



CALGARY ECONOMIC DEVELOPMENT

2019 ANNUAL REPORT

calgary economic
development
be part of the energy™

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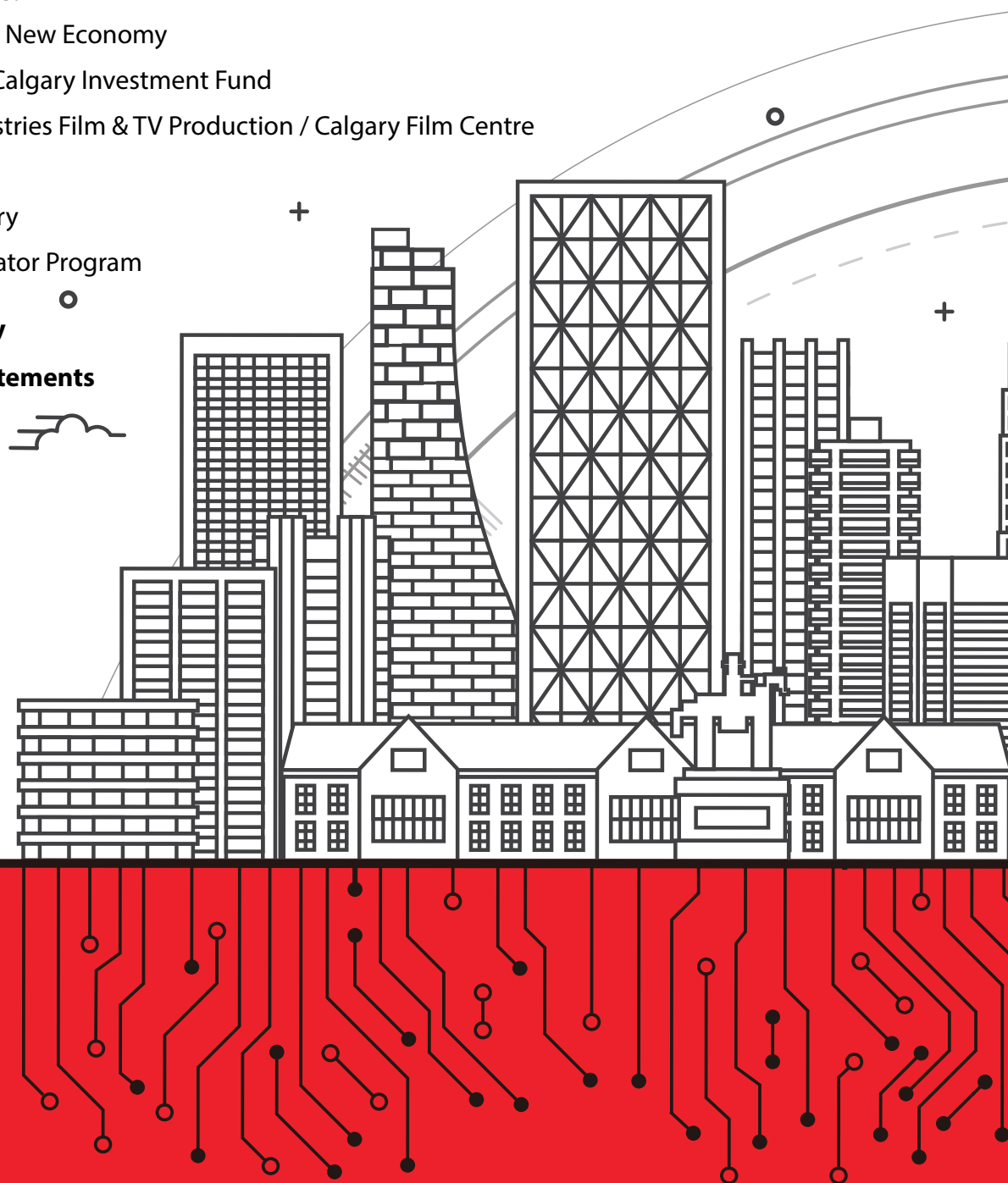
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Startup Calgary hosts



