In 2009, Calgary, much like many other cities around the world, needed to reflect, adapt and evolve. A city formed of resilient people, we are used to responding and adapting to diverse needs and challenges.

We have reflected on our new reality, and analyzed our situation and options. We have made the necessary and sometimes difficult decisions to adapt to our new economic environment, and we will continue to evolve and move toward a stronger and healthier economic future as a unified business community.

In these pages you will find highlights of Calgary Economic Development’s work over the past year. We, like other Calgary businesses, have reflected on and adapted our efforts to better position our economy and our business community for a positive future.

Our initiatives have attracted international businesses, nurtured trade relationships, facilitated labour strategies, connected industry with government leaders, and provided foundational elements for a stronger and more sustainable future. We have engaged the corporate community, leveraging our existing funding model to create a sustainable and forward-looking business plan, and have, for the first time in our history, built a new capital entity, the Global Business Centre for Southern Alberta.

Calgary Economic Development produces an array of research and informational resources to assist in decision-making and investment by the business community.

Our 2009 client success stories highlight how these resources, coupled with our expertise and experience, can play a key role in supporting business growth in the Calgary Region.

All of our efforts are made possible through the collaboration and guidance of those in our community. Pictured in these pages are partners, colleagues, clients, friends, and fellow citizens who are vital to our success; we are grateful for their energy, vision and commitment.

On behalf of our Board of Directors and staff, we extend our sincere thanks to Mayor Bronconnier, members of Calgary City Council, our Action Calgary partners and the Calgary business community for their continued support.

Together we can and will evolve, realizing a stronger and healthier future.

F. Bruce Graham
President & CEO

Wilfred A. Gobert
Chairman of the Board
About Calgary Economic Development

Calgary Economic Development (CED) is working to make Calgary the undisputed choice for people and business. As Calgary’s lead economic development agency, we work with businesses to facilitate growth, expedite local, national and international business investment and trade development, and promote sustainable economic growth in the Calgary region. For more information on Calgary Economic Development, please visit our website at www.calgaryeconomicdevelopment.com.

Our Vision
We are recognized as a key influencer in Calgary’s economy.

Our Mission
We strategically influence the economic vitality and well-being of Calgary.

Our Mandate
To lead, facilitate and advance Calgary’s economic development efforts to attract and retain business investment.

Our Guiding Principles
Proactive, collaborative, responsive and accountable.

Our Values

**ENERGY**
Our level of activity, drive, positive attitude and energy

**CONNECT**
With our community, clients and our internal team

**GROW**
Our desire to improve, to learn and to adapt

**RESPECT**
Our mutual appreciation of each other, our commitments, our stakeholders and partners, and the environment

“The trip to Calgary enabled me to meet with industry contacts, academia and Investment & Trade officers. This certainly made me feel comfortable with the idea of having an office in Calgary. The program was well worth my time. I appreciate CED and other organizations for putting this program together.”

Joe Hannan, Vice President, Location Products, TeleCommunication Systems
“The past two years have proven that prosperity is not given but earned through good choices and hard work. To help Calgary businesses succeed long-term we need vision, sound strategies and hands-on support. Since its inception in 2003, Calgary Economic Development has been playing an active role in creating a solid foundation for the success of our businesses and this is precisely what this community needs and anticipates.”

Dave Bronconnier
Mayor
City of Calgary
REFLECT

sential to attract good talent, says Elsbeth Mehrer, manager of workforce development for Calgary Economic Development. To accomplish that, employers need to separate themselves from the rest of the

Economic Development. CED's Elsbeth Mehrer, manager of workforce development, admitted that while there are more people than jobs in some skill areas, "accounting, finance and administration are areas

telework as part of the response to incidents like swine flu. Through telework, employees can work remotely, either from a home office, a partner site or even a coffee shop, said telework project manager

workforce awaiting them around the corner, according to Elsbeth Mehrer, manager of workforce development for Calgary Economic Development. "The demographic reality is still going to come right up

kinds of businesses, the ones centred around sports and sports paraphernalia -- it's really a redirection of money that would be spent elsewhere...Companies must also not forget the reality of an aging

global economic circumstances by placing a significant amount of sublease space into the market..."For true economic impact, you need new money coming in," says Legge. "The playoffs benefit certain

downtown vacancy rates of six to seven per cent are below the long-term average and within the realm of a balanced market," he said "Office tenants have demonstrated a quick and nimble response to the

mans, business development manager of real estate for Calgary Economic Development. "While respecting the painful challenges of the people and companies that, frankly, are reflected in these statistics,

ethically and responsibly," says Elsbeth Mehrer with Calgary Economic Development...People need to keep a perspective about current vacancy rates, said Richard Poot-

rates, it becomes a difficult adjustment." However, the rapid increase in unemployment rates is concerning and indicative of Calgary's vulnerability to national and global economic trends, said Mehrer,

Elsbeth Mehrer with Calgary Economic Development. "When you look at the current numbers and compare to the rest of the nation, we're still pretty good. But when you have had such low unemployment

two years after welcome signs featuring the "New West" slogan and logo were installed on the city outskirts, officials with Calgary Economic Development and the city are working to replace Calgary's

said Saudi Aramco picked a good time to make its pitch in Calgary. "People from the outside know that if they come to Canada in this environment they're going to have a room full of Alberta suppliers because

project. Branding is one of those things we love to criticize. I hear it all the time. Who needs a brand? There are much better ways to spend our money, right? It's quite peculiar how a tool--yes, that is what a

of construction underway -- five-million square feet of it," said Bruce Graham...As things slow down locally, said Graham, a silver lining is that local corporates are looking. "An interesting shift we're seeing

year from about $4.8 billion in 2008...A recent Calgary Economic Development report said sublease options are expected to become available in the office market as companies face cutbacks amid the

Sharp rise in telecommuting as Canadian firms strive to cut costs...Here in Canada, Alberta's greater Calgary region will be launching a regional telework program this year focused on providing a common

of all major Canadian cities, behind only Ottawa... "Very little of anything will do anything if we don't have stability and confidence," Ad ley, right off the top and I believe the 200 or so people in attendance found it very refreshing and truthful...Be that as it may, Legge and other economists I've heard lately do know what is required to
Review of Accomplishments

Calgary Economic Development’s business plan mirrors the three goals found in the Calgary Economic Development Strategy:

1. Focus on people and community
2. Focus on business and enterprise
3. Focus locally to achieve globally

Within these goals are our initiatives and projects, the accomplishments of which are as follows:

Goal 1: Focus on People and Community

**ACTION CALGARY - CORPORATE ENGAGEMENT**

CED launched our Action Calgary corporate partnership program in 2009. This initiative engages visionary leaders in the business community in projects that will benefit both their own companies and our community. It is corporate engagement, participation and investment with a solid business payback that aligns with CED’s business plan. Backed by 42 corporate partners, CED is delivering results in eight key projects. Over 170 presentations have been made to business leaders on our corporate engagement program. A full list of Action Calgary partners can be found on page 20.

**WORKFORCE DEVELOPMENT – LIVEINCALGARY.COM**

While the economic downturn meant a softening in the labour market, a return to buoyant economic activity, coupled with aging demographics, are expected to bring about tight labour market conditions that are likely to remain in place for many years. To ensure Calgary is prepared for these conditions, CED created an authoritative website for the attraction and retention of our most important resource - people. LiveInCalgary.com officially launched in February 2010 to great reviews.

