Calgary Economic Development is a conduit, connector and catalyst
LETTER FROM THE PRESIDENT & CEO
AND CHAIRMAN OF THE BOARD

While many parts of the world suffered from continued economic uncertainty or slow recovery, Calgary remained to be one of the driving forces in the Canadian economy. Calgary’s GDP growth hit 3.3 per cent, our unemployment rate remained stable averaging 4.8 per cent in 2012, vacancy rates for downtown office space decreased to 5 per cent and over 3,700 new businesses opened in our city in 2012.

With the 10-year Calgary Economic Development Strategy as our guide, we continue to play a leading role in laying the foundation for individuals, businesses and our community to succeed and prosper – today and in the future.

As conduits and connectors, we link people and businesses with opportunities. Our events and trade missions create opportunities for Calgary companies to expand their markets and grow their businesses.

Missions are often the first step to building new business relationships with people in different countries and cultures. Over the years we’ve seen firsthand where these face to face introductions led to concrete business opportunities here at home. ATB Financials’ successful syndicate financing arrangement with Bank of China and Industrial and Commercial Bank of China (ICBC) raised $200 million for Sunshine Oil – a relationship that started during the 2010 China mission.

In 2012, we led more than 35 companies on three key trade and investment missions to China, Colombia and Australia. These missions resulted in four letters of intent were signed in China, a participating company set up an office in Bogota; and three trade contracts were signed during the Australia mission.

Closer to home, our Global Business Centre was a hub of activity for helping business in Calgary and Southern Alberta do business internationally as well as integrating new businesses into the Calgary region. We connected more than 6,000 people at 21 events and welcomed sage economists, international ambassadors and expert speakers on business development, international trade and investment.

Beyond business and investment attraction, retention and expansion, our high-priority in 2012 was building and maintaining a strong workforce. The year ended with one of the lowest unemployment rates in Canada, which underscores the need for experienced skill workers and emphasizes the fact we are competing globally for talent. With the key findings from our 2012 comprehensive Labour Demand and Supply Study, we led 10 organizations on a labour mission to Ireland and Scotland in October where Jason Kenney, Minister of Citizenship, Immigration and Multiculturalism supported our efforts.

As a catalyst, we continued to evolve our very own WORKshift program by engaging more companies here in Calgary and assessing the ability to rollout a flexible work model for other jurisdictions in Canada. Increasing Canadians’ and Calgarians’ employee productivity and satisfaction, reducing carbon emissions and infrastructure cost for cities, and improving organizational bottom line are the proven benefits of WORKshift.

And finally, with Alberta’s unique and breathtaking vistas and award winning crews, we remained dedicated to creating awareness and gathering support for the proposed Alberta Creative Hub – a multipurpose film studio that will allow us to grow the creative industries from $125 million in 2012 to a $500 million sector in the years to come.

We are promoters and we love telling the Calgary story. Leveraging the marketing campaign brand Calgary. Be Part of the Energy. we led a labour attraction mission to Ireland and Scotland in 2012 and garnered more than $1.5 million in media value. Our ‘own the market’ approach helped increase awareness about Calgary and allowed the participating companies to focus on providing information about their employment opportunities. As a result of this collaborative effort, the companies participating in our labour mission obtained more than 2,000 resumes and secured more than 200 workers in a variety of positions.
We continue to evolve the *Calgary, Be Part of the Energy* brand right here at home with the city’s key promotional partners. The brand is the platform to broaden the story and tell more people in more places that Calgary is an emerging vibrant city to visit, meet, work and live.

With a view of both the short-term and the long-term needs for Calgary, our attention was drawn to creating dialogue and discussion about making an even better community. This included the launch of the Soul of the City speaker series – a dynamic event series that takes a closer look at the attributes that makes a city great, yet are not necessarily captured in economic metrics such as GDP. Participants celebrate and evaluate the intangibles that encircle placemaking including arts and architecture, creativity, food and other rich experiences - some key assets to attracting and retaining the best and brightest talent to Calgary.

As we look forward to 2013, strong economic growth combined with a highly educated and motivated workforce, Calgary remains an enviable position. Calgary Economic Development continues to serve our community as a conduit, connector and catalyst for business and employment opportunities. We remain committed to tirelessly promoting Calgary’s great story across Canada and around the world. And we continue to be an authoritative resource to deliver up-to-date research and economic data.

On behalf of our Board and staff, we extend our thanks to Mayor Nenshi and the members of Calgary City Council for supporting our efforts. We look forward to the opportunity to engage and learn from our Action Calgary partners and business advisory committees, collaborate with our promotional partners and create effective strategies to maintain our city’s vitality. And together, we will invite more people and businesses to be part of the energy.

Bruce Graham  
President & CEO

Wilf Gobert  
Chairman of the Board
LETTER FROM THE MAYOR

At the beginning of 2012, I stood at Olympic Plaza and predicted that 2012 would be The Year of Calgary – and it proved to be nothing short of that. From Calgary being named a Cultural Capital of Canada to the 100th year celebrations of Stampede, The City’s Recreation department, and the Calgary Public Library, there were many reasons to celebrate. At the same time, we saw iconic new office spaces change our skyline, new businesses emerge and we welcomed many new Calgarians who uprooted themselves from around the world to make our city their new home.

The Economist Intelligent Unit ranked us the 5th most liveable city in the world—for the third year running—and MoneySense ranked us as the best place to live in Canada and the best place to raise kids. 2012 was a historic year for Calgary. Our economic strength, combined with our entrepreneurial spirit and welcoming hospitality has put Calgary in the global spotlight.

But we are not done.

Calgary Economic Development focuses on the opportunities for today and takes a long-term view of our city’s sustainable economic development and community’s vitality. With the 10-year Calgary Economic Development Strategy as its guide, Calgary Economic Development continues to build innovative programs and initiatives that support Calgary companies in accelerating growth, accessing new markets, and attracting investment from around the world. At the same time, the organization continues to welcome a record number of workers and new businesses to Calgary and assist them in integrating into our community.

Over the last two years, Calgary Economic Development has worked in partnership with Calgary’s other promotional agencies to promote Calgary with a unified voice, a similar story, and a common objective. The Calgary. Be Part of the Energy. campaign has been well received in the high potential markets and contributed to the successful attraction of workers, visitors, and meetings.

We will continue to work together in economic development to ensure the amazing future we want for ourselves—to make Calgary a great place in which to make a living and make a life.

Naheed Nenshi
Mayor, City of Calgary
ABOUT CALGARY ECONOMIC DEVELOPMENT

OUR BRAND STORY

Calgary Economic Development is a conduit, connector and catalyst

We are opportunity-makers, helping to spark and fuel the growth that has made Calgary an economic leader. We nurture prospects and potential. We harness possibilities. And we support individual and business prosperity.

We are connectors, linking business people with change-makers: investors, advisors, industry leaders, partners and employees. We introduce companies to new locations, markets and customers. And help new Calgarians meet mentors and employers – and find their place in our workforce, and in our community.

We are storytellers, charged with the happy responsibility of getting to know Calgary, and sending its good news well beyond the city limits.

We are a wealth of information. It’s our business to figure out what makes Calgary work. And it’s our job to share facts and resources freely with everyone who wonders why or how or how much.

Like the city we serve, we’re collaborative, entrepreneurial, innovative, social, creative and global.

We are Calgary’s opportunity-makers. As conduits, connectors and catalysts, we help create the pulse that energizes our city. And we’re proud to be part of the energy.

Calgary Economic Development is a corporation funded by the City of Calgary, private industry and other levels of government and managed by an independent Board of Directors. Calgary Economic Development connects businesses, organizations, governments and the community for projects and initiatives that benefits the city’s vitality and economic well-being in accordance with the key goals set out in the 10-year Calgary Economic Development Strategy.

Calgary Economic Development’s Mission

We advance opportunities for smart growth to achieve individual, business and community potential for the Calgary Region.
WHAT WE DO

SECTORS

- Energy
- Financial Services
- Film, Television & Creative Industries
- Sustainable & Renewable Energy

PROGRAMS & INITIATIVES

- Research & Analysis
- Sector Development
- Economic Development
- Marketing & Communications
- Programs & Initiatives
- Business Retention Expansion Attraction
- Attraction Investment
- Events & Missions
- Global Business Centre
- Workforce Development
- Alberta Creative Hub
- Action Calgary Partnership Program
- Calgary Economic Development
ABOUT CALGARY ECONOMIC DEVELOPMENT

OUR PEOPLE

BOARD
• Wilf Gobert (Chair)
• Eric Axford
• Duncan Au
• Bill Chomik
• Gabriel Franco
• Brett Ironside
• Patricia McLeod
• Murray Sigler
• Lew Turnquist
• Alderman Brian Pincott
• David Watson

STAFF
• Luke Azevedo
• Robyn Bews
• Jennifer Bottriell
• Lisa Corcoran
• Lissa Craig
• Tom Dixon
• Katie Findlay
• Michael Fotheringham
• Kristy Frandle
• Dusko Galic
• Karen Garrick
• Richard Gotfried
• Bruce Graham
• Deana Haley
• Ramzieh Khalil
• Annie Korver
• Fern Lockwood
• Lee Malleau
• Lulu Mazula
• Brian McClure
• Mary Moran
• Paul Paynter
• Jessica Pitt
• June Reid
• Jeanette Sutherland
• Carol Thiessen
• Susan Thompson
• Rick Tovell
• Susan Turner
• Vanessa Wright
• Rachel Yin
• Megan Zimmerman
PERFORMANCE AT A GLANCE

We are Conduits & Connectors

TRADE & INVESTMENT MISSIONS

**CHINA**
19 companies, four letters of intent signed towards new trade and investment deals

**COLOMBIA**
11 companies, Calgary company opened an office in Bogota developing new export markets

**AUSTRALIA**
7 companies resulted in three new business deals signed developing new export markets and investment for Calgary companies

BUSINESS DEVELOPMENT MISSIONS

Centralia – five companies attended this business to business forum in Winnipeg

INCOMING MISSIONS

22 visiting missions hosted by the Global Business Centre including delegations from China, Japan, Czech Republic, Malaysia, Korea, France, U.S., Finland, Poland, Scotland and from within Canada

LABOUR MISSIONS

**IRELAND**
10 organizations and two levels of government, $1.5 million in media coverage, 2,000 resumes collected, over 200 new hires

**SCOTLAND**

**BUSINESS DEVELOPMENT ACTIVITIES**

750 Trade & investment leads

346 Outreach calls

22 Client success stories

EVENTS

**RECORD ATTENDANCE**
At our signature events including Report to the Community, Economic Outlook and First Flip

**GLOBAL BUSINESS CENTRE**
Hosted over 240 internationally focused events

**SOUL OF THE CITY**
6 part speaker series to create a dialog about what makes a city great

_The first three sold-out events were held in 2012, each drawing 150 people to learn about what makes people love where they live and why it matters; how sustainable initiatives give Calgary a competitive advantage; and new frontiers in urban planning_

We are Catalysts

Calgary attracted over $125 million in film, television and commercial production to our city up from $90 million in 2011

Led the business planning and building of government and community support for Alberta Creative Hub

WORKshift is recognized with a Gold Award for Sustainable and Green Development initiatives by the International Economic Development Council
Calgary Economic Development launched our new corporate brand in 2012.

