

**CALGARY  
ECONOMIC  
DEVELOPMENT**

**Financial Statements**  
For the year ended December 31, 2010

---

**Contents**

<b>Independent Auditor's Report</b>	<b>2</b>
<b>Financial Statements</b>	
<b>Statement of Financial Position</b>	<b>3</b>
<b>Statement of Revenues and Expenditures</b>	<b>4</b>
<b>Statement of Changes in Net Assets</b>	<b>5</b>
<b>Statement of Cash Flows</b>	<b>6</b>
<b>Notes to Financial Statements</b>	<b>7 - 17</b>



---

## Independent Auditor's Report

---

### To the Board of Directors of Calgary Economic Development Ltd.

We have audited the accompanying financial statements of Calgary Economic Development Ltd., which comprise the statement of financial position as at December 31, 2010, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and 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 generally accepted accounting principles, 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.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Calgary Economic Development Ltd. as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements which indicates that the entity's funding from the City of Calgary is only confirmed for the 2011 fiscal year. This condition indicates the existence of a material uncertainty that may cast doubt about the entity's ability to continue as a going concern.

*BDO Canada LLP*  
**Chartered Accountants**  
March 17, 2011

Calgary, Alberta

**Statement of Financial Position**

December 31 2010 2009

**Assets**

**Current**

Cash and cash equivalents	\$ 1,727,594	\$ 1,879,494
Restricted cash (Note 2)	-	50,000
Accounts receivable and accrued revenue (Note 3)	824,146	1,308,323
Prepaid expenses	<u>44,616</u>	<u>24,000</u>
	<b>2,596,356</b>	<b>3,261,817</b>

Holdback receivable (Note 3)	116,315	20,349
Property and equipment (Note 4)	<u>1,791,022</u>	<u>1,844,044</u>

**\$ 4,503,693 \$ 5,126,210**

**Liabilities**

**Current**

Accounts payable and accrued liabilities (Note 5)	\$ 574,795	\$ 1,344,960
Salary and vacation payable	332,581	271,038
Deferred contributions (Note 6)	<u>1,052,873</u>	<u>795,259</u>
	<b>1,960,249</b>	<b>2,411,257</b>

**Long Term**

Deferred contributions (Note 6)	<u>1,430,487</u>	<u>1,896,809</u>
	<b>\$ 3,390,736</b>	<b>\$ 4,308,066</b>


**Net assets**

Invested in property and equipment (Note 7)	\$ 360,535	\$ (52,765)
Unrestricted	<u>752,422</u>	<u>870,909</u>
	<b><u>1,112,957</u></b>	<b><u>818,144</u></b>
	<b>\$ 4,503,693</b>	<b>\$ 5,126,210</b>

Nature of operations and going concern (Note 1)  
Commitments and contingencies (Note 9)

Approved by the Board:

  
\_\_\_\_\_  
Chairman of the Board

  
\_\_\_\_\_  
Director

The accompanying notes are an integral part of these financial statements.

**Statement of Revenues and Expenditures**

For the year ended December 31

2010

2009

**Revenue**

Contributions from:

City of Calgary - operating grant (Note 1)	\$ 4,750,565	\$ 4,545,995
- other grants	437,068	575,277
Alberta government	309,293	479,264
Federal government	20,414	12,585
Business community	728,907	566,409
Deferred contributions received for property and equipment (Note 6)	396,857	133,410
Other revenue	58,719	70,109
Investment income	7,572	17,876
	<u>6,709,395</u>	<u>6,400,925</u>

**Expenditures**

Amortization	576,849	240,797
Business travel	151,980	155,232
Program costs	413,655	819,795
Marketing and promotion	915,685	1,070,013
Corporate services	839,052	662,220
Employee costs	3,517,361	3,229,499
	<u>6,414,582</u>	<u>6,177,556</u>

**Excess of revenues over expenditures**

**\$ 294,813    \$ 223,369**

The accompanying notes are an integral part of these financial statements.

**Statement of Changes in Net Assets**

For the year ended December 31

2010

2009

	Invested in Property and Equipment	Unrestricted	Total	Total
<b>Balance, beginning of year</b>	<b>\$ (52,765)</b>	<b>\$ 870,909</b>	<b>\$ 818,144</b>	<b>\$ 594,775</b>
Excess of revenues over expenditures	(179,992) <sup>(1)</sup>	474,805	294,813	223,369
Investment in property and equipment	523,827 <sup>(2)</sup>	(523,827)	-	-
Deferred contributions received for property and equipment (Note 6)	(318,871)	318,871	-	-
Transfer (Note 6)	<u>388,336</u>	<u>(388,336)</u>	-	-
<b>Balance, end of year</b>	<b><u>\$ 360,535</u></b>	<b><u>\$ 752,422</u></b>	<b><u>\$1,112,957</u></b>	<b><u>\$ 818,144</u></b>

*(1) Consists of amortization expense net of deferred contributions for property and equipment*

*(2) Consists of purchase of new property and equipment net of disposals*

The accompanying notes are an integral part of these financial statements.