“Calgary Economic Development was able to assist us by directing us to useful services such as an online permitting service which saved us valuable time in our opening. They were also able to arrange on short notice an informal pre-application conference call between our broker and two senior City Approvals Department officials. The information exchanged during that call enabled the building permit to be approved in an expeditious manner. We continue to work with CED and hope to maintain this relationship.”

Sandy Gott, Executive Vice President, Ice River Springs Water Co., Inc.
This site is the definitive tool for industry to leverage the region’s attributes for the recruitment of people to Calgary. It is the most comprehensive tool for anyone looking to relocate to Calgary but is also applicable to existing Calgarians, as it includes useful tools for job searching, neighbourhood and community information, and links to residential real estate resources.

**WORKshift – CALGARY REGIONAL TELEWORK INITIATIVE**

WORKshift, an innovative and nationally-supported initiative to accelerate the adoption of telework in the Calgary business community, was launched in May 2009. WORKshift offers a comprehensive set of resources to assist employers in the evaluation, adoption and implementation of telework strategies to improve productivity, reduce operating expenses, reduce greenhouse gas emissions, and improve the recruitment and retention of employees.

In addition to the deployment of a website, www.workshiftcalgary.com, CED has presented to more than 70 businesses and business associations to increase awareness of telework and WORKshift. CED attracted 13 companies to participate in a pilot program. WORKshift is funded through a three-year $800,000 contract with Transport Canada, with intentions to replicate this initiative in other regions of Canada.

**WORLDSKILLS COMPETITION**

CED was a strategic partner in the engagement of employers in the WorldSkills Calgary competition held in September 2009. WorldSkills, which hosted more than 1,000 competitors, is an international event that promotes and supports the development of skilled trades and technical talent, key to a sustainable economy.

WorldSkills Calgary was comparable in scale to the 1988 Winter Olympics. In support of the competition, CED conducted research and prepared marketing collateral about the opportunities and benefits of a career in skilled trades and shared this work with local schools. CED also organized several events during WorldSkills, engaging businesses, educators and visitors.

**Goal 2: Focus on Business and Enterprise**

**ALBERTA CREATIVE HUB**

CED has been actively championing the development of a Creative Hub and film studio in Calgary, infrastructure which is critical to the long-term success of the creative industries. During the 2009 Gemini Awards hosted in Calgary, the Alberta Minister of Culture and Community Spirit announced the government’s support for the Creative Hub project. CED continues to work with government and industry to advance this project, and the Alberta Creative Hub was incorporated in December 2009.

**SUSTAINABLE AND RENEWABLE ENERGY**

In 2009, CED created a strategic focus on the SURE (Sustainable and Renewable Energy) sector with the creation of an industry group of over 40 companies to develop this emerging sector. In collaboration with the Alberta Government and Edmonton Economic Development Corporation, an outbound company mission was made to the Pollutec tradeshow in Paris where four Calgary companies exhibited their technology.
FINANCIAL SECTOR ADVISORY COMMITTEE
In 2009, CED established the Financial Sector Advisory Committee (FSAC), composed of 21 high-level financial services executives leading Calgary’s financial services industry. The objective of the FSAC is to increase the growth and capability of the financial services industry as a means to diversify our economy and to increase assets under management by Calgary-based institutions.

By year-end the FSAC provided new content for a refreshed Financial Services Sector Profile, positioned Calgary for ranking in the Global Financial Centre Index, and provided oversight to a recently completed Financial Services Investment Attraction study funded by the Province of Alberta.

PRODUCTIVITY ALBERTA
Productivity has been cited by many industry experts as the most important factor affecting Canada’s competitiveness and prosperity. For the second consecutive year, CED has been a strategic partner in the delivery of Productivity Alberta programming, a Government of Alberta-led initiative focused on industry needs to drive increased productivity in Alberta business sectors.

CED connected with over 800 business leaders in productivity programming, including two best practices tours of Ontario plants for Calgary-based manufacturers, a leadership forum, various Lean manufacturing workshops, seminars on energy efficiency and environmental strategies, and the completion of a series of best practices videos targeting productivity in the workplace.

Goal 3: Focus Locally to Achieve Globally
GLOBAL BUSINESS CENTRE
Construction of CED’s Global Business Centre was largely completed in 2009. The Global Business Centre is a 7,000 square foot, multi-level business centre, located in the historic Neilson Block of the Calgary TELUS Convention Centre and is scheduled to be officially opened in June 2010. It is a highly visible centre providing services to accelerate international commerce. The Global Business Centre provides resources and connections to attract international business and investment to Southern Alberta. It will also assist Southern Alberta businesses in leveraging opportunities in international markets. CED continues to engage with the Calgary and Southern Alberta business community to advance the facility and programming for the Global Business Centre.

WORLD ENERGY CITIES PARTNERSHIP AND CLIMATE CHANGE ACCORD
In October 2009, CED hosted the World Energy Cities Partners (WECP) annual general meeting. This event was the most ambitious and successfully executed AGM in the history of the WECP with more than 130 international delegates from 16 representative cities at this two-and-a-half day business event. A business-to-business matchmaking event was successfully executed involving more than 50 business meetings with local and international companies.
At the WECP annual meeting, the signing of the historic Calgary Climate Change Accord was completed in advance of the Copenhagen climate change talks. The Calgary Climate Change Accord was recognized in Copenhagen for positioning participating World Energy Cities as leaders in greenhouse gas reductions for municipal operations and community best practices.

INTERNATIONAL REACH
CED hosted an incoming procurement mission for Saudi Aramco and held the second international reception during the Go-Expo in conjunction with France, the UK and Bavaria. A two-day “Reaching New Markets” workshop was hosted by CED, providing insights for Calgary companies to enter various export markets. In 2009, CED received 26 delegations and hosted three outgoing missions.

CLIENT ACTIVITY
Calgary Economic Development is a facilitator of investment attraction, trade development and business expansion. Our goal is to bring businesses, organizations, government and the community together to create opportunities and achieve bold results. In 2009, a cross-section of clients, randomly selected and surveyed by an independent third party, indicated a 95 per cent satisfaction rate with service received from CED staff. CED’s direct engagement with 262 clients resulted in 24 success stories.

CLIENT SUCCESS STORIES

ENERGY
- Brimrock (Expansion)
- Hydrotestors International Inc. (Trade)

INTERNATIONAL
- British Trade Office (Expansion)
- Israeli Trade Commission (Attraction)

REAL ESTATE
- Ice River Springs Water Co., Inc. (Attraction)
- Poon/NORR (Expansion)
- Newrest (Attraction)

WIRELESS
- TeleCommunication Systems (Attraction)
- Techforce (Attraction)

MANUFACTURING
- Kudu Industries Inc. (Growth opportunity)
- Optima Manufacturing Inc. (Growth opportunity)
- Elrus Aggregate Systems (Growth opportunity)
- Tarpon Energy Services Ltd., Structures Division (Growth opportunity)

CREATIVE INDUSTRIES – FILM AND TELEVISION PRODUCTIONS
- Inception (Attraction)
- Santa Baby 2 (Attraction)
- Heartland (Local opportunity)
- Tucker & Dale vs. Evil (Attraction)
- 12 Men of Christmas (Attraction)
- Gemini Awards (Attraction)
- At the End of My Leash (Local opportunity)
- Angel’s Crest (Attraction)
- My Rona Home (Attraction)
- The Future is Now (Attraction)
- Fish Out of Water (Local opportunity)
“Our citizens and businesses are experienced in dealing with economic upheavals and downturns. We understand economic and energy cycles, and we know the next peak or valley could be just around the corner. Being able to constantly adapt to these cycles is what makes Calgary businesses resilient.”