Calgary’s promotional partners have adopted the brand and we all have the same voice in our efforts to promote Calgary.

Our research team responded to 566 inquiries for information.

Our newly launched website calgaryeconomicdevelopment.com and the liveincalgary.com website generated more than 308,000 unique visits last year – up 44 per cent from last year.

We produced a new Energy Sector Profile that provides information about all aspects of the energy sector and the opportunities found in Alberta.

Our global Labour Demand and Supply Study was the catalyst behind our people attraction campaign in Ireland and Scotland and has also been widely used by media, governments and private sector.

We are Storytellers & Promoters

31 international and industry marketing awards

846 media hits with media value of $2.2 million

2039 #tweets
ENERGY

Throughout 2012, the price of oil fluctuated as questions continued about both the Northern Gateway and KeystoneXL pipeline developments that would allow Alberta oil to access new markets. Although the world price of oil, benchmarked at the US price per barrel of West Texas Intermediate (WTI) had annual average for 2012 of US $94.19/bbl, down from US $95.08/bbl in 2011, or a decrease of 0.9 per cent. Prices ranged from the highest point in March 2012 with a monthly average at US $106.19/bbl to the lowest point of the year in June 2012 with a monthly average at US $82.41/bbl, but continued with an upward trend ending the year with the monthly average price of US $88.25/bbl. Downward pressures on the price of WTI came from increased production and weakened demand from a still slow U.S. economy.

The Western Canadian Select (WCS) annual average oil price, which has been converted to US $/bbl to allow for comparison, ended 2012 with the annual average of US $73.14/bbl, down 6.2 per cent from the 2011 average annual price of US $77.97/bbl. In the past year, the difference between the price received for Alberta’s bitumen (WCS) and West Texas Intermediate has widened due to supply coming out of North Dakota and some backlogs in the U.S. pipelines and refineries.

In 2012, Alberta companies continued to see inward investment from foreign markets, the most notable being the Nexen and CNOOC deal, while some Calgary supply companies broadened their access to international markets. More than $53 billion has been reportedly invested in Calgary energy companies from Asia over the past three years.

“Brimrock has developed a strong relationship with Calgary Economic Development through participation in its international trade missions and introductions to international companies coming to Calgary. Brimrock deals with the three levels of government international trade organizations and considers the Calgary Economic Development as the most effective trade development group; by far.”

John A. MacDonald
President, The Brimrock Group

“Calgary Economic Development has helped Nexen open doors internationally by making introductions and assisting in building relationships with new strategic partners and entrepreneurial firms seeking to invest in Canada. Through events such as the June 2012 trade mission to China, we’ve been able to access a wide range of business contacts and better assess the scale of the potential opportunities available from China. In February 2013, China National Offshore Oil Corporation (CNOOC) Limited acquired Nexen for US $15.1 billion, in a friendly transaction that brings Nexen additional financial capacity to accelerate development of our global oil and gas portfolio from our Calgary office, while retaining jobs and maintaining and enhancing our commitments to the environment and communities.”

Pierre Alvarez
Vice President, Corporate Relations, Nexen
ENERGY

In 2012 Calgary Economic Development helped create the connections by leading three trade missions to Australia, Colombia and China. On the China mission, Premier Redford joined the delegation at the Euromoney Canada-China Investors’ Forum in Beijing and Honourable Cal Dallas, Minister of International and Intergovernmental Relations participated in a financial symposium in Hong Kong focused on energy and real estate.

Our industry specialists also supported Calgary companies on their labour and business development efforts by attending:

- World Heavy Oil Expo, Aberdeen, Scotland
- Global Petroleum Show, Calgary
- Water Summit, Calgary
- Energy Round Tables with executives from Canada and Europe
- World Energy Cities Partnership meeting with Mayor Nenshi, Houston, Texas
- CAPP Investment Symposium, Toronto
- Van Horne Institute and the Canada West Foundation, Fuel Forward event, Calgary

Our work in 2012 included the development of a new Energy Sector profile that provides an overview of the energy sector – conventional, unconventional, renewable and sustainable – in Calgary and Alberta.

Calgary Economic Development hosted quarterly Sustainable and Renewable Energy (SURE) round tables where industry had an opportunity to share industry best practices, new technologies and build their networks.

Calgary Economic Development also hosted the Virgin Earth Challenge with the Institute of Energy, Economy and Environment at the University of Calgary. This event allows innovators to share their technology ideas on carbon capture and environmental protection.
SECTOR ACTIVITIES, INITIATIVES & PROJECTS

FINANCIAL SERVICES

Following the global economic crisis, Canada was praised for the resilience in its banking system and the country’s ability to weather the financial storm better than most nations. Calgary’s financial services sector remained, and continues to remain strong. Calgary is North America’s fastest growing economic region – providing many opportunities for business and financial services to the region.

With this type of global interest, Calgary is gaining a reputation as an innovative centre for financing. The Toronto Region Board of Trade’s Global Scorecard on Prosperity ranked Calgary’s finance cluster the fourth best among 12 leading North American cities in 2012. Calgary was added to the Global Financial Centres Index – a list that compares the competitiveness of global financial cities. The most recent listing now ranks Calgary 17th out of 79 cities around the world.

With a continued focus on investment attraction, Calgary Economic Development led a delegation to the Euromoney Conference in Beijing and a financing symposium in Hong Kong. Through these meetings, Calgary companies signed four letters of intent. Through our missions to China over the past few years, we have been able to connect organizations like ATB Financial with the Bank of China and Industrial and Commercial Bank of China (ICBC). These introductions were the catalyst for ATB Financial to successfully syndicate $200 million of financing for Sunshine Oilsands. Consequently, ICBC anticipates opening an office in Calgary in late 2013, and will continue work with Calgary Economic Development to establish their roots. Calgary companies have benefited from $53 billion of investment from the Asia Pacific region over the past three years.

As part of a strategy to create greater dialogue about the importance of the energy industry for the entire country, Calgary Economic Development partnered with the Canadian Association of Petroleum Producers Investor Symposium in Toronto. This three-day event brought together executives from the top 50 Canadian energy companies with Canadian and international investors to learn about the opportunities for investments and the impact of the energy sector on the Canadian economy.

Closer to home, Calgary Economic Development hosted a series of events with the Toronto Stock Exchange and the Hong Kong Stock Exchange for Calgary companies to learn more about how they can attract global investment capital.
Calgary has the strongest transportation and logistics industry of any inland Western Canadian city. While the strength of the energy sector underpins much of the region’s economic and population growth, there is considerable momentum in the transportation and logistics sector, making the Calgary Region a distribution hub for Western Canada.

Calgary lies at the crossroads of two North American major highway systems: the Trans-Canada Highway (Highway #1), which extends from the Atlantic to the Pacific and the CANAMEX Corridor, which extends from Alaska to Mexico. Calgary is ideally situated as a location for distribution centres serving Western Canadian markets from Winnipeg to Vancouver.

Calgary is positioned in the middle of this economic region, which includes 15 municipalities, represents 1.4 million residents, and crosses over 15,000 square kilometers of unique landscape.

Calgary’s story extends further than location alone. Calgary’s growth in this sector is attributable to the competitive tax structure, availability of well serviced land and highly educated and skilled labour force. It’s also about the unique blend of entrepreneurialism in the private sector and the public infrastructure investments by municipal, provincial and federal governments.

The Calgary Economic Development team continues to work to position Calgary as the ideal location for transportation, distribution and supply chain logistics in Western Canada. The team traveled with seven companies to Toronto to attend the Supply Chain & Logistics tradeshow where with the intent of connecting Calgary companies with international organizations. The team also traveled with nine companies to the Council of Supply Chain Management Professionals in Atlanta, Georgia where we hosted a reception for 2,500 professionals from across the continent and garnered 71 leads and 14 prospects.

In 2012, we also established a Logistics Advisory Committee made up of senior representatives from the industry to help support investment attraction into the logistics sector.

### SUCCESS STORIES

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>ENGAGEMENT</th>
<th>OUTCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walmart</td>
<td>In partnership with the Calgary region, we facilitated introductions between Walmart and WAM developments</td>
<td>Added 430K square feet to their distribution centre in the Calgary region</td>
</tr>
<tr>
<td>Target</td>
<td>Calgary Economic Development toured Target around the Calgary region; facilitated site selection meetings and introductions to City officials; provided information about the Calgary workforce</td>
<td>Established 1.2 million square foot distribution centre</td>
</tr>
</tbody>
</table>
COMMERCIAL REAL ESTATE

The Calgary commercial real estate market is one of the strongest in North America, maintaining its place atop the IPD Property Index for return on investment for office properties.

Calgary continues to be the Western Canada’s top head office location with the highest concentration of head offices per capita in Canada and is the home to 136 of the Financial Post 500 companies headquartered in the city. In the past 10 years, the number of companies on the Financial Post 500 Database headquartered in Calgary has doubled.

DOWNTOWN OFFICE SPACE

In 2012, the downtown office space inventory expanded by nearly 1.9 million square feet to 38.5 million square feet. Continued appetite for downtown office space contributed to the low downtown vacancy rate of 5.0 per cent, a decrease from 5.7 per cent in 2011. Calgary’s downtown market net absorption continued with positive year-end absorption of 2.1 million square feet. The main drivers were the occupancy of The Bow, the newly completed headquarters for Encana and Cenovus, and companies securing space for future growth as a result of continuing optimism in the local economy.

SUBURBAN OFFICE SPACE

Although the suburban office market remains relatively healthy, it showed an increase in overall vacancy moving to 10.8 per cent in 2012 from 9.5 per cent the previous year. This increase in vacancy was partially attributable to an increase of 3 per cent in incremental office space. The decision made by Imperial Oil in 2012 to relocate its headquarters to Quarry Park bodes well for the future of our suburban office market absorption.

Suburban office absorption numbers slightly weakened in 2012 compared to the previous year with 369,332 square feet being absorbed year-to-date, with most of the absorption being in Class A space.

INDUSTRIAL SPACE

The increase in the amount of industrial space in Calgary continues the upward trend of the past decade. There was 3,818,130 square feet of new industrial supply added to the inventory in 2012. By the end of 2012 there was close to 120.6 million square feet of industrial space in Calgary.

Industrial vacancy decreased to 3.0 per cent in 2012, down from 3.1 per cent in 2011. Industrial space availability declined with strong absorption numbers due to a resurgence of leasing activity. The Calgary industrial market experienced tremendous growth in 2012. For 2012, absorption was 3.6 million square feet, compared to 1.5 million square feet in 2011. Absorption is expected to remain positive in 2013.
COMMERCIAL REAL ESTATE

BUILDING PERMITS

The Calgary Economic Region saw building intentions increase during 2012 with building permits valued at $5.6 billion, an increase of 1.8 per cent over 2011. This was driven primarily due to continued growth in the residential market. Job gains and more demand for residential housing due to migration into Calgary has fueled this growth.