**CALGARY  
ECONOMIC  
DEVELOPMENT**

**Statement of Cash Flows**

For the year ended December 31

2010

2009

<b>Cash flows from operating activities</b>		
Excess of revenues over expenditures for the year	\$ 294,813	\$ 223,369
Adjustment for:		
Deferred contributions for property and equipment (Note 6)	(396,857)	(133,410)
Amortization	576,849	240,797
Loss on disposal of property and equipment	7,196	11,776
	<u>482,001</u>	<u>342,532</u>
<b>Changes in non-cash working capital balances</b>		
Accounts receivable and accrued revenue	484,177	(1,051,055)
Prepaid expenses	(20,616)	(2,012)
Holdback receivable	(95,966)	(20,349)
Deferred contributions	(130,721)	85,474
Accounts payable and accrued liabilities	(770,165)	8,150
Salary and vacation payable	61,542	27,501
	<u>10,252</u>	<u>(609,759)</u>
<b>Cash flow used for investing activities</b>		
Purchase of property and equipment	(531,975)	(1,183,373)
Proceeds on disposal of property and equipment	952	-
Accounts payable and accrued liabilities related to property and equipment	-	800,883
Deferred contributions received for property and equipment	318,871	1,332,900
Restricted cash	50,000	-
	<u>(162,152)</u>	<u>950,410</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(151,900)</b>	<b>340,651</b>
Cash and cash equivalents, beginning of year	<u>1,879,494</u>	<u>1,538,843</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 1,727,594</u></b>	<b><u>\$ 1,879,494</u></b>
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 438,025	\$ 295,958
Money market fund	1,289,569	1,583,536
	<u>\$ 1,727,594</u>	<u>\$ 1,879,494</u>

The accompanying notes are an integral part of these financial statements.

December 31, 2010

---

**1. Nature of Operations and Going Concern**

---

Calgary Economic Development Ltd. (the "Company") was incorporated as Promoting Calgary Inc. under the Business Corporations Act in the province of Alberta in July 1999. The Company changed its name to Calgary Economic Development Ltd. on January 1, 2003. The Company is registered as a non-profit organization under the Income Tax Act of Canada, and is exempt from income taxes.

The mandate of Calgary Economic Development Ltd. is to lead Calgary's economic development efforts in promoting our competitive advantages and pro-business climate. Successful economic development results in business growth and industry development, increased investment and trade activities. In turn, this fosters increased competitiveness, access to foreign markets, sustainable prosperity, diversification, productivity, high employment and a desirable quality of life.

The accompanying financial statements have been prepared on a going concern basis that assumes the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

The Company has been receiving contributions from the City of Calgary since inception to sustain its operations. In the current year, the Company received an operating grant of \$4,750,565 (2009 - \$4,545,995) and the City has agreed to provide \$4,821,824 of funding for the 2011 fiscal year. The continuation of the Company is dependent upon its ability to secure funding from the City of Calgary for the 2012 fiscal year and beyond. While the Company has received funds from the City of Calgary in the past there is no assurance that the Company will be able to obtain adequate contributions beyond 2011. The financial statements do not include any adjustments to the recoverability and classification of recorded assets and liabilities and related revenues and expenditures that might be necessary should the Company be unable to continue.

---

December 31, 2010

---

## 2. Significant Accounting Policies

---

### Use of estimates

The financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies.

The valuation of accounts receivable is based on management's best estimate of the allowance for doubtful accounts.

The valuation of property and equipment is based upon management's best estimate of the future benefit of the related asset and the amount recorded for amortization is based on management's best estimate of the remaining useful lives of the assets.

By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements of future changes in such estimates could be material. Changes in estimates are recognized in the period of determination.

### Controlled not-for-profit organizations

The Company accounts for not-for-profit organizations over which they exercise control by providing disclosure of key financial information for those organizations (Note 13).

### Revenue recognition

The Company follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions for the purchase of property and equipment are deferred and recognized to revenue on the same basis as amortization expense of the related asset. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Sponsorships (pledges) are recognized when there is reasonable assurance of the amount to be paid and collection is reasonably assured.

Contributions for program related activities include amounts recovered from events and projects undertaken by the Company alone or with a number of economic partners.