Wilf Gobert
Chairman of the Board
Calgary Economic Development
ADAPT
Financial Statements Overview

CED completed the 2009 year with a 6.9% increase in revenue and a 4.5% increase in expenses over 2008 for an income of $223,369, up 194% from 2008. CED’s cash position remains strong and working capital is considered sufficient to execute CED’s business plan.

CED’s leveraged revenue, secured from economic development partners and stakeholders, grew by 11% over the previous year to exceed $1.72 million. This revenue was in addition to the base operating grant received from the City ($4.55 million) and represented approximately 27.5% of CED’s operating revenue for 2009. CED continually strives to engage government and business to assist with its programs and initiatives. 2009 was a strong year for CED, a trend that is anticipated to continue in 2010.

The $1.4 million increase in current assets in 2009 is due mainly to increases in accrued revenue for funding claims related to the construction of the Global Business Centre and the implementation of our new WORKshift program. A portion of this increase results from higher cash holdings and accounts receivable balance. The addition of the Global Business Centre also accounts for most of a $931,000 increase in property and equipment assets.

CED’s liabilities also increased during 2009 due in large part to the construction of the Global Business Centre.
Summary Financial Results*
For the years ended December 31, 2009 and 2008

### Summary Statement of Revenues and Expenditures

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Calgary</td>
<td>$5,121,272</td>
<td>$4,741,411</td>
</tr>
<tr>
<td>Government</td>
<td>491,849</td>
<td>723,129</td>
</tr>
<tr>
<td>Business</td>
<td>566,409</td>
<td>245,108</td>
</tr>
<tr>
<td>Other</td>
<td>221,395</td>
<td>278,297</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>6,400,925</td>
<td>5,987,945</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating and program expenses</td>
<td>5,936,759</td>
<td>5,701,143</td>
</tr>
<tr>
<td>Amortization</td>
<td>240,797</td>
<td>210,889</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>6,177,556</td>
<td>5,912,032</td>
</tr>
<tr>
<td><strong>Excess of revenues over expenditures</strong></td>
<td>$223,369</td>
<td>$75,913</td>
</tr>
</tbody>
</table>

*Complete audited financial statements for the year ending December 31, 2009 are available at www.calgaryeconomicdevelopment.com (Auditor: BDO Canada LLP)*
“Calgary businesses have had to reflect on the new economic reality, adapt to the conditions that were brought upon all of us, and make the necessary changes in order to evolve. Changing economic conditions can drive the need for collaboration and Calgary Economic Development will continue to bring businesses together to evolve and achieve a brighter future.”
EVOLVE
Alexander Fritsche
Bank of Canada

Art Korpack
CIBC World Markets

Alan Knight
Independent Consultant to the Virgin Group

Chris Anderson
Bisset Investment Management

Chris Thomas
Tim Hortons

Christiane Germain
Germain Group

Colleen Hodge
Delta Bow Valley

Francisco Lopez Mena
Consulate of Mexico, Calgary

Garry Mihaichuk
GWM Resources LTD.

George Marlatte
Scotiabank

Gordon Ritchie
RBC Dominion Securities

Heather Larke
TD Waterhouse

Jacqueline Dupuis
CIFF

Ken Vinge
Bowen Workforce Solutions

Leo de Bever
AIM co

Leslie Evans
Federation of Calgary Communities

Maggie Schofield
Downtown Association

Marek Drywa
Office of the Mayor

Mario Henriques
City of Calgary, Planning, Development

Mayor Bronconnier

Michael Halliwell
Canadian Western Bank

Michael Mezei
Mawer Investment Management

Mike Shields
Jet Music

Mike Taylor
Heritage Business Interiors

Pat Firminger
Government of Alberta

Patricia Fuentes
Government of Alberta

Paul Paynter
British Trade Office

Rob Cooke
Calgary CFA Society

Ron Poos
NORR Architects

Stan Schwartzbenberger
City of Calgary

Walter Valentini
Government of Alberta

Yasuo Minemura
Consulate General of Japan
Calgary Economic Development
ANNUAL REPORT 2009

FACTS

Summary of Highlights
2009 Economic Performance Highlights
Calgary Economic Region

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2009</th>
<th>2008</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Age Population</td>
<td>Persons</td>
<td>1,050,400</td>
<td>1,021,000</td>
<td>2.9%</td>
</tr>
<tr>
<td>Labour Force</td>
<td>Persons</td>
<td>802,600</td>
<td>784,700</td>
<td>2.3%</td>
</tr>
<tr>
<td>Employment</td>
<td>Persons</td>
<td>749,900</td>
<td>757,900</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Employment Rate</td>
<td>%</td>
<td>71.4</td>
<td>74.2</td>
<td>-3.8%</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>%</td>
<td>6.6</td>
<td>3.4</td>
<td>94.1%</td>
</tr>
<tr>
<td>Labour Force Participation Rate</td>
<td>%</td>
<td>76.4</td>
<td>76.9</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Net Migration</td>
<td>Persons</td>
<td>23,000</td>
<td>18,000</td>
<td>27.8%</td>
</tr>
<tr>
<td>Housing Starts*</td>
<td>House Units</td>
<td>6,318</td>
<td>11,438</td>
<td>-44.8%</td>
</tr>
<tr>
<td>MLS Median Single Family House Price**</td>
<td>$</td>
<td>401,000</td>
<td>380,000</td>
<td>5.5%</td>
</tr>
<tr>
<td>Value of Building Permits</td>
<td>$</td>
<td>4,501,269,000</td>
<td>5,139,660,000</td>
<td>-12.4%</td>
</tr>
<tr>
<td>Consumer Price Index*</td>
<td>2002=100</td>
<td>121.7</td>
<td>121.8</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Industrial Space Inventory**</td>
<td>Square Feet</td>
<td>114,775,758</td>
<td>112,472,504</td>
<td>2.0%</td>
</tr>
<tr>
<td>Office Space Inventory**</td>
<td>Square Feet</td>
<td>55,775,758</td>
<td>50,895,279</td>
<td>9.6%</td>
</tr>
</tbody>
</table>

*denotes Census Metropolitan Area geography
**denotes City of Calgary geography; December price
Source: Statistics Canada, The City of Calgary, CB Richard Ellis, Calgary Real Estate Board

Total employment in the Calgary Economic Region decreased by 1.1 per cent from 757,900 in 2008 to 749,900 in 2009. The highest percentage in employment growth occurred in utilities, transportation and warehousing, other services and information, culture and recreation. The industries with the highest percentage of job losses were manufacturing, agriculture and forestry, fishing, mining, and oil and gas.