Businesses locating to Calgary and local real estate professionals drew upon the knowledge and relationships of the real estate team at Calgary Economic Development. Our experienced team helps businesses coming to Calgary navigate in the local marketplace.

Our real estate team is also involved in the Mayor’s initiative to Cut Red Tape at City Hall. Our representatives are active on the committee that continues the consultation process with the development community to streamline processes.

In June 2012, Calgary Economic Development led a delegation of 15 Calgary companies on a trade and investment mission to Beijing and Hong Kong to participate in the finance and investment symposiums. The Calgary delegation met with potential real estate private investors. Later in the year, private investors from both Hong Kong and China visited Calgary to further investigate the opportunities in our city.

SUCCESS STORIES

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>ENGAGEMENT</th>
<th>OUTCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shape Properties</td>
<td>Calgary Economic Development provided market intelligence, introductions and facilitated meetings with the city planning department</td>
<td>Acquisition of Deerfoot Mall and surrounding land which Shape Properties plans to redevelop as a regional town centre with a mixed use retail adding an incremental 150,000 square feet</td>
</tr>
</tbody>
</table>
SECTOR ACTIVITIES, INITIATIVES & PROJECTS

CREATIVE INDUSTRIES

In 2012, Calgary was a Cultural Capital of Canada giving it the opportunity to celebrate the richness of our culture throughout the city.

Our city is home to breathtaking scenes and award winning crews in the film, television and commercial production industry. Calgary Economic Development facilitated over 480 film, television and commercial projects which brought approximately $125 million in production activity to the area up 24 per cent from 2011.

ALBERTA CREATIVE HUB

Calgary Economic Development continues to play a key role in promoting the region as the destination of choice and is working to advance the Alberta Creative Hub to the next stage. The development of this project will create soundstages and production facilities to further the film, television and digital media industries in Calgary.

In the interim, the Creative Industries team at Calgary Economic Development continues to work with producers both locally and globally to bring their productions to Alberta.

BEHIND THE SCENES

Our award winning marketing campaign, Behind the Scenes, is designed to promote local awareness of our film, television and creative industry. In an effort to share information about the industry, Calgary Economic Development continued to produce episodes of Behind the Scenes TV show in partnership with Shaw TV. These TV segments featured local organizations and projects, and highlight the role of film, television and the digital media sector in Calgary.

Our Creative Industries team attended location expos and met with Canadian and foreign studio executives, and independent producers to attract productions to the Calgary region.

MAJOR PRODUCTIONS

- Hell on Wheels (2nd season)
- Heartland (6th season)
- The Right Side of Wrong (feature film)

The Calgary region has won more film and television awards than any other jurisdiction in Canada

- Oscars – 43 nominations / 3 wins
- Emmys – 24 nominations / 3 wins
- Golden Globes – 83 nominations / 20 wins

Cumulative to 2012

3,000 people work in Film & in TV in Calgary

New grads each year in Alberta from post-secondary institutions including SAIT, Alberta College of Art + Design, Mount Royal University, and University of Calgary
SECTOR ACTIVITIES, INITIATIVES & PROJECTS

WORKFORCE DEVELOPMENT

As Calgary continues to drive the Canadian economy, the demand for skilled labour was very strong in 2012. Unemployment rates remained low – with a yearly average of 4 per cent – and companies struggled to find the qualified people they needed.

Total employment in the Calgary Economic Region increased by 3.7 per cent to 808,200 in 2012 from 779,300 in 2011. The highest percentage in employment growth occurred in utilities, forestry, fishing, mining, oil and gas, and other services. The industries with the highest percentage of job losses were agriculture, trade and business, building and other support services.

EMPLOYMENT BY INDUSTRY, 2011–2012, CALGARY ECONOMIC REGION (000s)

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>2012</th>
<th>2011</th>
<th>CHANGE (000's)</th>
<th>CHANGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Industries</td>
<td>808.2</td>
<td>779.3</td>
<td>28.9</td>
<td>3.7%</td>
</tr>
<tr>
<td>Full-time Employment</td>
<td>683.7</td>
<td>648.1</td>
<td>35.6</td>
<td>5.5%</td>
</tr>
<tr>
<td>Part-time Employment</td>
<td>124.5</td>
<td>131.1</td>
<td>-6.6</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Goods-Producing Sector</td>
<td>211.9</td>
<td>193.8</td>
<td>18.1</td>
<td>9.3%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>4.7</td>
<td>5.4</td>
<td>-0.7</td>
<td>-13.0%</td>
</tr>
<tr>
<td>Forestry, Fishing, Mining, Oil and Gas</td>
<td>69.4</td>
<td>54.3</td>
<td>15.1</td>
<td>27.8%</td>
</tr>
<tr>
<td>Utilities</td>
<td>7.7</td>
<td>5.9</td>
<td>1.8</td>
<td>30.5%</td>
</tr>
<tr>
<td>Construction</td>
<td>74.5</td>
<td>74.8</td>
<td>0.3</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>55.6</td>
<td>53.5</td>
<td>2.1</td>
<td>3.9%</td>
</tr>
<tr>
<td>Service-Producing Sector</td>
<td>596.4</td>
<td>585.5</td>
<td>10.9</td>
<td>1.9%</td>
</tr>
<tr>
<td>Trade</td>
<td>111.1</td>
<td>117.5</td>
<td>-6.4</td>
<td>-5.4%</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>45.4</td>
<td>42.1</td>
<td>3.3</td>
<td>7.8%</td>
</tr>
<tr>
<td>Finance, Insurance, Real Estate and Leasing</td>
<td>45.8</td>
<td>41.2</td>
<td>4.6</td>
<td>11.2%</td>
</tr>
<tr>
<td>Professional, Scientific and Technical Services</td>
<td>89.8</td>
<td>90.4</td>
<td>-0.6</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Business, Building and Other Support Services</td>
<td>26.9</td>
<td>28.4</td>
<td>-1.5</td>
<td>-5.3%</td>
</tr>
<tr>
<td>Educational Services</td>
<td>47.9</td>
<td>43.5</td>
<td>4.4</td>
<td>10.1%</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>77.5</td>
<td>80.7</td>
<td>-3.2</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Information, Culture and Recreation</td>
<td>34.7</td>
<td>36.5</td>
<td>-1.8</td>
<td>-4.9%</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>51.2</td>
<td>46.1</td>
<td>5.1</td>
<td>11.1%</td>
</tr>
<tr>
<td>Other Services</td>
<td>40.0</td>
<td>34.3</td>
<td>5.7</td>
<td>16.6%</td>
</tr>
<tr>
<td>Public Administration</td>
<td>26.1</td>
<td>24.9</td>
<td>1.2</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

Totals may not add up due to rounding
Source: Statistics Canada

LABOUR FORCE & UNEMPLOYMENT RATE, 2008–2012
Calgary Economic Region

A delegation of 44 people representing 10 organizations, and the federal and provincial governments, including Jason Kenney, Minister of Citizenship, Immigration and Multiculturalism, traveled to Ireland and Scotland in October 2012. The group attended two job expos, and met with industry groups and post-secondary institutions.

The Labour Demand and Supply Study was released. It forecasted the labour projections of 500 occupations to 2020 and identifies where there are gaps.
**SECTOR ACTIVITIES, INITIATIVES & PROJECTS**

**WORKFORCE DEVELOPMENT**

Here at home, with current and projected talent shortages, and over $193 billion of planned investment in major projects in Alberta, Calgary Economic Development has made workforce development one of its top priorities.

Early in 2012, Calgary Economic Development released the Labour Demand and Supply Study. This comprehensive report included a forecast of over 500 occupations and corresponding labour projections to 2020, and identified where the biggest gaps in talent would be for Calgary employers. We selected 25 in-demand occupations and provided an in-depth summary of cities or regions that employers could source the required talent in Canada, the United States, Ireland and the United Kingdom.

Using the information from the Labour Demand and Supply Study, we led national and international labour attraction missions to Toronto, Ireland and Scotland. Jason Kenney, Minister of Citizenship, Immigration and Multiculturalism joined the delegation of 44 people representing nine companies in Ireland.

In Ireland and Scotland, we leveraged the Calgary, Be Part of the Energy brand and took an ‘own the market’ approach. We told the Calgary story through an integrated public relations and advertising campaign, which allowed the companies to focus on their own stories and opportunities. The delegation collected over 2,000 resumes and hired nearly 200 people for positions across Alberta.

A delegation also attended the Global Energy Careers Expo in Toronto and the World Heavy Oil Congress in Aberdeen, Scotland where Calgary companies were able to meet with professionals looking to relocate within Canada.

With a focus on both retaining as well as attracting the best and brightest talent to Calgary we hosted 300 industry contacts at events or presentations that included: How to Increase Employee Engagement; Attracting and Retaining International Skilled Workers; Labour Market Opinion Information Session for hiring foreign workers; Summit for the Mature Workforce and Front Line Leadership programs.

One of Calgary Economic Development’s initiatives in this area is to facilitate and lead the Manufacturing Action Consortium. By working together, this group of industry leaders is better positioned to address common issues and share best practices between their organizations. Our industry specialists facilitated tours of four manufacturing facilities, as well as SAIT’s new Manufacturing and Automation Centre.
SECTOR ACTIVITIES, INITIATIVES & PROJECTS

GLOBAL BUSINESS CENTRE

The Global Business Centre is located in the centre of Calgary’s business and convention district on Stephen Avenue. Designed with short-term office space, meeting room, a presentation facility on the top floor and an active program of speaker series, the Global Business Centre is ideally positioned to help Calgary companies access international markets and for new-to-Calgary companies to set up in the city.

Over the past year, the Global Business Centre welcomed consular staff, economists and business leaders to share information with the Calgary business community. It also hosted a series of events called Country in Focus to provide a detailed look at business opportunities in Colombia, China, Australia, India, Indonesia, Vietnam, Poland and Turkey.

The Global Business Centre supported a number of incoming and outgoing trade missions throughout 2012 including missions led by Calgary Economic Development, the Government of Alberta and Foreign Affairs and International Trade Canada (DFAIT).

As part of the mandate to increase trade and investment in Calgary, the Global Business Centre provided temporary office locations for 13 new businesses with short-term leases of two months to one year. Since opening in 2011, the Global Business Centre has provided short term accommodation for 20 companies, of which 11 have since established permanent locations in Calgary.

Over 6,000 people came through the Global Business Centre in 2012 through 241 events hosted by Calgary Economic Development and other private events.

