

Financial Statements

The Calgary Regional Partnership Incorporated

December 31, 2007

AUDITORS' REPORT

To the Members of
The Calgary Regional Partnership Incorporated

We have audited the statement of financial position of **The Calgary Regional Partnership Incorporated** as at December 31, 2007 and the statements of changes in net assets, revenue and expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Canada,
April 18, 2008.

Ernst & Young LLP

Chartered Accountants

The Calgary Regional Partnership Incorporated

STATEMENT OF FINANCIAL POSITION

As at December 31

	2007	2006
	\$	\$
		<i>[restated - note 3]</i>
ASSETS		
Current		
Cash and cash equivalents <i>[note 4]</i>	449,675	1,568,473
Interest receivable	1,464	3,060
Accounts receivable	1,781,870	517
Prepaid expenses	2,485	1,024
Total current assets	2,235,494	1,573,074
Advances to employees	17,000	17,000
Equipment <i>[note 5]</i>	8,311	11,125
	2,260,805	1,601,199
LIABILITIES AND FUNDS		
Current		
Due to The City of Calgary <i>[note 6]</i>	—	76,436
Accounts payable and accrued liabilities	511,309	191,187
Deferred revenue - current portion <i>[note 7]</i>	1,186,012	975,463
Total current liabilities	1,697,321	1,243,086
Deferred revenue - long-term portion <i>[note 7]</i>	509,011	114,699
Total liabilities	2,206,332	1,357,785
Commitments and contingencies <i>[note 8]</i>		
Funds		
Capital asset <i>[note 1]</i>	8,311	11,125
Project and operating <i>[note 1]</i>	46,162	232,289
Total funds	54,473	243,414
	2,260,805	1,601,199

See accompanying notes

On behalf of the Board:

Director

Director

The Calgary Regional Partnership Incorporated

STATEMENT OF REVENUE AND EXPENDITURES

Year ended December 31

	2007	2006
	\$	\$
		<i>[restated</i>
		<i>- note 3]</i>
REVENUE		
Grants	1,467,235	1,013,488
Membership fees	268,320	257,704
Investment income	42,778	41,900
Other contributions	5,000	4,000
	1,783,333	1,317,092
EXPENDITURES		
Salaries and wages	399,098	339,482
Consulting fees	1,133,489	803,698
Professional fees	40,440	8,902
Advertising/promotion/sponsorships	21,218	26,115
Other	171,334	115,105
Transfer payments	200,000	—
Amortization	6,695	5,154
	1,972,274	1,298,456
Surplus (deficiency) of revenue over expenditures	(188,941)	18,636

See accompanying notes

The Calgary Regional Partnership Incorporated

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	2007		2006	
	Project and operating fund	Capital asset fund	Total	Total
	\$	\$	\$	\$
				<i>[restated - note 3]</i>
Balance, beginning of year	232,289	11,125	243,414	224,778
Surplus (deficiency) of revenue over expenditures	(182,246)	(6,695)	(188,941)	18,636
Transfers	(3,881)	3,881	—	—
Balance, end of year	46,162	8,311	54,473	243,414

See accompanying notes

The Calgary Regional Partnership Incorporated

STATEMENT OF CASH FLOWS

Year ended December 31

	2007	2006
	\$	\$
		<i>[restated</i>
		<i>- note 3]</i>
OPERATING ACTIVITIES		
Surplus (deficiency) of revenue over expenditures	(188,941)	18,636
Add items not involving cash		
Amortization	6,695	5,154
Deferred revenue	604,861	733,912
	422,615	757,702
Net changes in non-cash working capital		
Interest receivable	1,596	(2,616)
Accounts receivable	(1,781,353)	8,451
Advances to employees	—	(3,000)
Prepaid expenses	(1,461)	(599)
Due to The City of Calgary	(76,436)	44,018
Accounts payable and accrued liabilities	320,122	62,343
Cash provided by (used in) operating activities	(1,114,917)	866,299
INVESTING ACTIVITY		
Purchase of capital assets	(3,881)	(7,841)
Cash used in investing activity	(3,881)	(7,841)
Net increase (decrease) in cash and cash equivalents	(1,118,798)	858,458
Cash and cash equivalents, beginning of year	1,568,473	710,015
Cash and cash equivalents, end of year	449,675	1,568,473

See accompanying notes

The Calgary Regional Partnership Incorporated

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

1. DESCRIPTION OF BUSINESS

The Calgary Regional Partnership Incorporated [the "Association"] is a not-for-profit organization incorporated under the Companies Act of Alberta on November 16, 2004. The Association provides the opportunity for regional municipalities and jurisdictions in and around the Calgary Region to discuss and work on issues that cross their respective boundaries and is supportive of the many regional and inter-municipal initiatives that currently exist in the Calgary Region.

Description of Funds

Project and operating funds

These funds account for revenue and expenditures related to program delivery and administration. These projects support municipal services, sustainable environments, and prosperity within the region.

Capital asset fund

This fund represents the net investment in capital assets.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with the Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Revenue recognition

The Association follows the deferral method of accounting for project and operating funds. Effective January 1, 2007, the revenue recognition policy was changed from recognizing grant revenue over the life of the grant to recognizing grant revenue in the period in which the related expenses are incurred. This change reduces the amount of grant revenue recognized in 2007 for new funding agreements so that revenue equals expenditures. Prior year financial statements have recognized revenue in advance of expenditures being incurred, resulting in surplus revenue over expenditures in one year, off-set by a deficiency in revenue over expenditures in the following year. The new policy matches revenue to expenses in the period in which they occur.