Employment by Industry, 2008-2009
Employment by Industry
Calgary Economic Region (000's)

<table>
<thead>
<tr>
<th>Description</th>
<th>2009</th>
<th>2008</th>
<th>Change (persons)</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Industries</td>
<td>749,900</td>
<td>757,900</td>
<td>-8,000</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Full-time Employment</td>
<td>622,700</td>
<td>642,200</td>
<td>-19,500</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Part-time Employment</td>
<td>127,300</td>
<td>115,700</td>
<td>11,600</td>
<td>10.0%</td>
</tr>
<tr>
<td>Goods-Producing Sector</td>
<td>188,200</td>
<td>205,000</td>
<td>-16,800</td>
<td>-8.2%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>12,600</td>
<td>14,500</td>
<td>-1,900</td>
<td>-13.1%</td>
</tr>
<tr>
<td>Forestry, Fishing, Mining and Oil and Gas</td>
<td>49,700</td>
<td>55,800</td>
<td>-6,100</td>
<td>-10.9%</td>
</tr>
<tr>
<td>Utilities</td>
<td>8,200</td>
<td>5,900</td>
<td>2,300</td>
<td>39.0%</td>
</tr>
<tr>
<td>Construction</td>
<td>71,300</td>
<td>75,100</td>
<td>-3,800</td>
<td>-5.1%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>46,300</td>
<td>53,600</td>
<td>-7,300</td>
<td>-13.6%</td>
</tr>
<tr>
<td>Service-Producing Sector</td>
<td>561,700</td>
<td>552,900</td>
<td>8,800</td>
<td>1.6%</td>
</tr>
<tr>
<td>Trade</td>
<td>102,200</td>
<td>110,100</td>
<td>-7,900</td>
<td>-7.2%</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>42,200</td>
<td>36,400</td>
<td>5,800</td>
<td>15.9%</td>
</tr>
<tr>
<td>Finance, Insurance, Real Estate and Leasing</td>
<td>48,600</td>
<td>50,000</td>
<td>-1,400</td>
<td>-2.8%</td>
</tr>
<tr>
<td>Professional, Scientific and Technical Services</td>
<td>83,000</td>
<td>90,600</td>
<td>-7,600</td>
<td>-8.4%</td>
</tr>
<tr>
<td>Business, Building and Other Support Services</td>
<td>29,700</td>
<td>27,000</td>
<td>2,700</td>
<td>10.0%</td>
</tr>
<tr>
<td>Educational Services</td>
<td>44,100</td>
<td>40,000</td>
<td>4,100</td>
<td>10.3%</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>70,200</td>
<td>67,200</td>
<td>3,000</td>
<td>4.5%</td>
</tr>
<tr>
<td>Information, Culture and Recreation</td>
<td>36,200</td>
<td>31,900</td>
<td>4,300</td>
<td>13.5%</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>42,600</td>
<td>40,800</td>
<td>1,800</td>
<td>4.4%</td>
</tr>
<tr>
<td>Other Services</td>
<td>36,600</td>
<td>32,200</td>
<td>4,400</td>
<td>13.7%</td>
</tr>
<tr>
<td>Public Administration</td>
<td>26,200</td>
<td>26,600</td>
<td>-400</td>
<td>-1.5%</td>
</tr>
</tbody>
</table>

Totals may not add due to rounding
Source: Statistics Canada
UNEMPLOYMENT RATE
The average annual unemployment rate in the Calgary Economic Region was 6.6 per cent in 2009, up from 3.4 in 2008.

Employment Indicators

Employment Change & Unemployment Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment Change (Persons)</th>
<th>Unemployment Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Calgary Economic Region</td>
<td>Calgary Economic Region</td>
</tr>
<tr>
<td>2005</td>
<td>8,800</td>
<td>3.9</td>
</tr>
<tr>
<td>2006</td>
<td>53,400</td>
<td>3.2</td>
</tr>
<tr>
<td>2007</td>
<td>31,200</td>
<td>3.2</td>
</tr>
<tr>
<td>2008</td>
<td>21,700</td>
<td>3.4</td>
</tr>
<tr>
<td>2009</td>
<td>-8,000</td>
<td>6.6</td>
</tr>
</tbody>
</table>

Source: Statistics Canada

Real Estate Activity: Building Permits and Housing Starts

Total Building Permits ($), Calgary Economic Region

The Calgary Economic Region saw building intentions decline during 2009 with building permits valued at over $4.5 billion, a decrease of 12.4 per cent over 2008. This was driven primarily due to a slowdown in the commercial, industrial and multi-family residential segments. Job losses, higher vacancy rates for downtown offices, and less demand due to the global financial situation has slowed the amount of new residential and non-residential needed in 2009 compared to previous years.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Building Permits ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>4,271,831,000</td>
</tr>
<tr>
<td>2006</td>
<td>5,991,501,000</td>
</tr>
<tr>
<td>2007</td>
<td>7,116,274,000</td>
</tr>
<tr>
<td>2008</td>
<td>5,139,660,000</td>
</tr>
<tr>
<td>2009</td>
<td>4,501,269,000</td>
</tr>
</tbody>
</table>

Source: Statistics Canada

Non-Residential Building Permits ($), Calgary Economic Region

Non-residential permits in the Calgary Economic Region accounted for approximately $2.5 billion worth of building permits in 2009, a decrease of 14.0 per cent from 2008. Non-residential permits represented 54.4 per cent of the total building permit value in 2009.

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-Residential Building Permits ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>1,669,229,000</td>
</tr>
<tr>
<td>2006</td>
<td>2,566,159,000</td>
</tr>
<tr>
<td>2007</td>
<td>3,512,769,000</td>
</tr>
<tr>
<td>2008</td>
<td>2,849,069,000</td>
</tr>
<tr>
<td>2009</td>
<td>2,450,749,000</td>
</tr>
</tbody>
</table>

Source: Statistics Canada

Residential Building Permits ($), Calgary Economic Region

Residential permits in the Calgary Economic Region represented close to $2.1 billion worth of building permits in 2009, a decrease of 10.5 per cent from 2008, representing approximately 45.6 per cent of total building permit value.

<table>
<thead>
<tr>
<th>Year</th>
<th>Residential Building Permits ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>2,602,602,000</td>
</tr>
<tr>
<td>2006</td>
<td>3,425,342,000</td>
</tr>
<tr>
<td>2007</td>
<td>3,603,505,000</td>
</tr>
<tr>
<td>2008</td>
<td>2,290,591,000</td>
</tr>
<tr>
<td>2009</td>
<td>2,050,520,000</td>
</tr>
</tbody>
</table>

Source: Statistics Canada

Housing Starts, Total Calgary Census Metropolitan Area

6,318 new housing units were started in the Calgary Census Metropolitan Area during 2009, a decrease of 44.8 per cent over the previous year.

<table>
<thead>
<tr>
<th>Year</th>
<th>Housing Starts, Total Calgary CMA (Units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>13,667</td>
</tr>
<tr>
<td>2006</td>
<td>17,046</td>
</tr>
<tr>
<td>2007</td>
<td>13,505</td>
</tr>
<tr>
<td>2008</td>
<td>11,438</td>
</tr>
<tr>
<td>2009</td>
<td>6,318</td>
</tr>
</tbody>
</table>

Source: Statistics Canada
Economic Indicators
Real Estate Activity – Industrial & Office Markets

Calgary Industrial Inventory
The increase in the amount of industrial space in Calgary continues the upward trend of the past decade. More than 2.4 million square feet of new industrial supply was built during the year. By the end of 2009, there was close to 114.9 million square feet of industrial space in Calgary.

Calgary Industrial Vacancy
Industrial vacancy increased to 5.2 per cent in 2009, up from 3.1 per cent in 2008, as industrial space available exceeded demand due to slowing economic conditions globally and a strong year of space completion.

Calgary Industrial Absorption
Annual absorption for industrial space was about half last year. By the end of 2009, absorption was 568,000 square feet, compared to 1.1 million square feet in 2008. Despite the slowdown, absorption still remained positive for 2009.