“Calgary Economic Development has been very helpful to us during our initial research phase and the development of our business plan for Canada. After review of both the Edmonton and Calgary cities we decided on Calgary as the location of our headquarters. In building out the plan and bringing it to fruition we worked closely with the Calgary Economic Development team who was very helpful with great insight into markets, local business conditions and the development of many contacts we were introduced to. After founding the entity MATCOR Canada Inc. and the hiring of our Canadian business development manager, we got our start within the walls of the Global Business Centre where we were able to rent office space in an executive office environment. The entire startup phase has been a great experience and we appreciate the professional approach and depth of knowledge from the team at Calgary Economic Development which helped us get off the ground as quickly as we did.”

Knut Fenner
Senior Director, Business Development
MATCOR Canada

241 events hosted at the Global Business Centre
13 new companies used the short-term office space to launch their Calgary operation including Shape Properties and Alberta Winestein
Country in Focus events showcase opportunities in Colombia, China, Australia, Indonesia, Vietnam, Poland and Turkey
6000 people attended events at the Global Business Centre
SUSTAINABILITY, ENTREPRENEURIALISM AND COMMUNITY ECONOMIC DEVELOPMENT

SOUL OF THE CITY SPEAKER SERIES

Soul of the City looks at what makes a city great and fosters discussion around what makes people love where they live and why it matters.

With greater worker mobility, global cities are competing to retain their most creative residents and to attract talented newcomers. Only by understanding the needs of their citizens and by providing them with a high quality of life, can cities appeal to the ‘creative classes’ and prosper by fostering greater social cohesion.

Calgary Economic Development launched the Soul of the City speaker series in September 2012 to bring Calgarians together to have this discussion and showcase Calgary’s soul. With a diverse group of presenters and venues, the speaker series covers topics such as sustainability, community-minded commerce, urban design, art, food, creativity, education and diversity.

COMMUNITY COMMERCE ROUNDTABLES

Calgary Economic Development brought together business people with a keen interest in building an ecosystem in Calgary that supports businesses of all types in our city and encourages them to work together. This diverse group comes together on a monthly basis to build best practices around sustainable business cultures and enhancing the triple bottom line within their organizations.

TRANSFORMATION CALGARY

Calgary was recently named the world’s fifth most livable city by the Economist Intelligence Unit. Surprisingly, an informal benchmarking study shows that Calgary ranks eighth in the country for cultural and recreational facilities. If our city is going to be successful at attracting and retaining global talent then Calgary needs a coordinated, sustainable funding model for cultural and recreational projects. Given the federal, provincial and municipal funding constraints, Transformation Calgary, a citizen driven initiative supported by Calgary Economic Development, was created and is actively defining a better path that allows the citizens of Calgary to choose their own priorities and engage in finding funding solutions.

“I commend Calgary Economic Development for their innovative work in exploring place making and attachment as part of the economic development model. As cities continue to compete on a global scale, understanding what makes people love where they live why this is important, will be critical to a city’s ability to attract talent.”

Dr. Katherine Loflin
Soul of the City event around placemaking

Largest concentration of small businesses among Canadian cities on a per capita basis

Highest number of self-employed per capita in Canada in 2011

Three Soul of the City events were hosted around the city
WORKshift is changing how people work. With a focus on managing results rather than presenteeism, businesses are enabling their employees to work when, how and where they are most effective. Teams are changing, productivity is increasing and companies are seeing an impact on their bottom line as they make decisions about office space and real estate.

Early in the year, the team from Calgary Economic Development hosted the Psychology of WORKshift workshop featuring a panel of industrial psychologists and change management specialists to discuss the barriers to change within organizations and how to overcome these obstacles to build effective roadmaps for implementing a flexible work environment within an organization. The half-day workshop in Calgary was attended by over 90 human resource, IT and organizational change professionals.

2012 was a year of transition for the WORKshift program in Calgary which is growing from a locally-focused initiative to a self-sustaining organization focused on serving businesses and cities across Canada. In anticipation of this new national focus at the end of 2012 the team launched a new website, www.workshiftcanada.com.

“By far the biggest driver for us has been employee engagement. Calgary is a very competitive market for employees and flexibility is a big part of it. We’re committed to employee development and retention.”

Mike Frederick
Chief Operating Officer
ATB Investor Services

“Our goal was to improve productivity, employee engagement and retention, and our ability to attract the talent we need in a highly competitive labour market by providing flexibility in the scheduling and location of work. If we could allow people to work when they work best, why not?”

Tannis Schwarz
Director of Human Resources, NovAtel Inc.
MARKETING, COMMUNICATIONS & RESEARCH

MARKETING, COMMUNICATIONS & RESEARCH

Calgary Economic Development has a dedicated team of marketing and research professionals that are committed to telling our organization’s services and promoting Calgary. Utilizing market intelligence, third party research, industry specific research and advertising studies, we select the appropriate communication medium to make sure we are telling the Calgary story to the right people at the right time.

CALGARY. BE PART OF THE ENERGY.

Originally created as a campaign brand to attract workers, businesses and investment, Calgary. Be Part of the Energy. has evolved even further in 2012. The tagline, which describes the vibe in both business and community, is a call to action to invite people and business to our great city. Now fully integrated into Calgary Economic Development’s corporate brand, it is also a message to potential newcomers, investors and businesses to engage with us as they set-up, expand or accelerate their operation.

Through a collaborative partnership Calgary’s major promotional partners are now using the same brand and allowing us to promote our city with a united voice and a stronger more consistent message. Collectively we want people to know they need to be right here to be part of the energy – whether you’re coming to visit, meet, work or live.

NEW WEBSITE calgaryeconomicdevelopment.com

Equipped with a new brand, we launched a new website last year that allowed us to shout out to the world what is going on here in Calgary and generated a dramatic increase in website activity (44 per cent). Easy navigation, consolidated rich data, sector information, and features on our valued Action Calgary partners was the primary focus in creating the new website.

AWARDS

Calgary Economic Development received an unprecedented 31 awards in 2012 from both industry organizations and marketing and communication associations. The programs that were the big winners were:


▶ WORKshift – Hermes, MarCom, IEDC and EDA

▶ Creative Industries – MarCom and EDA
ACTION CALGARY & COMMUNITY PARTNERSHIPS

ACTION CALGARY PARTNERSHIP PROGRAM

Action Calgary is a corporate partnership program that engages visionary Calgary business leaders to influence the movement of our economy. Guided by the 10-year Calgary Economic Development Strategy, Action Calgary gives Calgary's business leaders the opportunity to get involved and provide the support and investment in our city. For Calgary to compete on a global stage we need our business community to invest in the city’s future to influence growth and economic prosperity in Calgary.

This generous group of companies has committed financial and in-kind resources over the past three years that help our organization deliver award winning initiatives and programs that help drive economic growth for our city.

This financial support is key to the Calgary. Be Part of the Energy. marketing campaign and allows us to share Calgary’s story across the country and around the world.

This past year, Action Calgary partners enjoyed premier access to Calgary Economic Development events including exclusive sessions with Economic Outlook economists Craig Alexander from TD Bank and Mario Lefebvre from The Conference Board of Canada, a reception with the Premier of Alberta, the Global Petroleum Show reception, GlobalFest event and many more networking events and opportunities. Action Calgary partners also had the opportunity for exclusive networking in Ireland, attending sessions with Jason Kenney, Minister of Citizenship, Immigration and Multiculturalism, immigration officials from the Government of Canada and the Government of Alberta, and industry and post-secondary groups to learn more about attracting skilled workers to their companies in Alberta.
ACTION CALGARY & COMMUNITY PARTNERSHIPS

ACTION CALGARY PARTNERSHIP PROGRAM

THANK YOU TO OUR 2012 ACTION CALGARY PARTNERS:

PLATINUM
- Calgary Hotel Association
- Telus

GOLD
- ATB Financial
- Calgary Herald
- CTV Calgary
- DMG: Events
- Kiewit Energy Canada
- Pattison Outdoor Advertising
- SMART Technologies Inc
- Suncor Energy
- Calgary Telus Convention Centre

SILVER
- Aecon
- Alberta Health Services
- Aspen Properties Ltd
- ATCO
- Barclay Street Real Estate Ltd
- Birchcliff Energy
- Bow Valley College
- Calgary Flames Hockey Club
- Calgary Regional Partnership
- Canadian Pacific
- Cenovus Energy
- Enmax
- Enbridge Inc
- Evans Hunt Group
- Gowlings
- Hyatt Calgary
- Imperial Oil
- IMV Projects
- Innovate Calgary
- Ivanhoe Cambridge
- Joe Media Group
- KPMG
- Marathon Oil Canada Corporation
- Morgate Fund Three
- Mount Royal University
- National Public Relations
- Nexen Inc
- OPUS Corporation
- RedPoint Media Group
- Resorts of the Canadian Rockies
- RGO Office Products
- SAIT Polytechnic
- Sasges Inc
- Tarpon Energy Services
- Tervita
- Trico Homes
- University of Calgary
- WAM Development
- WestJet
- whiteIron Inc
- Calgary Opera
- Corporate Traveller
- Devitt & Forand Contractors
- First Calgary Financial
- FMC Law
- Glenbow Museum
- GlobalFest
- Haworth/HBI
- Lawson Projects
- Matthews Southwest
- neubas Technical Solutions Inc
- PwC
- Quintaro Imaging
- Shape Properties
- Sizeland Evans Interior Design Inc
- SNC-Lavalin Group Inc
- Theatre Calgary
- VRV Global
- V Strategies Inc

BRONZE
- Alberta College of Art & Design
- Axis NetMedia Corporation
- Bennett Jones LLP
- Bev Clark – RE/MAX
- BKDI
- Harmony by Bordeaux Developments
- Burnet, Duckworth & Palmer LLP
- Calgary Folk Festival
ACTION CALGARY & COMMUNITY PARTNERSHIPS

COMMUNITY PARTNERSHIPS

Throughout the year, Calgarians generously help Calgary Economic Development by providing resources, sharing their industry insights and provide strategic guidance to help us realize the goals set out in our business plan. We sincerely appreciate the hard work and commitment of these individuals and organizations for being a part of the energy. Thank you.