Interest revenue is recognized on a prorata basis over the term of the related deposit or investment.

### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, money market funds, and investments with original maturities at acquisition of three months or less.

### Restricted cash

At December 31, 2009, the Company held a \$50,000 restricted security deposit from the proponent of a film/media complex in Calgary. During the year, this deposit, plus accrued interest, was refunded to the proponent in the amount of \$53,956 (Note 5).

December 31, 2010

---

## 2. Significant Accounting Policies - continued

---

### Financial instruments

The following is a summary of the accounting classifications that the Company applies to each of its significant categories of financial instruments:

Cash, cash equivalents and restricted cash .....	Designated as held-for-trading
Accounts receivable and accrued revenue .....	Loans and receivables
Holdback receivable.....	Loans and receivables
Accounts payable and accrued liabilities .....	Other financial liabilities
Salary and vacation payable .....	Other financial liabilities

The Company initially measures all of its financial instruments at fair value. Unless otherwise indicated, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Subsequent measurement and treatment of any gain or loss is recorded as follows:

- Held-for-trading financial assets are measured at fair value at the balance sheet date with any gain or loss recognized immediately in revenues and expenditures. Interest and dividends earned from held-for-trading assets are also included in revenues and expenditures for the year.
- Loans and receivables are measured at amortized cost using the effective interest method, except to recognize an allowance for doubtful accounts. Any gains or losses are recognized in revenues and expenditures.
- Other financial liabilities are measured at amortized cost using the effective interest method.

Transaction costs related to all financial assets and liabilities are recognized as an expense of the period.

### Property and equipment

Property and equipment are recorded at cost and are amortized on a straight-line basis from the in-service date of acquisition. The assets are amortized at the following annual rates:

Furniture and fixtures.....	5 years (20% per year)
Computer equipment.....	2 years (50% per year)
Software .....	1 year (100% per year)
Website development costs .....	3.33 years (30% per year)
Tenant improvements.....	Over the lease term

When a capital asset no longer has any long-term service potential to the Company, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Contributed property and equipment used in the Company's normal operations are recorded at fair value at the date of contribution, when fair value can be reasonably determined. Assets under construction are not amortized until they are substantially complete and come into use.

---

December 31, 2010

---

**2. Significant Accounting Policies - continued**

---

**Contributed materials and services**

The Company receives various contributions in the form of materials or services that it uses to carry out its objectives. Because of the difficulty in determining the fair value of these materials and services the Company does not recognize the amounts in the financial statements.

**New accounting policies adopted**

*Financial Instruments - recognition and measurement*

CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement, has been amended to clarify the application of the effective interest method after a debt instrument has been impaired. This section has also been amended to clarify when an embedded prepayment option is separated from its host debt instrument for accounting purposes. The adoption of this revised standard on January 1, 2010 had no impact on the Company's financial statements.

*Financial Instruments - disclosure and presentation*

CICA Handbook Section 3861, Financial Instruments - Disclosure and Presentation has been amended to clarify application of the section by non-publicly accountable enterprises. The adoption of this revised standard on January 1, 2010 had no impact on the Company's financial statements.

**New accounting pronouncements not yet effective**

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Company, are as follows:

In December 2010, the Accounting Standards Board (AcSB) and the Public Sector Accounting Board (PSAB) each issued the accounting and financial reporting requirements for Not-For-Profit Organizations (NPOs). The options available to NPOs will depend on whether or not the NPO meets the definition of a government not-for-profit organization. The above standards become effective for years beginning on or after January 1, 2012. The Company has determined that it is a Government not-for-profit and it will therefore be required to follow the Public Sector Accounting Handbook.

---

December 31, 2010

---

**3. Accounts Receivable and Accrued Revenue** **2010** **2009**

---

Accounts receivable and accrued revenue relate to the following:

Accounts Receivable:

Trade accounts receivable	\$ 231,245	\$ 59,255
Alberta Creative Hub (Note 8)	396,154	-
City of Calgary	-	174,333
Goods and Services Tax receivable	123,492	107,504
	<u>\$ 750,891</u>	<u>\$ 341,092</u>

Accrued Revenue:

Other accrued revenue	28,698	57,391
City of Calgary	25,931	185,112
Department of Western Economic Diversification	18,626	724,728
	<u>\$ 73,255</u>	<u>\$ 967,231</u>

Total accounts receivable and accrued revenue \$ 824,146 \$ 1,308,323

As at December 31, 2010, accounts receivable includes \$239,241 in amounts outstanding greater than 90 days, \$107,401 of which has been subsequently received and \$10,000 of which has been recognized as an allowance for doubtful accounts. Accounts receivable have been recorded at their net realizable value, based on management's best estimate of the recoverable amounts.