Calgary Total Industrial Market

<table>
<thead>
<tr>
<th>Year</th>
<th>2005 Year End</th>
<th>2006 Year End</th>
<th>2007 Year End</th>
<th>2008 Year End</th>
<th>2009 Year End</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Inventory (sq.ft.)</td>
<td>102,265,399</td>
<td>105,536,978</td>
<td>110,052,173</td>
<td>112,472,504</td>
<td>114,883,823</td>
</tr>
<tr>
<td>Vacancy Rate</td>
<td>2.3%</td>
<td>0.8%</td>
<td>0.6%</td>
<td>3.1%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Absorption (Y-T-D) (sq.ft.)</td>
<td>3,413,139</td>
<td>6,471,669</td>
<td>3,104,933</td>
<td>1,114,912</td>
<td>567,523</td>
</tr>
</tbody>
</table>

Source: CB Richard Ellis

Calgary Office Inventory
In 2009, the downtown office space inventory grew by 2.6 million square feet with the addition of three new office towers: Centennial East, Centennial West and Jamieson Place. The suburban market continued to be a highly active market, increasing its inventory by 2.3 million square feet.

Calgary Office Vacancy
Slower office demand and the addition of three new downtown office towers contributed to the downtown vacancy rate increase to 15.5 per cent in 2009 from 5.2 per cent in 2008. The suburban office market showed a substantial increase in overall vacancy moving up to 15.7 per cent from 8.1 per cent as much new space was added to inventory.

Calgary Office Absorption
Calgary’s downtown market net absorption for the year 2009 continued to be negative at -1.2 million square feet, primarily due to the addition of newly completed inventory, as well as continued diminished corporate demand for office space resulting from the economic downturn. Suburban office absorption numbers continue to be strong at 240,762 square feet due to numerous project completions with lease agreements in place.

Calgary Total Downtown Office Market

<table>
<thead>
<tr>
<th>Year</th>
<th>2005 Year End</th>
<th>2006 Year End</th>
<th>2007 Year End</th>
<th>2008 Year End</th>
<th>2009 Year End</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Inventory (sq.ft.)</td>
<td>31,204,062</td>
<td>31,204,062</td>
<td>32,711,265</td>
<td>33,113,608</td>
<td>35,702,958</td>
</tr>
<tr>
<td>Vacancy Rate</td>
<td>2.1%</td>
<td>0.5%</td>
<td>3.4%</td>
<td>5.2%</td>
<td>15.5%</td>
</tr>
<tr>
<td>Absorption (Y-T-D) (sq.ft.)</td>
<td>2,030,504</td>
<td>478,793</td>
<td>557,583</td>
<td>-188,934</td>
<td>-1,236,784</td>
</tr>
</tbody>
</table>

Source: CB Richard Ellis

Calgary Total Suburban Office Market

<table>
<thead>
<tr>
<th>Year</th>
<th>2005 Year End</th>
<th>2006 Year End</th>
<th>2007 Year End</th>
<th>2008 Year End</th>
<th>2009 Year End</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Inventory (sq.ft.)</td>
<td>13,943,900</td>
<td>14,365,374</td>
<td>15,598,016</td>
<td>17,781,671</td>
<td>20,072,800</td>
</tr>
<tr>
<td>Vacancy Rate</td>
<td>7.6%</td>
<td>1.9%</td>
<td>3.8%</td>
<td>8.1%</td>
<td>15.7%</td>
</tr>
<tr>
<td>Absorption (Y-T-D) (sq.ft.)</td>
<td>754,561</td>
<td>1,198,834</td>
<td>825,766</td>
<td>1,271,850</td>
<td>240,762</td>
</tr>
</tbody>
</table>

Source: CB Richard Ellis

“While a lot of work remained to be done following our initial introduction to PEMEX (Mexico’s national oil company) via that meeting at Calgary Economic Development, it is fair to say that none of this would have happened if that meeting had not taken place. Thank you for being an integral part of our international expansion.”

Ray Joyce, Chief Financial Officer, Hydrotestors International Inc.
Economic Indicators

Energy Indicators

OIL PRICES

The world price of oil, benchmarked at the US price per barrel of West Texas Intermediate, continued its persistent climb throughout 2009, with an annual average for 2009 of US $61.78/bbl, down from US $99.64/bbl in 2008, or by 38.0 per cent. Prices hit the lowest point of the year in February 2009 at US $39.26/bbl, but continued with an upward trend ending the year with the price of US $76.45/bbl. The previous lowest monthly oil price was seen in June 2004. Market assessments of a recovery globally, but particularly in China, and a flight away from the US dollar and into oil fueled the strong price growth of oil from its low in February to its close in December.

<table>
<thead>
<tr>
<th>West Texas Intermediate Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>2005</td>
</tr>
<tr>
<td>2006</td>
</tr>
<tr>
<td>2007</td>
</tr>
<tr>
<td>2008</td>
</tr>
<tr>
<td>2009</td>
</tr>
</tbody>
</table>

Source: Federal Reserve Bank of St. Louis

NATURAL GAS PRICES

Alberta natural gas prices averaged CDN $3.78/GJ in 2009, from the average of CDN $7.73/GJ in 2008, a decrease of 51.0 per cent. Gas prices were very volatile in 2009, dropping to $2.59 in the summer and ending the year at close to double the low at CDN $5.22/GJ. High inventories, a warmer than expected winter, limited demand and an explosion in North American supply from unconventional finds has brought natural gas to a new reality, one in which prices will remain far more tempered than in years prior.

<table>
<thead>
<tr>
<th>Alberta Natural Gas Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>2004</td>
</tr>
<tr>
<td>2005</td>
</tr>
<tr>
<td>2006</td>
</tr>
<tr>
<td>2007</td>
</tr>
<tr>
<td>2008</td>
</tr>
<tr>
<td>2009</td>
</tr>
</tbody>
</table>

Source: GLJ Energy Publications

“Thank you for your support to our business in Calgary. As a newcomer to the Calgary business community, we had to recruit a local workforce within a very short time. We appreciate the info and market intelligence you provided, which helped us to explore more means for hiring. Also, we thank you for referring and sorting the potential candidates for us.”

Charles Knipp, Techforce Telecom, Inc.
“We are a Calgary company and intend to remain so; our intention is to compete from here. The work CED has done to make resources available so we can accomplish this mission is very valuable to us. I have applied key lessons within days after each interaction I’ve had with the experts I’ve been able to meet through CED.”

Greg Helfrich, National Operations Manager, Elrus Aggregate Systems

Corporate and Government Partners

We are very appreciative of the tremendous support from our Corporate and Government partners who provide financial and leadership support to action our initiatives:

**Government Partners:**

**MUNICIPAL:**
- The City of Calgary
- Tourism Calgary
- Calgary TELUS Convention Centre
- Calgary Chamber of Commerce
- Calgary Technologies Inc.