BUSINESS DEVELOPMENT ADVISORY COMMITTEE
Nathan Armstrong
Motive Industries Inc
Donna Banks
CRESA Partners
Bill Bird
WAM Development Group
Robert Booth
Bennett Jones LLP
Philip Chang
University of Calgary, Haskayne School of Business
Birol Fisekci
HARMONY By Bordeaux Developments
Ian H. Gunn
PWC
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Barclay Street Real Estate Ltd
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Calgary Flames Hockey Club
Hannes Kovac
OPUS Corp
Andy Mackintosh
SNC Lavalin Inc
Judy O’Brien
Calgary Flames Hockey Club
Munir Patel
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Robin Penfold
HSBC Bank Canada
Vincent Saubestre
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Calgary Regional Partnership (CRP)

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AIMCo
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Calgary CFA Society
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FirstEnergy Capital Corp
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Haskayne School of Business
Perry Englot
HSBC Bank Canada
Shane Fildes
BMO Capital Markets
Alexander Fritsche
Bank of Canada
Wilfred Gobert
WAG Research Ltd
George Gosbee
G Capital Inc
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Calgary Economic Development
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TD Securities Inc
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Scotiabank
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Mawer Investment Management
Dave Mowat
ATB Financial
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Peters & Co. Ltd
Bill Rice
Alberta Securities Commission
Gordon Ritchie
RBC Dominion Securities
Bob Thompson
Brownstone Asset Management
Rachel Yin
Calgary Economic Development

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Philip Doublet
Nortrack Manufacturing and Distributing Ltd
Mike Flynn
Apel Extrusions Ltd
Duane Hertz
Optima Manufacturing
Neil Kaarscmaeker
Optima Manufacturing
Louis Kelemen Jr.
Simco Corp
Duane Macauley
Dynamic Source Manufacturing
Garry Mihaichuk
GWM Resources Ltd
Ray Mills
Kudu Industries
Chester Nagy
Plains Fabrication
Matko Papic
Evans Consoles
Curtis Sim
Western Ventilation Products
Mel Svendsen
Standens Ltd
Lynn Wyton
Alberta Treasury Board and Enterprise

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Steve Brierley
Encana Corporation
Carla Campbell-Ott
Petroleum Human Resources Council of Canada
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Alberta Human Services
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Alberta Health Services
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City of Calgary
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Hopewell Logistics
Richard Renegado
Westjet
John Simpson
Standens Ltd
Chris Thomas
TDL Group/Tim Horton’s
Herman Van Reekum
VRV Global Ltd

STRATEGIC COMMUNITY PARTNERS
Calgary Arts
Development Authority
Calgary Chamber of Commerce
Calgary Downtown Association
Calgary Foundation
Calgary Regional Partnership / Calgary Regional Economic Development Partnership
Calgary Stampede
Calgary TELUS Convention Centre
City of Calgary
Edmonton Economic Development Corp
Economic Developers of Alberta
Innovate Calgary
Meetings & Conventions Calgary
Momentum
Productivity Alberta
Tourism Calgary
Transformation Calgary
United Way of Calgary and Area

GOVERNMENT PARTNERS
City of Calgary
Government of Alberta
Government of Canada
ECONOMIC OVERVIEW

2012 ECONOMIC INDICATORS

With a GDP growth of 3.3 per cent, 2012 continued to be a strong recovery year for Calgary. Most notably were the impressive employment gains with close to record interprovincial net migration. Indeed the region is seeing increased attention from investors, businesses and people from all over the world. Truly, in terms of the economy, there are few better places in the world to be than in Calgary.

A closer look at employment figures reveal that the 28,900 jobs created in Calgary over 2012 accounted for 52 per cent of Alberta's and 14.3 per cent of Canada's total job growth. Impressive when you consider the Calgary region is only a third of Alberta's overall population and represents roughly four per cent of Canada's population. This robust employment growth has meant that wages have increased and subsequently, year-over-year retail sales growth has trended at three times the national average at seven per cent. The unemployment rate for Calgary averaged 4.8 per cent in 2012. Solid employment is the bedrock of any well-functioning economy especially when it's coupled with wage increases above inflation and full-time work. All of these positive trends give us optimism for Calgary when looking ahead into 2013.

On the heels of a solid labour market is international and inter-provincial migration. Everyone can remember the vibe of 2008. That year saw net migration of nearly 23,000 to Calgary. 2012 produced an astounding 30,175 new entrants to the Calgary region, a 120 per cent increase over 2011. These numbers bode well for the construction, retail sales and housing markets moving forward.

Calgary was one of the very few bright spots in the Canadian housing market through 2012. Despite a lagging world economy and price reductions across the nation, Calgary saw an average price increase for single family homes of nearly seven per cent. All of this has sent a strong signal to the market with housing starts up nearly 40 per cent in 2012 from a year earlier. Expect this trend to continue in 2013 due to 19 per cent growth in 2012 residential building permit values.

The story with downtown office vacancy was mixed in 2012. 2011 was a big turnaround year for office space in and around the core with record absorption that resulted in vacancy rates low enough to trigger the second tower at Eighth Avenue Place. The downtown vacancy rate leveled off at around five per cent in 2012. The positive trends have sent optimistic signals to both the residential and commercial building industries as building permits in Calgary are on par with 2011, which marked the third highest dollar value in the city’s history.

All of this optimism and positive energy has come amidst natural gas prices that can’t seem to go much lower. The annual average price per gigajoule was Cdn $2.27 in 2012 compared to Cdn $3.43 a year earlier. Oil prices in 2012 for West Texas Intermediate were down slightly with an average rate of US $94.19 a barrel. This figure is somewhat misleading as it doesn’t take into account the differential that Alberta producers are facing from mid-western refineries in the U.S. The Western Canadian Select averages nearly $20 lower than WTI at US $73 a barrel.
Despite some uncertainty with our key economic driver – oil and gas – it’s tough to argue with the notion that Calgary is head of the global economic class. It’s difficult to think of another place on the planet that is as vibrant, safe and optimistic about the future as Calgary is right now.

**CALGARY ECONOMIC REGION**

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>UNIT</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>% CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Domestic Product*</td>
<td>$Millions</td>
<td>73,469</td>
<td>71,115</td>
<td>67,593</td>
<td>3.3%</td>
</tr>
<tr>
<td>Population</td>
<td>Persons</td>
<td>1,406,080</td>
<td>1,364,172</td>
<td>1,338,859</td>
<td>3.1%</td>
</tr>
<tr>
<td>Working Age Population</td>
<td>Persons</td>
<td>1,137,500</td>
<td>1,110,900</td>
<td>1,089,800</td>
<td>2.4%</td>
</tr>
<tr>
<td>Labour Force</td>
<td>Persons</td>
<td>848,900</td>
<td>826,400</td>
<td>811,000</td>
<td>2.7%</td>
</tr>
<tr>
<td>Employment</td>
<td>Persons</td>
<td>808,200</td>
<td>779,300</td>
<td>755,300</td>
<td>3.7%</td>
</tr>
<tr>
<td>Employment Rate</td>
<td>%</td>
<td>71.1</td>
<td>70.2</td>
<td>69.3</td>
<td>1.3%</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>%</td>
<td>4.8</td>
<td>5.7</td>
<td>6.9</td>
<td>-15.8%</td>
</tr>
<tr>
<td>Labour Force Participation Rate</td>
<td>%</td>
<td>74.6</td>
<td>74.4</td>
<td>74.4</td>
<td>0.3%</td>
</tr>
<tr>
<td>Net Migration</td>
<td>Persons</td>
<td>30,175</td>
<td>13,730</td>
<td>12,239</td>
<td>119.8%</td>
</tr>
<tr>
<td>Housing Starts*</td>
<td>House Units</td>
<td>12,841</td>
<td>9,292</td>
<td>9,262</td>
<td>38.2%</td>
</tr>
<tr>
<td>MLS Benchmark Single-Family Home Price**</td>
<td>$</td>
<td>424,708</td>
<td>398,225</td>
<td>401,212</td>
<td>6.7%</td>
</tr>
<tr>
<td>Value of Building Permits</td>
<td>$Billions</td>
<td>5.59</td>
<td>5.49</td>
<td>3.86</td>
<td>1.8%</td>
</tr>
<tr>
<td>Value of Building Permits**</td>
<td>$Billions</td>
<td>4.48</td>
<td>4.53</td>
<td>2.91</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Consumer Price Index*</td>
<td>2002=100</td>
<td>126.7</td>
<td>125.4</td>
<td>122.7</td>
<td>1.0%</td>
</tr>
<tr>
<td>Retail Sales*</td>
<td>$Millions</td>
<td>24,862.06</td>
<td>23,233.22</td>
<td>21,788.74</td>
<td>7.0%</td>
</tr>
<tr>
<td>Industrial Space Vacancy**</td>
<td>%</td>
<td>3.0</td>
<td>3.1</td>
<td>3.8</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Downtown Office Space Vacancy**</td>
<td>%</td>
<td>5.0</td>
<td>5.7</td>
<td>13.0</td>
<td>-12.3%</td>
</tr>
<tr>
<td>Suburban Office Space Vacancy**</td>
<td>%</td>
<td>10.8</td>
<td>9.5</td>
<td>13.6</td>
<td>13.7%</td>
</tr>
<tr>
<td>Small Business*</td>
<td>Number</td>
<td>47,844.0</td>
<td>46,652</td>
<td>46,370</td>
<td>2.6%</td>
</tr>
<tr>
<td>New Businesses**</td>
<td>Number</td>
<td>3,770</td>
<td>4,300</td>
<td>3,537</td>
<td>-12.3%</td>
</tr>
<tr>
<td>Business Closures**</td>
<td>Number</td>
<td>2,445</td>
<td>2,380</td>
<td>2,503</td>
<td>2.7%</td>
</tr>
<tr>
<td>Business Bankruptcies</td>
<td>Number</td>
<td>99</td>
<td>109</td>
<td>131</td>
<td>-9.2%</td>
</tr>
</tbody>
</table>

*denotes Census Metropolitan Area geography

**denotes City of Calgary geography

Source: Statistics Canada, Conference Board of Canada, CMHC, The City of Calgary, CB Richard Ellis, Calgary Real Estate Board, Industry Canada
2012 FINANCIAL STATEMENTS

FINANCIAL STATEMENTS OVERVIEW

Calgary Economic Development completed the 2012 year with just under 1 per cent increase in revenue, and a 2.3 per cent reduction in expenses compared to 2011. Revenue was down slightly from the City of Calgary, but this was more than offset by increased revenue from business partners. Expenses were down in large part due to planned moderate spend reductions on the Calgary, Be Part of the Energy campaign which had been launched in 2011. Overall Calgary Economic Development completed the year with a slight operating surplus of $46,827. Calgary Economic Development’s cash position continues to remain strong at year end.

For the 9th year in a row Calgary Economic Development’s leveraged revenue, secured from economic development partners and stakeholders, grew over the previous year. For 2012 Calgary Economic Development leveraged just under $2.9 million in addition to the base operating grant received from the City ($4.7 million). This represented approximately 38 per cent of the total operating revenue for 2012, up from 36 per cent in 2011. Calgary Economic Development continually works with government and business to provide assistance with its programs and initiatives.

Calgary Economic Development’s and Alberta Creative Hub’s financial information is summarized separately in the tables below. The complete audited financial statements for the year ending December 31, 2012 are outlined following the summarized information. Calgary Economic Development’s and The Alberta Creative Hub’s auditor for 2012 was BDO Canada LLP.

