment and service delivery, and promoting economic well-being and competitiveness of the region.

The members of the Board are as follows; City of Airdrie, City of Calgary, City of Chestermere, Town of Cochrane, Town of High River, Town of Okotoks, Town of Strathmore, Rocky View County, Municipal District of Foothills, and Wheatland County.

The Board is exempt from income taxation under Section 149 of the Canada Income Tax Act.

2. Significant accounting policies

The financial statements are prepared in accordance with Canadian public sector accounting standards and reflect the assets, liabilities, revenues and expenses, and change in the financial position of the Board. Significant aspects of the accounting policies adopted by the Board are as follows:

- (a) Cash and cash equivalents
Cash and cash equivalents consists of cash on deposit and are recorded at cost.
- (b) Short term investments
Short term investments consists of term deposits with original maturities of greater than one month at the date of acquisition and are recorded at cost.
- (c) Revenue recognition
Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Restricted investment income is recognized in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Government transfers are recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets acquired.

CALGARY METROPOLITAN REGION BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2018

2. Significant accounting policies, continued

(d) 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, provides the consolidated Change in Net Financial Assets for the year.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

| | Years |
|------------------------|-------|
| Furniture and fixtures | 10 |
| Office equipment | 5 |
| Computer equipment | 3 |

The full amount of the annual amortization is charged in the year of acquisition and none in the year of disposal.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(e) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount 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 expense during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

CALGARY METROPOLITAN REGION BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2018

3. Short term investments

Short term investments consists of Guaranteed Investment Certificates (GICs) that have effective interest rates of 0.5% to 2.1% and mature between February to August 2019.

4. Deferred revenue

| | 2017 | Received | Recognized | 2018 |
|---------------------------|------|-----------|------------|-----------|
| Alberta Municipal Affairs | - | 2,070,000 | 819,079 | 1,250,921 |

Deferred revenue consists of the unspent portion of the Alberta Municipal Affairs conditional start-up and core operations grant.

5. Accumulated surplus

Accumulated surplus consists of internally restricted and unrestricted amounts and equity in tangible capital assets as follows:

| | 2018 |
|--|--------------|
| Unrestricted surplus | \$ 1,905,060 |
| Internally restricted surplus (reserves) | - |
| Equity in tangible capital assets (note 6) | 16,661 |
| | \$ 1,921,721 |

6. Equity in tangible capital assets

| | 2018 |
|---------------------------------------|-----------|
| Tangible capital assets (schedule 1) | \$ 22,633 |
| Accumulated amortization (schedule 1) | (5,972) |
| | \$ 16,661 |

7. Financial instruments

The Board's financial instruments consist of cash and cash equivalents, short term investments, accounts receivables, and accounts payable and accrued liabilities. It is management's opinion that the Board is not exposed to significant interest or currency risks arising from these financial instruments.

The carrying value of these financial instruments approximates their fair value.

8. Economic dependence

The Board is economically dependent on Alberta Municipal Affairs, as Alberta Municipal Affairs provides the Board with a substantial portion of its revenues.

9. Local authorities pension plan

Employees of the Board participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plans Act. The plan serves about 459,000 people and 420 employers. The LAPP is financed by the employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Board is required to make current service contributions to the LAPP of 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount. Employees of the Board are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

Total current service contributions by the Board to the LAPP in 2018 were \$39,588. Total current service contributions by the employees of the Board to the LAPP in 2018 were \$36,460.

At December 31, 2017, the LAPP disclosed an actuarial deficiency of \$4.835 million.

CALGARY METROPOLITAN REGION BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2018

10. Commitments

The Board entered into various consulting agreements prior to December 31, 2018. As at December 31, 2018, the Board had funding commitments outstanding which totaled \$481,943. These commitments are not recorded in the records until they are payable in accordance with the consulting agreements.

The Board has also entered into operating leases for a building and a digital printer. The Board's total obligation under these leases are \$139,767

Payments over the next five years are as follows:

| | | |
|------|----|---------|
| 2019 | \$ | 27,980 |
| 2020 | | 27,980 |
| 2021 | | 29,697 |
| 2022 | | 33,132 |
| 2023 | | 20,978 |
| | \$ | 139,767 |

11. Approval of financial statements

These financial statements were approved by Board and Management.

12. Budget amounts

The 2018 budget was approved by the Board and has been reported in the financial statements for information purposes only. The budget amounts have not been audited, reviewed, or otherwise verified.

| | | |
|---|-----------|------------------|
| Budgeted surplus per financial statements | \$ | 1,964,100 |
| Less: Capital expenditures | | (37,500) |
| <u>Equals: approved budgeted surplus</u> | <u>\$</u> | <u>1,926,600</u> |

CALGARY METROPOLITAN REGION BOARD
SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2018

| Schedule of tangible capital assets | Schedule 1 | | | |
|-------------------------------------|---------------------|---------------------------|-----------------------|------------------|
| | Office equipment | Furniture and fixtures | Computer equipment | 2018 |
| Cost: | | | | |
| Balance, beginning of year | \$ - | \$ - | \$ - | \$ - |
| Acquisitions | 5,285 | 3,719 | 13,629 | 22,633 |
| Balance, end of year | 5,285 | 3,719 | 13,629 | 22,633 |
| Accumulated amortization: | | | | |
| Balance, beginning of year | - | - | - | - |
| Annual amortization | 1,057 | 372 | 4,543 | 5,972 |
| Balance, end of year | 1,057 | 372 | 4,543 | 5,972 |
| Net book value | \$ 4,228 | \$ 3,347 | \$ 9,086 | \$ 16,661 |

CALGARY METROPOLITAN REGION BOARD
SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2018

Schedule of changes in accumulated surplus

Schedule 2

| | Unrestricted | Equity in tangible capital assets | 2018 |
|---|---------------------|--------------------------------------|---------------------|
| Balance, beginning of year | \$ - | \$ - | \$ - |
| Excess of revenue over expenses | 1,921,721 | - | 1,921,721 |
| Current year funds used for tangible capital assets | (22,633) | 22,633 | - |
| Annual amortization expense | 5,972 | (5,972) | - |
| Change in accumulated surplus deficit | 1,905,060 | 16,661 | 1,921,721 |
| Balance, end of year | \$ 1,905,060 | \$ 16,661 | \$ 1,921,721 |