**THE GOVERNMENT OF ALBERTA:**
- Ministry of Employment & Immigration
- Ministry of Finance & Enterprise
- Ministry of Culture & Community Spirit
- Alberta Film
- Ministry of International & Intergovernmental Affairs

**THE GOVERNMENT OF CANADA:**
- Western Economic Diversification
- Department of Foreign Affairs and International Trade
- Transport Canada

**Action Calgary Corporate Partners:**

**PLATINUM PARTNERS:**
- TELUS

**GOLD PARTNERS:**
- CALGARY HERALD
- TELETRIPS

**SILVER PARTNERS:**
- DIRT
- EDCO Financial Holdings Ltd.
- Nexen Inc.
- Opus Corporation
- Pattison Outdoor Advertising
- Sun Microsystems

**BRONZE PARTNERS:**
- Alberta College of Art & Design
- HARMONY by Bordeaux Developments
- Calgary Real Estate Board
- Cenovus Energy Inc.
- Devitt & Forand Contractors Inc.
- Element IWS
- Encana Corporation
- Evans Hunt Group
- First Calgary Savings
- Haworth
- Heritage Business Interiors

- Joe Media Group
- Lawson Projects
- Matthews Southwest
- Pricewaterhouse Coopers
- Quintaro Imaging
- RBC
- RGO Office Products Ltd.
- Shaw Contract Group
- Sizeland Evans
- Squeeze Creative Inc.
- University of Calgary
- Weber Shandwick
- Western Management Consultants
- White Iron Productions
- Zoom Communications Inc.
Board of Directors:
Wilf Gobert – Chairman of the Board
Alderman Brian Pincott – Ward 11, The City of Calgary
Bill Chomik – Principal, Kasian Architecture
Brett Ironside – Partner, Echo Merchant Fund
David Watson – General Manager, Planning, Development & Assessment,
The City of Calgary
Don Campbell – Vice President, Finance, Canadian Pacific Railway
Doug Armitage – Vice President, Business Development,
Calgary Exhibition & Stampede
Duncan Au – President, JAFETICA Capital Inc.
Gabriel Franco – Asset Manager, Western Canada, Standard Life
Gerry Protti – Chairman, Flint-Transfield Services
Jim Barker – Partner, Deloitte & Touche LLP
Lew Turnquist – Managing Director, Kirchner Private Capital Group
Monica Kohlhammer – President, MK Strategy Group Inc.
Murray Sigler – Executive VP & President, Axia Canada
Pat Sandall
Patricia McLeod – Associate General Counsel, AltaLink
Dr. Philip Chang – Haskayne School of Business, University of Calgary

Core Staff:

EXECUTIVE OFFICE
Bruce Graham – President and CEO
Karen Garrick – Executive Assistant to the President and CEO

RESEARCH, WORKFORCE & STRATEGY
Adam Legge – Vice President and Chief Economist
Elsbeth Mehrer – Manager, Workforce Development
Katie Emond – Research Manager
Luke Azevedo – Commissioner, Film, Television & Creative Industries
Lissa Craig – Logistics Coordinator, Film, Television & Creative Industries
Carol Thiessen – Information Coordinator
Elisha Chin – Team Assistant

INVESTMENT AND TRADE DEVELOPMENT
John Hankins – Vice President, Investment and Trade Development
Deana Haley – Business Development Manager
Monica Rovers – Business Development Manager, International
Rachel Yin – Business Development Manager, Financial Services
Richard Pootmans – Business Development Manager, Real Estate
Gary Slipp – Global Business Centre Manager
Kristie Schneider – Business Development Manager, SURE
Krista Lauridsen – Team Assistant/Receptionist, Global Business Centre

CORPORATE AND COMMUNITY ENGAGEMENT
Karen Chown – Director, Corporate and Community Engagement
Robyn Bews – Project Manager, WORKshift
Karen Hanes – Business Development Manager, Manufacturing & Productivity and Transportation & Logistics
Sarah Cott – Business Development Representative, Manufacturing & Productivity and Transportation & Logistics
Adelina Banks – Coordinator, Corporate and Community Engagement
Kristy Frandle – Team Assistant, Corporate and Community Engagement

MARKETING AND COMMUNICATIONS
Luiza Campos – Director, Marketing and Communications
Megan Zimmerman – Manager, Marketing and Communications
Annie Korver – Specialist, Marketing and Communications
Maryn Edwards – Coordinator, Marketing and Communications

FINANCE AND ADMINISTRATION
Rick Tovell – Director, Finance and Administration
Dusko Galic – Information Technology Services Manager
Lindsay Hammond – Financial Services Manager
Fern Lockwood – Senior Assistant
Teresa Kaban – Team Assistant
June Reid – Receptionist
“Change is the law of life. And those who look only to the past or present are certain to miss the future.”

John F. Kennedy
Financial Statements
For the year ended December 31, 2009

Contents

Auditors' Report 2

Financial Statements
  Statement of Financial Position 3
  Statement of Revenues and Expenditures 4
  Statement of Changes in Net Assets 5
  Statement of Cash Flows 6
  Notes to Financial Statements 7 - 16
To the Board of Directors of Calgary Economic Development Ltd.

We have audited the statement of financial position of Calgary Economic Development Ltd. as at December 31, 2009 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Company'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 Company as at December 31, 2009 and the results of its operations, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP
Chartered Accountants

Calgary, Alberta
March 1, 2010
## Statement of Financial Position

**December 31**

### Assets

**Current**
- Cash and cash equivalents: $1,879,494, 2009; $1,538,843, 2008
- Restricted cash (Note 2): $50,000, 2009; $50,000, 2008
- Accounts receivable and accrued revenue (Note 3): $1,328,672, 2009; $257,268, 2008
- Prepaid expenses: $24,000, 2009; $21,988, 2008

**Property and equipment (Note 4)**
- $1,844,044, 2009; $913,244, 2008

**Total Assets**: $5,126,210, 2009; $2,781,343, 2008

### Liabilities

**Current**
- Deferred revenue (Note 6): $388,941, 2009; $122,361, 2008

**Long Term**
- Deferred revenue (Note 6): $2,303,127, 2009; $1,284,743, 2008

**Total Liabilities**: $4,308,066, 2009; $2,186,568, 2008

### Net assets

- Net assets invested in property and equipment (Note 7): $52,765, 2009; $215,925, 2008
- Unrestricted net assets: $870,909, 2009; $378,650, 2008
- **Total Net Assets**: $818,144, 2009; $594,775, 2008

**Organization and nature of operations (Note 1)**

**Commitments and contingencies (Note 9)**

Approved by the Board:

[Signatures]

Director

Director

The accompanying notes are an integral part of these financial statements.
<table>
<thead>
<tr>
<th>Revenue Contributions from:</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Calgary - operating grant (Note 1)</td>
<td>$4,545,995</td>
<td>$4,309,000</td>
</tr>
<tr>
<td>- other grants</td>
<td>575,277</td>
<td>432,411</td>
</tr>
<tr>
<td>Alberta government</td>
<td>479,264</td>
<td>620,121</td>
</tr>
<tr>
<td>Federal government</td>
<td>12,585</td>
<td>103,008</td>
</tr>
<tr>
<td>Business community</td>
<td>566,409</td>
<td>245,108</td>
</tr>
<tr>
<td>Recognition of deferred revenue (Note 7)</td>
<td>133,410</td>
<td>122,361</td>
</tr>
<tr>
<td>Other revenue</td>
<td>70,109</td>
<td>87,084</td>
</tr>
<tr>
<td>Investment income</td>
<td>17,876</td>
<td>68,852</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>6,400,925</strong></td>
<td><strong>5,987,945</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization</td>
<td>240,797</td>
<td>210,889</td>
</tr>
<tr>
<td>Business travel</td>
<td>155,232</td>
<td>223,531</td>
</tr>
<tr>
<td>Program costs</td>
<td>819,795</td>
<td>1,049,736</td>
</tr>
<tr>
<td>Marketing and promotion</td>
<td>1,070,013</td>
<td>1,087,021</td>
</tr>
<tr>
<td>Corporate services</td>
<td>662,220</td>
<td>366,079</td>
</tr>
<tr>
<td>Employee costs</td>
<td>3,229,499</td>
<td>2,974,776</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>6,177,556</strong></td>
<td><strong>5,912,032</strong></td>
</tr>
</tbody>
</table>