CED’S SUMMARY STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>FOR THE YEAR ENDED DECEMBER 31</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>$2,543,480</td>
<td>$2,177,695</td>
</tr>
<tr>
<td>Property and equipment and holdback receivable</td>
<td>$1,013,214</td>
<td>$1,441,893</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$3,556,694</strong></td>
<td><strong>$3,619,588</strong></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>$1,961,880</td>
<td>$1,674,744</td>
</tr>
<tr>
<td>Long term liabilities</td>
<td>$636,726</td>
<td>$1,033,583</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$2,598,606</strong></td>
<td><strong>$2,708,327</strong></td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets invested in property and equipment</td>
<td>$376,488</td>
<td>$408,310</td>
</tr>
<tr>
<td>Unrestricted net assets</td>
<td>$581,600</td>
<td>$502,951</td>
</tr>
<tr>
<td></td>
<td>$958,088</td>
<td>$911,261</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td><strong>$3,556,694</strong></td>
<td><strong>$3,619,588</strong></td>
</tr>
</tbody>
</table>
## 2012 FINANCIAL STATEMENTS

### FINANCIAL STATEMENTS OVERVIEW

#### CED’S SUMMARY STATEMENT OF REVENUES AND EXPENDITURES

<table>
<thead>
<tr>
<th>FOR THE YEAR ENDED DECEMBER 31</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Calgary</td>
<td>$5,299,735</td>
<td>$5,506,847</td>
</tr>
<tr>
<td>Government</td>
<td>$189,056</td>
<td>$423,620</td>
</tr>
<tr>
<td>Business</td>
<td>$1,590,389</td>
<td>$1,119,703</td>
</tr>
<tr>
<td>Other</td>
<td>$536,176</td>
<td>$498,301</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>$7,615,356</td>
<td>$7,548,471</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating and program expenses</td>
<td>$7,013,000</td>
<td>$7,150,062</td>
</tr>
<tr>
<td>Amortization</td>
<td>$555,529</td>
<td>$600,105</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>$7,568,529</td>
<td>$7,750,167</td>
</tr>
<tr>
<td><strong>Excess of revenue over expenditures</strong></td>
<td>$46,827.00</td>
<td>($201,696)</td>
</tr>
</tbody>
</table>

#### CED’S SUBSIDIARY, ACH SUMMARY FINANCIAL STATEMENTS

<table>
<thead>
<tr>
<th>FOR THE YEAR ENDED DECEMBER 31</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>$829,826</td>
<td>$868,068</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$826,911</td>
<td>$865,153</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>$2,915</td>
<td>$2,915</td>
</tr>
<tr>
<td><strong>Revenue and Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>$61,034</td>
<td>$66,792</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$61,034</td>
<td>$66,709</td>
</tr>
<tr>
<td><strong>Excess of revenue over expenditures</strong></td>
<td>$-</td>
<td>$83</td>
</tr>
</tbody>
</table>
Financial Statements
For the years ended December 31, 2012 and December 31, 2011

Contents

Independent Auditor’s Report 32

Financial Statements
  Statement of Financial Position 33
  Statement of Revenues and Expenditures 34
  Statement of Changes in Net Assets 35
  Statement of Cash Flows 36
  Notes to Financial Statements 37
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, 2012, December 31, 2011 and January 1, 2011 and the statements of revenues and expenditures, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 Public Sector Accounting Standards for Not-for-Profit Organizations, 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 audits. We conducted our audits 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 in our audits 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, 2012, December 31, 2011 and January 1, 2011 and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian Public Sector Accounting Standards for Not-for-Profit Organizations.

Chartered Accountants

April 11, 2013
Calgary, Alberta
## Statement of Financial Position

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$196,667</td>
<td>$62,621</td>
<td>$438,026</td>
</tr>
<tr>
<td>Short-term investments (Note 11)</td>
<td>$1,624,610</td>
<td>$1,705,093</td>
<td>$1,289,568</td>
</tr>
<tr>
<td>Accounts receivable and accrued revenue (Note 4)</td>
<td>710,203</td>
<td>390,689</td>
<td>824,146</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>$12,000</td>
<td>$19,292</td>
<td>$44,616</td>
</tr>
<tr>
<td></td>
<td><strong>2,543,480</strong></td>
<td><strong>2,177,695</strong></td>
<td><strong>2,596,356</strong></td>
</tr>
<tr>
<td>Long Term</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Holdback receivable (Note 4)</td>
<td>-</td>
<td>-</td>
<td>116,315</td>
</tr>
<tr>
<td>Property and equipment (Note 5)</td>
<td>860,637</td>
<td>1,279,714</td>
<td>1,692,476</td>
</tr>
<tr>
<td>Intangible assets (Note 5)</td>
<td>152,577</td>
<td>162,179</td>
<td>98,546</td>
</tr>
<tr>
<td></td>
<td><strong>3,556,694</strong></td>
<td><strong>3,619,588</strong></td>
<td><strong>4,503,693</strong></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities (Note 6)</td>
<td>$741,344</td>
<td>$468,366</td>
<td>$574,795</td>
</tr>
<tr>
<td>Salary and vacation payable</td>
<td>370,377</td>
<td>354,084</td>
<td>332,581</td>
</tr>
<tr>
<td>Deferred contributions (Note 7)</td>
<td>850,159</td>
<td>852,294</td>
<td>1,052,873</td>
</tr>
<tr>
<td></td>
<td><strong>1,961,880</strong></td>
<td><strong>1,674,744</strong></td>
<td><strong>1,960,249</strong></td>
</tr>
<tr>
<td>Long Term</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred contributions (Note 7)</td>
<td>636,726</td>
<td>1,033,583</td>
<td>1,430,487</td>
</tr>
<tr>
<td></td>
<td><strong>2,598,606</strong></td>
<td><strong>2,708,327</strong></td>
<td><strong>3,390,736</strong></td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in property, equipment and intangible assets (Note 8)</td>
<td>$376,488</td>
<td>$408,310</td>
<td>$360,535</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>581,600</td>
<td>502,951</td>
<td>752,422</td>
</tr>
<tr>
<td></td>
<td><strong>958,088</strong></td>
<td><strong>911,261</strong></td>
<td><strong>1,112,957</strong></td>
</tr>
<tr>
<td></td>
<td><strong>3,556,694</strong></td>
<td><strong>3,619,588</strong></td>
<td><strong>4,503,693</strong></td>
</tr>
</tbody>
</table>

Nature of operations (Note 1)
Commitments and contingencies (Note 10)

Approved by the Board:

Director

Director

The accompanying notes are an integral part of these financial statements.
# Statement of Revenues and Expenditures

For the years ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions from:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Calgary - operating grant (Note 1)</td>
<td>$4,735,399</td>
<td>$4,821,318</td>
</tr>
<tr>
<td></td>
<td>564,336</td>
<td>685,529</td>
</tr>
<tr>
<td>Alberta government</td>
<td>184,773</td>
<td>407,147</td>
</tr>
<tr>
<td>Federal government</td>
<td>4,283</td>
<td>16,473</td>
</tr>
<tr>
<td>Business community</td>
<td>1,590,389</td>
<td>1,119,703</td>
</tr>
<tr>
<td>Deferred contributions for property, equipment and intangible assets (Note 8)</td>
<td>396,857</td>
<td>396,904</td>
</tr>
<tr>
<td>Other revenue</td>
<td>119,802</td>
<td>83,155</td>
</tr>
<tr>
<td>Investment income</td>
<td>19,517</td>
<td>18,242</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>7,615,356</td>
<td>7,548,471</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of property and equipment</td>
<td>479,997</td>
<td>528,136</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>75,532</td>
<td>71,969</td>
</tr>
<tr>
<td>Business travel</td>
<td>255,309</td>
<td>231,206</td>
</tr>
<tr>
<td>Program costs</td>
<td>622,661</td>
<td>804,501</td>
</tr>
<tr>
<td>Marketing and promotion</td>
<td>1,481,963</td>
<td>1,768,842</td>
</tr>
<tr>
<td>Corporate services</td>
<td>741,820</td>
<td>730,966</td>
</tr>
<tr>
<td>Employee costs</td>
<td>3,911,247</td>
<td>3,614,547</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>7,568,529</td>
<td>7,750,167</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues over expenditures</strong></td>
<td>$46,827</td>
<td>$(201,696)</td>
</tr>
</tbody>
</table>

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

For the years ended December 31, 2012 and 2011

<table>
<thead>
<tr>
<th>Invested in property, equipment and intangible assets</th>
<th>Unrestricted</th>
<th>2012 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, January 1, 2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance, December 31, 2012</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Consists of amortization expense net of deferred contributions for property, equipment and intangible assets
(2) Consists of purchase of property and equipment net of disposals
(3) Consists of purchase of intangible assets net of disposals

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

For the years ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over expenditures for the year</td>
<td>$46,827</td>
<td>$(201,696)</td>
</tr>
<tr>
<td>Adjustment for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred contributions for property, equipment and intangible assets (Note 7)</td>
<td>$(396,857)</td>
<td>$(396,904)</td>
</tr>
<tr>
<td>Amortization of property and equipment</td>
<td>479,997</td>
<td>528,136</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>75,532</td>
<td>71,969</td>
</tr>
<tr>
<td><strong>Total adjustment</strong></td>
<td>205,499</td>
<td>1,505</td>
</tr>
<tr>
<td><strong>Changes in non-cash working capital balances</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable and accrued revenue</td>
<td>$(319,514)</td>
<td>433,457</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>7,292</td>
<td>25,325</td>
</tr>
<tr>
<td>Holdback receivable</td>
<td>-</td>
<td>116,315</td>
</tr>
<tr>
<td>Deferred contributions</td>
<td>(2,135)</td>
<td>(200,579)</td>
</tr>
<tr>
<td>Accounts payable &amp; accrued liabilities</td>
<td>244,382</td>
<td>(152,322)</td>
</tr>
<tr>
<td>Salary and vacation payable</td>
<td>16,293</td>
<td>21,503</td>
</tr>
<tr>
<td><strong>Total changes</strong></td>
<td>151,817</td>
<td>245,204</td>
</tr>
<tr>
<td><strong>Cash flow used for capital activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>(62,047)</td>
<td>(250,976)</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>(65,930)</td>
<td>-</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities related to property and equipment</td>
<td>21,623</td>
<td>-</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities related to intangible assets</td>
<td>8,100</td>
<td>45,892</td>
</tr>
<tr>
<td><strong>Total capital activities</strong></td>
<td>(98,254)</td>
<td>(205,084)</td>
</tr>
<tr>
<td><strong>Cash flow from (used for) investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposal (purchase) of short-term investments</td>
<td>80,483</td>
<td>(415,525)</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>134,046</td>
<td>(375,405)</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
<td>62,621</td>
<td>438,026</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, end of year</strong></td>
<td>$196,667</td>
<td>$62,621</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
1. 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 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 $4,735,399 (2011 - $4,821,318) and the City has agreed to provide similar funding for the 2013 and 2014 fiscal years.
Notes to Financial Statements

December 31, 2012 and 2011

2. Significant Accounting Policies

Basis of accounting
The financial statements of the Company are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for not-for-profit organizations (PSAB for NPOs), with the optional 4200 series, as established by the Public Sector Accounting Board. The significant accounting policies are described below.