Grant funds received are recorded as deferred revenue until recognized.

The Calgary Regional Partnership Incorporated

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

Membership fees are recognized in the accounts when invoiced and when the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as it is earned.

Equipment

Equipment, consisting of computer equipment, is recorded at cost and is depreciated on a straight-line basis over three years.

Financial instruments

Financial instruments include cash and cash equivalents, interest receivable, accounts receivable, advances to employees, due to The City of Calgary, and accounts payable. The fair value of the Association's financial assets and liabilities approximates their carrying value due to their short period to maturity.

Use of estimates

The preparation of financial statements in accordance with the Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

Changes in accounting policies and new accounting developments

Effective January 1, 2007 the Association adopted the Canadian Institute of Chartered Accountants ["CICA"] Handbook Sections 3855 Financial Instruments - Recognition and Measurement and 3861 Financial Instruments - Disclosure and Presentation. CICA 3855 establishes standards for recognizing and measuring financial instruments, including the accounting treatment for changes in fair value. The Association has designated all of its investments as held for trading, and carries them at fair value. Financial instruments of the Association consist mainly of cash and cash equivalents, accounts receivable and accounts payable. As permitted by CICA 3855, the Association's financial assets and liabilities continue to be presented at amortized cost which approximates fair value. Therefore, the adoption of these standards did not have a significant impact on the financial statements. The Association also adopted CICA Section 1530 - Comprehensive Income. The adoption of this section did not have a material effect on the financial statements.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2007

As of January 1, 2008, the Association is required to adopt CICA Handbook Section 1506 - Accounting Changes; Section 1530 - Comprehensive Income; and Section 3251 - Equity as follows:

CICA Section 1506 - Accounting Changes, provides expanded disclosures for changes in accounting policies, accounting estimates and corrections of errors. Under the new standard, accounting changes should be applied retrospectively unless otherwise permitted or where impracticable to determine. Voluntary changes in accounting policy are made only when required by a primary source of GAAP or the change results in more relevant and reliable information.

CICA Section 3251 - Equity, establishes standards for the presentation of equity and changes in equity during the reporting period. Application of this section is in conjunction with Sections 1530 - Comprehensive Income; 3855 - Financial Instruments - Recognition and Measurement and 3865 - Hedges. The Association does not expect that the application of this revised standard will result in a material impact on its financial statements of the Association as would be presented for future periods.

The Calgary Regional Partnership Incorporated

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

3. PRIOR PERIOD RESTATEMENT

The comparative financial statements have been reclassified from statements previously presented to conform with the deferral method of accounting for contributions. An adjustment to deferred revenue of \$63,938 was made to the 2006 financial statements to reflect excess funding. This balance was previously reported as revenue in the 2006 statements of the Association.

	2006		
	As originally reported	Adjustments	As restated
	\$	\$	\$
Statement of financial position			
Deferred revenue - current portion	911,525	63,938	975,463
Project and operating funds	296,227	(63,938)	232,289
Statement of revenue and expenditures			
Revenue	1,340,342	(23,250)	1,317,092
Surplus of revenue over expenditures	41,886	(23,250)	18,636
Statement of changes in net assets			
Balance, beginning of year	265,466	(40,688)	224,778
Surplus of revenue over expenditures	41,886	(23,250)	18,636
Balance, end of year	307,352	(63,938)	243,414
Deferred revenue			
<i>Current</i>			
Alberta Municipal Affairs	746,525	63,938	810,463
Alberta Infrastructure and Transportation	140,000	—	140,000
Alberta Economic Development	25,000	—	25,000
	911,525	63,938	975,463

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes short-term investments of nil [2006 - \$1,290,699] consisting entirely of investments in Canadian treasury bills with maturity dates of 90 days or less. Short-term investments yielded an interest rate of 4.2% [2006 - 4.3%].

The Calgary Regional Partnership Incorporated

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

5. EQUIPMENT

	2007		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Computer equipment	23,405	15,094	8,311

	2006		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Computer equipment	19,524	8,399	11,125

6. DUE TO THE CITY OF CALGARY

The Association's surplus cash is held by The City of Calgary in a miscellaneous trust fund. The cash is controlled, invested, and accounted for in accordance with the terms of the trust arrangement. Interest is allocated annually to the Association. The City of Calgary performs all of the accounting functions and fund administration charges on behalf of the Association.

Funds due to The City of Calgary in the amount of nil [2006 - \$76,436] represents payments made to third parties by The City of Calgary that have not been repaid to The City of Calgary out of the trust funds.

The Calgary Regional Partnership Incorporated

NOTES TO FINANCIAL STATEMENTS

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7. DEFERRED REVENUE

	2007	2006
	\$	\$
Current		
Alberta Municipal Affairs	872,939	810,463
Alberta Infrastructure and Transportation	—	140,000
Membership fees	288,073	—
Alberta Economic Development	25,000	25,000
	<u>1,186,012</u>	<u>975,463</u>
Long term		
Membership fees	129,037	—
Alberta Municipal Affairs	379,974	114,699
	<u>1,695,023</u>	<u>1,090,162</u>

8. COMMITMENTS AND CONTINGENCIES

The Association receives a majority of its funding through grants that specify the term of the funding and the eligible expenditures under the grant. The Association may be required to repay all or a portion of the grant if ineligible expenditures are incurred, or if all of the grant monies are not spent within the designated time frame.