**Excess of revenues over expenditures**

$223,369

$75,913

The accompanying notes are an integral part of these financial statements.
## Statement of Changes in Net Assets

For the year ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Invested in</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>property and equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance, beginning of year</strong></td>
<td>$215,925</td>
<td>$378,850</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over expenditures</td>
<td>(107,387)</td>
<td>(1)</td>
</tr>
<tr>
<td>Investment in property and equipment</td>
<td>1,171,597</td>
<td>(2)</td>
</tr>
<tr>
<td>Deferred contributions related to property and equipment</td>
<td>(1,332,900)</td>
<td>1,332,900</td>
</tr>
<tr>
<td><strong>Balance, end of year</strong></td>
<td>$ (52,765)</td>
<td>$870,909</td>
</tr>
</tbody>
</table>

(1) Consists of amortization expense net of recognition of related deferred revenue
(2) Consists of purchase of property and equipment net of disposals

The accompanying notes are an integral part of these financial statements.
## Statement of Cash Flows

For the year ended December 31

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess of revenues over expenditures for the year</td>
<td>$ 223,369</td>
<td>$ 75,913</td>
</tr>
<tr>
<td><strong>Adjustment for:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recognition of deferred revenue</td>
<td>(133,410)</td>
<td>(122,361)</td>
</tr>
<tr>
<td>Amortization</td>
<td>240,797</td>
<td>210,889</td>
</tr>
<tr>
<td>Loss on disposal of property and equipment</td>
<td>11,776</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>342,532</td>
<td>164,441</td>
</tr>
<tr>
<td>Changes in non-cash working capital balances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable and accrued revenue</td>
<td>(1,071,404)</td>
<td>111,118</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(2,012)</td>
<td>8,838</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>85,474</td>
<td>214,570</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>8,150</td>
<td>(143,858)</td>
</tr>
<tr>
<td>Salary and vacation payable</td>
<td>27,501</td>
<td>1,583</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(609,759)</td>
<td>356,692</td>
</tr>
<tr>
<td><strong>Cash flow used for investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>(1,183,373)</td>
<td>(24,948)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities related to property and equipment</td>
<td>800,883</td>
<td>-</td>
</tr>
<tr>
<td>Deferred revenue related to property and equipment</td>
<td>1,332,900</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>950,410</td>
<td>(24,948)</td>
</tr>
</tbody>
</table>

**Net increase in cash and cash equivalents**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>340,651</td>
<td>331,744</td>
</tr>
</tbody>
</table>

**Cash and cash equivalents, beginning of year**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,538,843</td>
<td>1,207,099</td>
</tr>
</tbody>
</table>

**Cash and cash equivalents, end of year**

|                   | $ 1,879,494 | $ 1,538,843 |

The accompanying notes are an integral part of these financial statements.
1. Organization and Nature of Operations

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 financial statements have been prepared on the going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

The Company is dependent upon, and receives significant revenue funding, from the City of Calgary ("the City") in the form of a yearly operating grant to support the Company’s operations and programs. Pursuant to a letter dated January 12, 2009, the City agreed to provide an operating grant to the Company for the current and next two years as follows:

- Fiscal year 2009 - $4,545,995
- Fiscal year 2010 - $4,750,565
- Fiscal year 2011 - $4,940,587

2. Significant Accounting Policies

The financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles in Canada. 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 summarized below:
Accounting for controlled non-profit organization’s
On December 17, 2009, the Company formed a newly controlled, non-profit organization (under the Alberta Companies Act) called The Alberta Creative Hub (“ACH”). ACH was formed for the purpose of supporting the growth and development of the film, television, media and other creative industries. The Company controls ACH through its 100% ownership interest. As at December 31, 2009, ACH has not commenced active commercial operations and has no assets, liabilities, revenues, or expenses.

Under generally accepted accounting principles the Company may either consolidate this organization or provide separate note disclosure containing certain financial information about this organization when ACH has commenced active commercial operations.

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 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 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. Amounts received are recorded in the Company’s records as revenue or deferred revenue, as described above.

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, term deposits, and investments with original maturities at acquisition of three months or less.

Restricted cash
At December 31, 2009, the Company holds a $50,000 (2008 - $50,000) restricted security deposit from the proponent for the development of a film/media complex in Calgary (Note 5).
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
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. 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 operations. 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.
  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 over their
estimated useful lives with one half in the year of acquisition and disposition at the following
annual rates:

- Furniture and fixtures ...................... 20%
- Computer equipment ...................... 50%
- Software...................................... 100%
- Website development costs.............. 30%
- Tenant improvements .................... Over the lease term

Property and equipment are tested for impairment whenever a change in events or circumstances
indicates that the carrying value may not be recoverable. Any resulting impairment loss is
recognized in the period it is determined.

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 the facilities are substantially complete and come into use.
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 statement concepts
CICA Handbook Section 1000, Financial Statement Concepts was amended with a focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle. The adoption of this revised standard had no impact on the Company’s financial statements.

Cash flow statements
CICA Handbook Section 1540, Cash Flow Statements, has been amended to require additional disclosures where cash distributions are made in accordance with a contractual obligation and to include not-for-profit organizations within its scope. The adoption of this revised standard had no impact on the Company’s financial statements.

Financial statement presentation by not-for-profit organizations
CICA Handbook Section 4400, Financial Statement Presentation by Not-For-Profit Organizations, was amended for the treatment of net assets invested in capital assets and for the presentation of revenues and expenses, particularly for reporting gross versus net revenues. The adoption of this revised standard had no impact on the Company’s financial statements.

Disclosure of related party transactions by not-for-profit organizations
CICA Handbook Section 4460, Disclosure of Related Party Transactions by Not-For-Profit Organizations, has been amended to make the language in Section 4460 consistent with Related Party Transactions, Section 3840. The adoption of this revised standard had no impact on the Company’s financial statements.

Disclosure of Allocated Expenses by Not-For-Profit Organizations
CICA Handbook Section 4470, Disclosure of Allocated Expenses by Not-For-Profit Organizations, was introduced to establish disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The adoption of this revised standard had no impact on the Company’s financial statements.
2. Significant Accounting Policies - continued

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:

Accounting changes
CICA Handbook Section 1506, Accounting Changes was amended to exclude from the scope changes in accounting polices upon the complete replacement of an entity's primary basis of accounting. The amendments are effective for financial statements relating to fiscal years beginning on or after July 1, 2009.

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. This amendment applies to financial statements relating to financial years beginning on or after January 1, 2011. Earlier adoption is permitted.

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 Company is currently assessing the impact of these new standards.
3. Accounts Receivable and Accrued Revenue

Accounts receivable and accrued revenue relate to the following:

Accounts Receivable:
- Trade accounts receivable $59,255 $57,910
- City of Calgary 194,682 901
- Goods and Services Tax receivable 107,504 107,581

$361,441 $166,392

Accrued Revenue:
- Other accrued revenue 57,391 15,221
- City of Calgary 185,112 3,643
- Department of Western Economic Diversification 724,728 72,012

$967,231 $90,876

Total accounts receivable and accrued revenue $1,328,672 $257,268

As at December 31, 2009, accounts receivable include $96,227 (2008 - $95) in amounts past due, $10,000 of which has been subsequently received and $70,000 of which has been booked to allowance for doubtful accounts. Accounts receivable have been recorded at their net realizable value, based on management’s best estimate of the recoverable amounts.