Use of estimates
The preparation of financial statements 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. Items are measured using management’s best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

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

The valuation of property, equipment and intangible assets 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, and their residual values.

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 organization
The Company does not consolidate its not-for-profit organization over which they exercise control and provides disclosure of key financial information for that organization (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, equipment and intangible assets 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, and investments with original maturities at acquisition of three months or less.

Short-term investments
Short-term investments consist of investments in RBC Premium Money Market Fund.
Notes to Financial Statements

December 31, 2012 and 2011

2. Significant Accounting Policies - continued

Contributions receivable
Contributions receivable are recognized as an asset when the amounts to be received can be reasonably estimated and ultimate collection is reasonably assured.

Financial instruments
The Company initially measures all financial instruments at fair value and subsequently at cost or amortized cost less impairment, except for equities which are required to be measured at fair value, or financial instruments which are designated at fair value. Any unrealized gains or losses on fair value financial instruments would be reported in the statement of remeasurement gains and losses.

Transaction costs related to financial instruments remeasured at fair value at each reporting date are expensed in the period, whereas they are charged to the financial instrument for those measured at cost or amortized cost.

Financial assets are tested for impairment at each financial statement date, when changes in circumstances indicate the asset could be impaired. Any impairment losses will be reported in the statement of revenues and expenditures.

The Company has no financial instruments that are required/designated to be subsequently measured at fair value.

Property, equipment and intangible assets
Property, equipment and intangible assets are recorded at cost and are amortized on a straight-line basis. The assets are amortized at the following annual rates:

Property and equipment
- Furniture and fixtures………………………5 years (20% per year)
- Computer equipment………………………2 years (50% per year)
- Tenant improvements………………………Over the lease term

Intangible assets
- Software …………………………………………1 year (100% per year)
- Website development costs………………3.33 years (30% per year)
- Trademarks……………………………………5 years (20% per year)

When an item of property, equipment and intangible assets 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 revenues and expenditures. Write-downs are not reversed.

Contributed property, equipment and intangible assets used in the Company's normal operations are recorded at fair value at the date of contribution, when fair value can be reasonably determined, and where it would have been purchased and paid for if not donated. Assets under development or construction are not amortized until they are substantially complete and come into use.

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.
3. First-time Adoption

Public Sector Accounting Standards for Not-for-Profit Organizations
Effective January 1, 2012, the Company adopted the requirements of the new accounting framework, Canadian Public Sector Accounting Standards for Not-for-Profit Organizations (PSAB for NPOs) with the optional 4200 series. These are the Company’s first financial statements prepared in accordance with this framework and the transitional provisions of Section 2125, First-time Adoption by Government Organizations have been applied. Section 2125 requires retrospective application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in the Significant Accounting Policies with the exception of financial instruments, have been applied in preparing the financial statements for the year ended December 31, 2012, the comparative information presented in these financial statements for the year ended December 31, 2011 and in the preparation of an opening PSAB for NPOs statement of financial position at the date of transition of January 1, 2011. As described below the accounting policies for the financial instruments have only been applied in preparing the financial statements for the year ended December 31, 2012.

The Company previously issued financial statements for the year ended December 31, 2011 using generally accepted accounting principles prescribed by the CICA Handbook – Accounting Part V – Pre-changeover Accounting Standards. The adoption of PSAB for NPOs, did not result in any adjustments to the previously reported assets, liabilities, net assets, excess (deficiency) of revenues over expenditures and cash flows of the Company, but did result in modified presentation of cash flows used for capital activities in the Statement of Cash Flows and financial statement disclosures.

Financial Instruments
On January 1, 2012, the Company early adopted the Public Sector Accounting Handbook Sections 3450 – Financial Instruments, 2601 – Foreign Currency Translation and 1201 – Financial Statement Presentation. The new standards address the classification, recognition and measurement of financial instruments and are effective for years beginning on or after April 1, 2012, however, earlier adoption is permitted. These sections have been applied prospectively; as a result, comparative amounts are presented in accordance with the accounting policies applied by the Company immediately preceding its adoption of PSAB for NPOs, with the optional 4200 series.

Tangible Capital Asset Election
On adoption of the new accounting framework the Company has elected not to apply PS 3150 tangible capital asset impairment guidance retrospectively to impairments that may have arisen before the date of transition (January 1, 2011) to its property and equipment.

Mandatory Exception
The estimates previously made by the Company were not revised on adoption of these new accounting requirements.
Notes to Financial Statements

December 31, 2012 and 2011

4. Accounts Receivable and Accrued Revenue

Accounts receivable and accrued revenue relate to the following:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade accounts receivable</td>
<td>$ 402,473</td>
<td>$ 124,425</td>
<td>$ 231,245</td>
</tr>
<tr>
<td>Government receivable</td>
<td>3,510</td>
<td>16,473</td>
<td>-</td>
</tr>
<tr>
<td>Alberta Creative Hub (Note 9)</td>
<td>30,839</td>
<td>13,614</td>
<td>396,154</td>
</tr>
<tr>
<td>City of Calgary</td>
<td>200,000</td>
<td>116,169</td>
<td>-</td>
</tr>
<tr>
<td>Goods and Services Tax receivable</td>
<td>43,604</td>
<td>58,962</td>
<td>123,492</td>
</tr>
<tr>
<td>Other accounts receivable</td>
<td>77</td>
<td>1,070</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total accounts receivable</strong></td>
<td>$ 680,503</td>
<td>$ 330,713</td>
<td>$ 750,891</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Other accrued revenue</td>
<td>$ 29,700</td>
<td>$ 21,664</td>
<td>$ 28,698</td>
</tr>
<tr>
<td>City of Calgary</td>
<td>-</td>
<td>38,312</td>
<td>25,931</td>
</tr>
<tr>
<td>Department of Western Economic Diversification</td>
<td>-</td>
<td>-</td>
<td>18,626</td>
</tr>
<tr>
<td><strong>Total accounts receivable</strong></td>
<td>$ 29,700</td>
<td>$ 59,976</td>
<td>$ 73,255</td>
</tr>
</tbody>
</table>

| Total accounts receivable and accrued revenue    | $ 710,203         | $ 390,689         | $ 824,146       |

As at December 31, 2012, accounts receivable includes $42,208 (2011 - $102,002; 2010 - $229,241) in amounts outstanding greater than 90 days, $18,954 of which has been subsequently received (2011 and 2010 – all of which subsequently received). Accounts receivable have been recorded at their net realizable value, based on management’s best estimate of the recoverable amounts.

The hold back receivable of $nil (2011 - $nil; 2010 - $116,315) represents an amount due from the City of Calgary related to the Calgary Regional Telework Initiative. The amount has been included in accounts receivable and accrued revenue. This payment was received in full in early 2012.
Notes to Financial Statements

December 31, 2012 and 2011

5. Property, Equipment and Intangible Assets

a) Property and Equipment

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2012</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Amortization</td>
<td>Net Book</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>$330,916</td>
<td>$239,293</td>
<td>$91,623</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>585,061</td>
<td>532,608</td>
<td>52,453</td>
</tr>
<tr>
<td>Tenant improvements</td>
<td>2,581,631</td>
<td>1,865,070</td>
<td>716,561</td>
</tr>
<tr>
<td></td>
<td>$3,497,608</td>
<td>$2,636,971</td>
<td>$860,637</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2011</th>
<th>January 1, 2011</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Amortization</td>
<td>Net Book</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>$326,452</td>
<td>$198,369</td>
<td>128,083 $162,336</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>549,764</td>
<td>492,037</td>
<td>57,727 118,078</td>
</tr>
<tr>
<td>Tenant improvements</td>
<td>2,561,135</td>
<td>1,467,231</td>
<td>1,093,904 1,412,062</td>
</tr>
<tr>
<td></td>
<td>$3,437,351</td>
<td>$2,157,637</td>
<td>1,279,714 1,692,476</td>
</tr>
</tbody>
</table>

At December 31, 2012 the Company has $20,496 (2011 - $nil; 2010 - $nil) in tenant improvements and $nil (2011 - $34,020; 2010 - $nil) in technology hardware related to assets that were not available for use during the year.

b) Intangible Assets

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2012</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Amortization</td>
<td>Net Book</td>
</tr>
<tr>
<td>Software</td>
<td>$237,895</td>
<td>$237,895</td>
<td>-</td>
</tr>
<tr>
<td>Website development costs</td>
<td>379,840</td>
<td>234,074</td>
<td>145,766</td>
</tr>
<tr>
<td>Trademarks</td>
<td>7,290</td>
<td>479</td>
<td>6,811</td>
</tr>
<tr>
<td></td>
<td>$625,025</td>
<td>$472,448</td>
<td>$152,577</td>
</tr>
</tbody>
</table>
Notes to Financial Statements

December 31, 2012 and 2011

5. Property, Equipment and Intangible Assets (continued)

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2011</th>
<th>January 1, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Accumulated Cost</td>
<td>Net Book Value</td>
</tr>
<tr>
<td></td>
<td>Amortization</td>
<td></td>
</tr>
<tr>
<td>Software</td>
<td>$237,895</td>
<td>$229,601</td>
</tr>
<tr>
<td>Website development costs</td>
<td>321,200</td>
<td>167,315</td>
</tr>
<tr>
<td></td>
<td>$559,095</td>
<td>$396,916</td>
</tr>
</tbody>
</table>

At December 31, 2012 the Company has $nil (2011 - $65,450; 2010 - $nil) in website development costs that were not available for use during the year.

During the year, a sponsor contributed in-kind services towards website development, the fair value of which is not reliably measurable. The website is in current use and would ordinarily be amortized over 3 years.