The holdback receivable of \$116,315 (2009 - \$20,349) represents an amount due from the City of Calgary related to the Calgary Regional Telework Initiative. The Company expects to receive this amount in early 2012.

---

December 31, 2010

4. Property and Equipment			2010	2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 321,047	\$ 158,711	\$ 162,336	\$ 74,916
Computer equipment	503,253	385,175	118,078	86,420
Software	222,868	201,259	21,609	6,156
Website development costs	200,625	123,688	76,937	90,458
Tenant improvements	<u>2,497,677</u>	<u>1,085,615</u>	<u>1,412,062</u>	<u>1,586,094</u>
	<u>\$ 3,745,470</u>	<u>\$ 1,954,448</u>	<u>\$ 1,791,022</u>	<u>\$ 1,844,044</u>

At December 31, 2010 the Company has \$21,609 (2009 - \$nil) in software, \$nil (2009 - \$98,125) in website development costs and \$nil (2009 - \$887,163) in tenant improvements related to assets that were not available for use during the year.

5. Accounts Payable and Accrued Liabilities			2010	2009
Accounts payable and accrued liabilities relate to the following:				
Trade accounts payable			\$ 450,232	\$ 1,108,488
Customer deposits (Note 2)			-	50,000
Accrued liabilities			<u>124,563</u>	<u>186,472</u>
			<u>\$ 574,795</u>	<u>\$ 1,344,960</u>

December 31, 2010

6. Deferred Contributions	2010	2009
Related to programs:		
Balance, beginning of year	\$ 795,259	\$ 709,785
Contributions received	677,441	1,368,796
Recognition of deferred contributions	(808,163)	(1,283,322)
Transfer from deferred contributions for property and equipment	<u>388,336</u>	<u>-</u>
Balance, end of year	<u>\$ 1,052,873</u>	<u>\$ 795,259</u>
Related to property and equipment:		
Balance, beginning of year	\$ 1,896,809	\$ 697,319
Contributions received	318,871	1,332,900
Recognition of deferred contributions	(396,857)	(133,410)
Transfer to deferred contributions for programs	<u>(388,336)</u>	<u>-</u>
Balance, end of year	<u>\$ 1,430,487</u>	<u>\$ 1,896,809</u>
The balance related to property and equipment is comprised of:		
Leasehold Improvements	\$ 1,361,800	\$ 1,798,684
Equipment	<u>68,687</u>	<u>98,125</u>
Balance, end of year	<u>\$ 1,430,487</u>	<u>\$ 1,896,809</u>

During the year the Company transferred \$388,336 from deferred contributions for property and equipment to deferred contributions for programming for contributions restricted during the current year for the Global Business Centre's operations.

7. Net Assets Invested In Property and Equipment	2010	2009
Property and equipment (Note 4)	\$ 1,791,022	\$ 1,844,044
Deferred contributions for leasehold improvements and equipment (Note 6)	<u>(1,430,487)</u>	<u>(1,896,809)</u>
	<u>\$ 360,535</u>	<u>\$ (52,765)</u>

During the year, the Company recognized \$367,419 (2009 - \$133,410) of deferred revenue contributions for tenant improvements and \$29,438 for equipment (2009 - \$nil) due to amortization of the related assets.

December 31, 2010

---

#### 8. Related Party Balances and Transactions

---

Related party balances and transactions not otherwise disclosed in these financial statements consist of:

The Company paid the City of Calgary rent, operating and other costs totaling \$163,609 (2009 - \$107,482). At year end, \$81,763 (2009 - \$30,003) of this amount is included in accounts payable and accrued liabilities. In addition, the holdback receivable (Note 3) is due from the City of Calgary.

The Company recognized management fee revenue of \$46,638 (2009 - \$nil) and paid for a sponsorship of \$5,000 (2009 - \$nil) to its wholly owned subsidiary. Included in accounts receivable is \$396,154 due from the Company's subsidiary, Alberta Creative Hub, that is due on normal trade terms.

The Company paid other companies related through common ownership for sponsorship, rental of space and other services totaling \$96,995 (2009 - \$96,426). The Company also received revenue from these companies totaling \$24,500 (2009 - \$125,476). At year end, \$10,000 (2009 - \$nil) of this amount is included in accounts receivable.

The Company received revenue of \$22,000 (2009 - \$10,000) from corporations related to directors of the Company towards its Action Calgary programming. At year end, \$nil (2009 - \$10,000) of this amount is included in accounts receivable. The Company also paid for sponsorship and event related services of \$1,000 (2009 - \$9,225) to a corporation related to a director of the Company.