4. Property and Equipment

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated Amortization</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>$215,453</td>
<td>$140,537</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>353,214</td>
<td>266,794</td>
</tr>
<tr>
<td>Software</td>
<td>201,259</td>
<td>195,103</td>
</tr>
<tr>
<td>Website development costs</td>
<td>200,625</td>
<td>110,167</td>
</tr>
<tr>
<td>Tenant improvements</td>
<td>2,270,105</td>
<td>684,011</td>
</tr>
<tr>
<td></td>
<td>$3,240,656</td>
<td>$1,396,612</td>
</tr>
</tbody>
</table>

At December 31, 2009, $98,125 (2008 - $Nil) in website development costs and $887,163 (2008 - $Nil) in tenant improvements are related to assets that were under development and therefore not available for use as at December 31, 2009.
5. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities relate to the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade accounts payable</td>
<td>$1,108,488</td>
<td>$384,537</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Accrued liabilities (Note 8)</td>
<td>186,472</td>
<td>101,390</td>
</tr>
<tr>
<td><strong>Total Accounts Payable</strong></td>
<td><strong>$1,344,960</strong></td>
<td><strong>$535,927</strong></td>
</tr>
</tbody>
</table>

The $50,000 is a security deposit from the proponent for the development of a film/media complex in Calgary.

6. Deferred Revenue

Changes in deferred revenue are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$1,407,104</td>
<td>$1,314,895</td>
</tr>
<tr>
<td>Contributions received</td>
<td>2,701,696</td>
<td>1,002,596</td>
</tr>
<tr>
<td>Expenditures incurred</td>
<td>(1,416,732)</td>
<td>(910,387)</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td><strong>$2,692,068</strong></td>
<td><strong>$1,407,104</strong></td>
</tr>
</tbody>
</table>

The balance at the end of the year is comprised of contributions for the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and equipment</td>
<td>$1,896,809</td>
<td>$697,319</td>
</tr>
<tr>
<td>Programs</td>
<td>795,259</td>
<td>709,785</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td><strong>$2,692,068</strong></td>
<td><strong>$1,407,104</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>$388,941</td>
<td>$122,361</td>
</tr>
<tr>
<td>Long Term</td>
<td>2,303,127</td>
<td>1,284,743</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td><strong>$2,692,068</strong></td>
<td><strong>$1,407,104</strong></td>
</tr>
</tbody>
</table>

7. Net Assets Invested in Property and Equipment

<table>
<thead>
<tr>
<th>Description</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and equipment (Note 4)</td>
<td>$1,844,044</td>
<td>$913,244</td>
</tr>
<tr>
<td>Deferred contributions for property and equipment (Note 6)</td>
<td>(1,896,809)</td>
<td>(697,319)</td>
</tr>
<tr>
<td><strong>Total Net Assets Invested</strong></td>
<td><strong>$52,265</strong></td>
<td><strong>$215,925</strong></td>
</tr>
</tbody>
</table>

During the year the Company recognized $133,410 (2008 - $122,361) of deferred revenue contributions for tenant improvements due to amortization of the related asset. As described in Note 9, subsequent to year end, the Company is committed to spend $491,923 in property and equipment, to complete tenant improvements.
8. Related Party Transactions

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

The Company paid the City for postage services totaling $5,003 (2008 - $5,192).

The Company paid the Calgary Parking Authority, a company related through common ownership, for office parking totaling $80,427 (2008 - $70,902).

The Company paid for sponsorship and event related services totaling $9,225 (2008 - $34,867) to a corporation related to a director of the Company.

The Company paid a corporation related through common ownership for rental of space and event related services totaling $15,999 (2008 - $54,157). The Company also received revenue from this corporation totaling $35,000 (2008 - $519) for sponsorship support of various business programming.

The Company paid a corporation related through common ownership for event related services totaling $Nil (2008 - $841). The Company also received revenue from this corporation totaling $Nil (2008 - $3,617) for the sale of print collateral.

The Company paid a corporation related through common ownership for sponsorship expenses totaling $Nil (2008 - $3,300). The Company also received revenue from this corporation totaling $90,476 (2008 - $5,446) for event and business programming sponsorship.

The Company received legal advice from a law firm related to a director of the Company totaling $5,536 in 2008. This individual was no longer on the Company’s Board of Director’s in 2009.

The Company paid the City operating costs totaling $93,478 (2008 - $142,043) and received $1,237 (2008 - $7,304) for interest on funds held in trust. The accrued liabilities balance in Note 5 includes $20,803 (2008 - $51,967) in respect of operating costs payable to the City for the year.

The Company paid the City event related costs totaling $6,646 (2008 - $Nil), intranet access costs totaling $900 (2008 - $Nil) and insurance related costs totaling $1,455 (2008 - $2,080).

The Company received revenue of $2,391 (2008 - $10,090) from an organization related to a director of the Company for sponsorship support of various programming.

The Company received revenue of $10,000 (2008 - $Nil) from a corporation related to a director of the Company towards our Action Calgary programming.

At December 31, 2009 the Company has $10,000 (2008 - $Nil) in accounts receivable from a corporation related to a director of the Company towards our Action Calgary programming.

At December 31, 2009 the Company owed $9,789 (2008 - $4,313) to related parties which is recorded in the accounts payable and accrued liabilities balances (Note 5).

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

Equipment Lease
During the current year, the Company entered into an operating lease agreement for a term of 60 months for equipment. The annual commitment is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$19,228</td>
</tr>
<tr>
<td>2011</td>
<td>$19,228</td>
</tr>
<tr>
<td>2012</td>
<td>$19,228</td>
</tr>
<tr>
<td>2013</td>
<td>$19,228</td>
</tr>
<tr>
<td>2014</td>
<td>$19,228</td>
</tr>
<tr>
<td></td>
<td>$96,140</td>
</tr>
</tbody>
</table>

Rental 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 signed a new ten year lease of occupation agreement with a third party corporation, for 3 floors of 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 the operating costs for the space used.

The Company has signed a lease proposal for one floor of 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. A lease is currently being drafted and is expected to be signed in the first quarter of 2010. The term of the lease will commence January 1, 2009 and expire August 1, 2014 to coincide with the other space leased from the City of Calgary. The annual payments will be $10 per year plus operating costs.

Capital Commitments
As at December 31, 2009 the Company had $491,923 in unspent commitments to complete tenant improvements related to work on assets not yet in use as they are currently under construction.

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.
10. Financial Instruments

The Company holds various forms of financial instruments. The nature of these instruments and the Company’s operations expose the Company to credit risk for non-collection of accounts receivable. A significant portion of the Company’s cash and cash equivalents are held at one chartered bank, and as such, the Company is exposed to all the risks of that financial institution.

11. Defined Contribution Plan

The Company set up a defined contribution plan for its salaried employees on January 1, 2000. The total expense incurred for the year ended December 31, 2009 was $97,134 (2008 - $86,257).

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 $818,144 as at December 31, 2009 (2008 - $594,775).

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 and monitored to ensure that the Company’s capital is maintained at an appropriate level.

13. Comparative Figures

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