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities relate to the following:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade accounts payable</td>
<td>$500,248</td>
<td>$424,574</td>
<td>$450,232</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>241,096</td>
<td>43,792</td>
<td>124,563</td>
</tr>
<tr>
<td></td>
<td>$741,344</td>
<td>$468,366</td>
<td>$574,795</td>
</tr>
</tbody>
</table>
Notes to Financial Statements

December 31, 2012 and 2011

7. Deferred Contributions

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$852,294</td>
<td>$1,052,873</td>
<td>$795,259</td>
</tr>
<tr>
<td>Contributions received</td>
<td>912,012</td>
<td>630,447</td>
<td>677,441</td>
</tr>
<tr>
<td>Recognition of deferred contributions</td>
<td>(727,051)</td>
<td>(831,026)</td>
<td>(808,163)</td>
</tr>
<tr>
<td>Return of contributions</td>
<td>(187,096)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from deferred contributions to property,</td>
<td>-</td>
<td>-</td>
<td>388,336</td>
</tr>
<tr>
<td>equipment and intangible assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$850,159</td>
<td>$852,294</td>
<td>$1,052,873</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Related to property, equipment and intangible assets:</th>
<th>December 31, 2012</th>
<th>December 31, 2011</th>
<th>January 1, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$1,033,583</td>
<td>$1,430,487</td>
<td>$1,896,809</td>
</tr>
<tr>
<td>Contributions received</td>
<td>-</td>
<td>-</td>
<td>318,871</td>
</tr>
<tr>
<td>Recognition of deferred contributions</td>
<td>(396,857)</td>
<td>(396,904)</td>
<td>(396,857)</td>
</tr>
<tr>
<td>Transfer to deferred contributions for programs</td>
<td>-</td>
<td>-</td>
<td>(388,336)</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$636,726</td>
<td>$1,033,583</td>
<td>$1,430,487</td>
</tr>
</tbody>
</table>

The balance related to property, equipment and intangible assets is comprised of:

| Tenant improvements and furniture and fixtures       | $626,914          | $994,333          | $1,361,800      |
| Website development costs                           | 9,812             | 39,250            | 68,687          |
| Balance, end of year                                | $636,726          | $1,033,583        | $1,430,487      |

8. Net Assets Invested In Property, Equipment and Intangible assets

| Property and equipment (Note 5)                     | $860,637          | $1,279,714        | $1,692,476      |
| Intangible assets (Note 5)                          | 152,577           | 162,179           | 98,546          |
| Deferred contributions for property, equipment and  | (636,726)         | (1,033,583)       | (1,430,487)     |
|   intangible assets (Note 7)                        |                   |                   |                 |
| Balance, end of year                                | $376,488          | 408,310           | 360,535         |

During the year, the Company recognized $367,419 (2011 - $367,466) of deferred revenue contributions for tenant improvements and $29,438 for equipment (2011 – $29,438) due to amortization of the related assets.
9. 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 $150,000 (2011 - $148,678), which is included in corporate services expense. At year end, these amounts were fully paid.

The Company recognized management fee revenue of $29,583 (2011 - $13,150) from its wholly owned subsidiary, which is included in business community revenue. Included in accounts receivable is $30,839 (2011 - $13,614) 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 $190,902 (2011 - $94,111). $85,585 (2011 - $81,282) of this is included in marketing and promotions and $105,317 (2011 - $12,829) is included in employee costs. At year end, $27,396 (2011 - $2,872) of this amount is included in accounts payable. The Company also received revenue from these companies totaling $209,248 (2011 - $44,409), which is included in business community revenue. At year end, $61,225 (2011 - $nil) of this amount is included in accounts receivable.

The Company received revenue of $27,973 (2011 - $61,000), which is included in business community revenue, from corporations related to directors of the Company towards its Action Calgary and other programming. At year end, $nil (2011 - $1,050) of this amount is included in accounts receivable.

All transactions have been recorded at the agreed to exchange amounts that have been negotiated between the parties.
Notes to Financial Statements

December 31, 2012 and 2011

10. 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:

<table>
<thead>
<tr>
<th>Year</th>
<th>Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>19,228</td>
</tr>
<tr>
<td>2014</td>
<td>19,228</td>
</tr>
<tr>
<td></td>
<td>$38,456</td>
</tr>
</tbody>
</table>

**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.

**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.
11. Financial Instruments

General objectives, policies and processes
The Board of Directors, through the audit committee, has overall responsibility for the determination of the Company’s risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company’s senior management. The Board of Directors receives quarterly reports from the Company’s senior management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

As disclosed in the 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 and liquidity risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. There have been no significant changes from the previous year in the exposure to risk, policies or procedures used to manage financial instrument risks.

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 and accrued revenue is 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 amount outstanding at year end, which is the Company’s maximum exposure to credit risk related to the accounts receivable and accrued revenue, were disclosed in Note 4.

### December 31, 2012

<table>
<thead>
<tr>
<th>Accounts Receivable</th>
<th>0-30 days</th>
<th>31-60 days</th>
<th>61-90 days</th>
<th>91 days and over</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government receivables</td>
<td>$43,604</td>
<td>$13,000</td>
<td>$203,510</td>
<td>-</td>
<td>$260,114</td>
</tr>
<tr>
<td>Other receivables</td>
<td>225,616</td>
<td>182,225</td>
<td>-</td>
<td>40</td>
<td>450,089</td>
</tr>
<tr>
<td>Impairment allowances</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total accounts receivable</strong></td>
<td><strong>$269,220</strong></td>
<td><strong>195,225</strong></td>
<td><strong>203,510</strong></td>
<td><strong>40</strong></td>
<td><strong>$710,203</strong></td>
</tr>
</tbody>
</table>

### December 31, 2011

<table>
<thead>
<tr>
<th>Accounts Receivable</th>
<th>0-30 days</th>
<th>31-60 days</th>
<th>61-90 days</th>
<th>91 days and over</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government receivables</td>
<td>$130,402</td>
<td>$5,473</td>
<td>-</td>
<td>$40,000</td>
<td>$252,044</td>
</tr>
<tr>
<td>Other receivables</td>
<td>74,220</td>
<td>2,292</td>
<td>2,100</td>
<td>34,200</td>
<td>138,645</td>
</tr>
<tr>
<td>Impairment allowances</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total accounts receivable</strong></td>
<td><strong>$204,622</strong></td>
<td><strong>7,765</strong></td>
<td><strong>2,100</strong></td>
<td><strong>74,200</strong></td>
<td><strong>$390,689</strong></td>
</tr>
</tbody>
</table>
Notes to Financial Statements

December 31, 2012 and 2011

11. Financial Instruments (continued)

January 1, 2011

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>0-30 days</th>
<th>31-60 days</th>
<th>61-90 days</th>
<th>91 days and over</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government receivables</td>
<td>$ 65,648</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$ 218,716</td>
<td>$ 284,364</td>
</tr>
<tr>
<td>Other receivables</td>
<td>475,117</td>
<td>25,000</td>
<td>120,050</td>
<td>30,405</td>
<td>15,525</td>
<td>666,097</td>
</tr>
<tr>
<td>Impairment allowances</td>
<td>-</td>
<td>-</td>
<td>(5,000)</td>
<td>-</td>
<td>(5,000)</td>
<td>(10,000)</td>
</tr>
<tr>
<td>Total accounts receivable*</td>
<td>$ 540,765</td>
<td>$ 25,000</td>
<td>$ 115,050</td>
<td>$ 30,405</td>
<td>$ 229,241</td>
<td>$ 940,461</td>
</tr>
</tbody>
</table>

*Total accounts receivable balance includes the hold back receivable of $116,315 as disclosed in Note 4.

The Company is 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.

The Company is also exposed to credit risk on its short-term investments which consists of an investment in the RBC Premium Money Market Fund. The RBC Premium Money Market Fund invests primarily in high-quality, short-term (one year or less) debt securities, including treasury bills and promissory notes issued or guaranteed by Canadian governments or their agencies, bankers acceptances, asset-backed commercial paper and commercial paper issued by Canadian chartered banks, loan companies, trust companies and corporations. As such, the short-term investments are exposed to all the risks of the underlying securities. The maximum credit risk related to this is the carrying value of the short-term investments as disclosed in the Statement of Financial Position.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company’s normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. In addition, the monies invested in short-term investments can be withdrawn on demand. The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

December 31, 2012

<table>
<thead>
<tr>
<th></th>
<th>0-90 days</th>
<th>90-365 days</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$ 513,476</td>
<td>$ (13,228)</td>
<td>$ 500,248</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>241,096</td>
<td>$ -</td>
<td>241,096</td>
</tr>
<tr>
<td></td>
<td>$ 754,572</td>
<td>$ (13,228)</td>
<td>$ 741,344</td>
</tr>
</tbody>
</table>
11. Financial Instruments (continued)

December 31, 2011

<table>
<thead>
<tr>
<th></th>
<th>0-90 days</th>
<th>90-365 days</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$434,415</td>
<td>$ (9,841)</td>
<td>$424,574</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>43,792</td>
<td>-</td>
<td>43,792</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$478,207</strong></td>
<td><strong>$ (9,841)</strong></td>
<td><strong>$468,366</strong></td>
</tr>
</tbody>
</table>

January 1, 2011

<table>
<thead>
<tr>
<th></th>
<th>0-90 days</th>
<th>90-365 days</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$474,068</td>
<td>$ (23,836)</td>
<td>$450,232</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>96,711</td>
<td>27,852</td>
<td>124,563</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$570,779</strong></td>
<td><strong>$4,016</strong></td>
<td><strong>$574,795</strong></td>
</tr>
</tbody>
</table>

**Market risk**

Market risk is the risk that the fair value of the short term investments will fluctuate as a result of market factors. As at December 31, 2012 a 1% change in the market yield, with all other variables held constant, would impact the excess (deficiency) of revenues over expenditures by $16,246 (2011 - $17,051; 2010 - $12,896).

12. 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, 2012 was $122,577 (2011 - $108,790).
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 years ended December 31, 2012, December 31, 2011 and January 1, 2011. This information was prepared using the same accounting policies as Calgary Economic Development Ltd.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Position</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>$829,826</td>
<td>$868,068</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$826,911</td>
<td>$865,153</td>
</tr>
<tr>
<td>Total net assets</td>
<td>$2,915</td>
<td>$2,915</td>
</tr>
<tr>
<td>Revenue and Expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>$61,034</td>
<td>$66,792</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$61,034</td>
<td>$66,709</td>
</tr>
<tr>
<td>Excess of revenues over expenditures</td>
<td>$-</td>
<td>$83</td>
</tr>
<tr>
<td>Cash Flows</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>$-(23,422)</td>
<td>$(439,952)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Decrease in cash and cash equivalents</td>
<td>$-(23,422)</td>
<td>$(439,952)</td>
</tr>
</tbody>
</table>

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 9).

14. Comparative Information

Certain comparative amounts have been changed to conform with the current year’s presentation.
Looking ahead, 2013 is shaping up to be a busy year.

In partnership with the City, we are refreshing the 10-year Calgary Economic Development Strategy, which was originally created in 2008. Through significant partner, business and community engagement, we will assess the direction set out in the plan and consider emerging trends, changing economic conditions and growing social issues to set the path for the City and its civic partners for the next few years.

We will continue to play the role of conduits and connectors with the trade and investment international missions and at the same time invite more businesses to land, launch or network at our Global Business Centre.

We will focus on getting the Alberta Creative Hub across the finish line while expanding the wings of WORKshift.

And, knowing that people choose cities first and then jobs, we will continue to focus on place-based marketing to tell the story of Calgary as a great place to live, work and make a life. This will support both our city’s and province’s short and long-term employment needs and complement other workforce initiatives including labour missions, post-secondary institutions collaboration, and integration and retention strategies.

It seems certain that 2013 will be a year of decisions that will greatly impact the future of Calgary and our province. We are looking forward to working with the City, our Action Calgary partner’s and other organizations throughout the city to ensure Calgary adapts and continues to maintain its strength in business and community.

For more information about how Calgary Economic Development can help your organization, stop by, give us a call, or send us an email.

- Industry knowledge and expertise
- Educational and networking events
- International trade missions
- Labour attraction missions
- Permitting for film, television or commercial productions
- Marketing and communications
- Research
- Workforce development