All transactions have been recorded at the agreed to exchange amounts that have been negotiated under normal trading conditions and terms.

---

December 31, 2010

---

## 9. Commitments and Contingencies

---

### Equipment Lease

On January 1, 2010, the Company entered into an operating lease agreement for a term of 60 months for equipment. The annual commitment is as follows:

2011	19,228
2012	19,228
2013	19,228
2014	19,228
	<u>\$ 76,912</u>

### Facility Lease

The Company has a ten year lease for rental of office space ending August 1, 2014. Annual payments are approximately \$20 per year plus operating costs. The lease is for space in the Calgary TELUS Convention Centre and the landlord is the City of Calgary Corporate Properties, a related party.

The Company has a ten year rental agreement, effective June 15, 2009, with a third party corporation, for office space in the Neilson Block which is part of the Telus Convention Centre facility. The term of the agreement is for ten years with an option to not continue after the first 5 years. There are no rental costs but the Company does pay operating costs.

The Company has a lease for office space in the Neilson Block which is part of the Telus Convention Centre facility. The agreement is with the City of Calgary Corporate Properties, a related party. The lease commenced January 1, 2009 and expires August 1, 2014 to coincide with the other space leased from the City of Calgary. The annual payments are \$10 per year plus operating costs.

### Capital Commitments

As at December 31, 2010 the Company had \$nil (2009 - \$491,923) in unspent commitments to complete tenant improvements related to work on assets not yet in use.

### Directors and Officers

Under the terms of the Company's by-laws, the Company indemnifies individuals who have acted at the Company's request to be a director and/or officer of the Company, to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered by or incurred by the individuals as a result of their service. The claims covered by such indemnifications are subject to statutory and other legal limitation periods. The nature of the indemnification agreements prevent the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiaries of such indemnification agreements.

---

December 31, 2010

---

## 10. Financial Instruments

---

As disclosed in the summary of significant accounting policies, the Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to credit risk. The Company manages its exposure to this risk by operating in a manner that minimizes its exposure to the extent practical.

### Credit risk

Credit risk is the risk that the Company will incur a financial loss because a contributor or counterparty has failed to discharge an obligation. The Company is exposed to credit risk on its accounts receivable and accrued revenue. This risk is somewhat mitigated due to the fact that a portion of the accounts receivable is primarily comprised of amounts due from the City of Calgary and the provincial and federal governments. To further mitigate this risk, the Company regularly reviews its accounts receivable list and follows up on collections in a timely manner. The Company is also exposed to credit risk as a significant portion of the Company's cash and cash equivalents are held at one chartered bank. As such, the Company is exposed to all the risks of that financial institution.

---

## 11. Defined Contribution Plan

---

The Company established a defined contribution plan for its salaried employees on January 1, 2000. The total expense incurred for the year ended December 31, 2010 was \$106,801 (2009 - \$97,134).

---

## 12. Capital Disclosures

---

The Company considers its capital to be its unrestricted net assets and its net assets which are invested in property and equipment, in the amount of \$1,112,957 as at December 31, 2010 (2009 - \$818,144).

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern so that it can offer programs and services. Annual budgets are developed to monitor the sufficiency of the Company's capital.

---

December 31, 2010

---

### 13. Controlled Organization

---

The Company controls its wholly owned subsidiary, The Alberta Creative Hub ("ACH"). The companies are under common management. ACH has not been consolidated in the Company's financial statements, but its financial statements are available on request. ACH was incorporated on December 17, 2009 under the Alberta Companies Act and commenced operations on January 1, 2010. ACH is a non-profit organization that supports the growth and development of the film, television, media and other creative industries. As a non-profit organization, ACH is exempt from income taxes under section 149(1)(l) of the Income Tax Act of Canada.

The following is condensed financial information of ACH as at and for the year ended December 31, 2010. This information was prepared using the same accounting policies as Calgary Economic Development Ltd.

#### Financial Position

Total assets	\$ 1,310,025
Total liabilities	<u>1,307,193</u>
Total net assets	<u>\$ 2,832</u>

#### Revenues and Expenditures

Revenues	\$ 401,076
Expenditures	<u>398,244</u>
Excess of revenues over expenditures	<u>\$ 2,832</u>

#### Cash Flows

Cash flows from operating activities	\$ 15,262
Cash flows from financing activities	<u>1,275,000</u>
Increase in cash and cash equivalents	<u>\$ 1,290,262</u>

ACH has entered into a management agreement with the Company that sets out the terms and conditions by which the Company is to provide the services of its employees and general day to day administration and management services in connection with the business of ACH (Note 8).

---

### 14. Comparative Figures

---

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

---