90+ EVENTS

in 2019 with record
4,300 participants

IN CALGARY

11,455 JOBS

Impact of 82 companies attracted
or retained in 2019

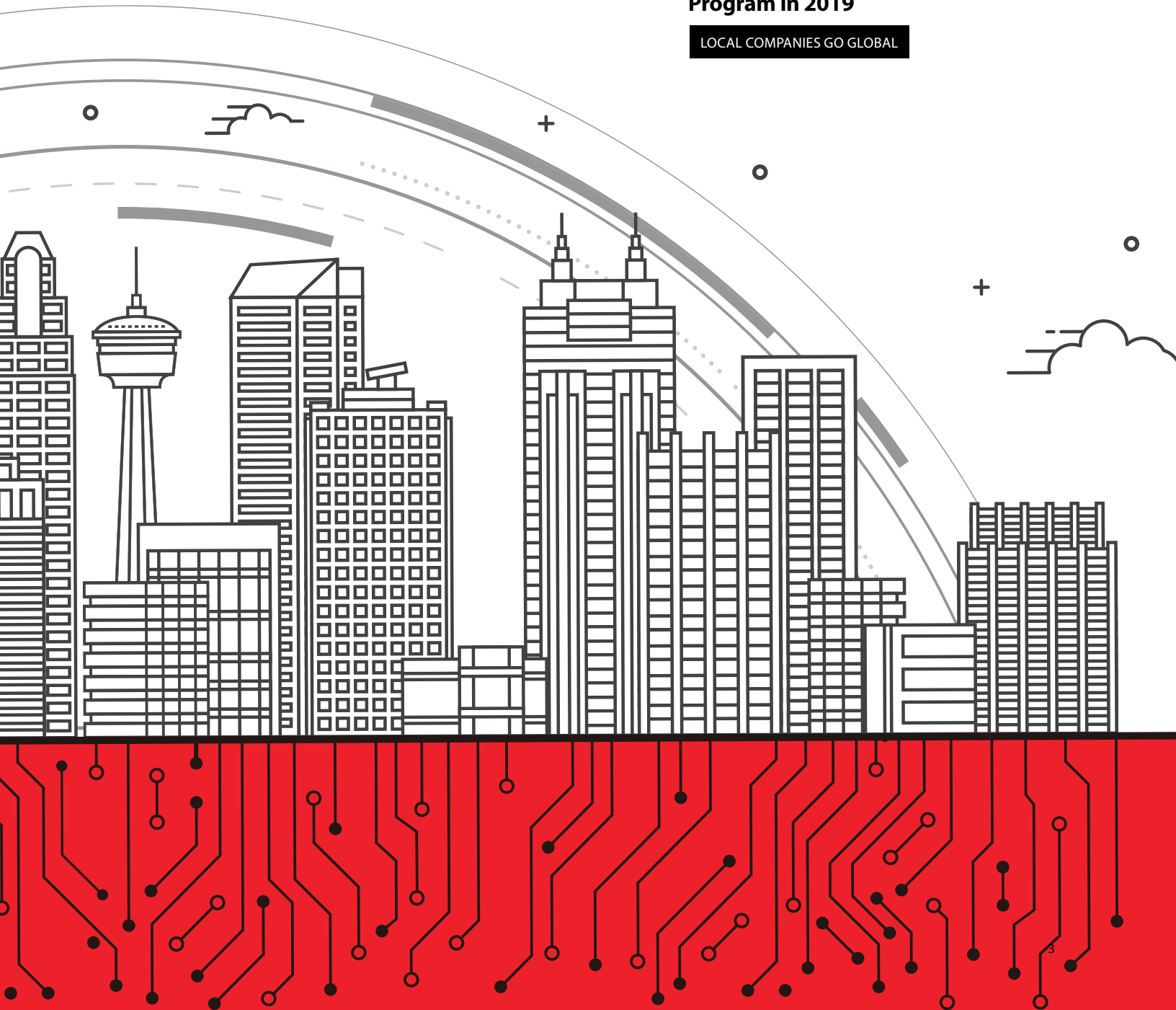
GROWING COMPANIES IN CALGARY



103 COMPANIES

Took part in Trade Accelerator
Program in 2019

LOCAL COMPANIES GO GLOBAL



MESSAGE FROM CEO & BOARD CHAIR:

Implementing the economic strategy *Calgary in the New Economy* that serves as a roadmap to achieving sustained prosperity in our city was the driving force behind every major initiative that Calgary Economic Development undertook in 2019.

The outcome was greater engagement with the businesses, entrepreneurs, innovators and educators who are creating the new opportunities and record metrics in the Balanced Scorecard our organization uses to assess its performance.

Economic development, at its core, is about people.

The 82 companies we helped to attract or expand in 2019 meant 11,455 jobs for Calgarians. The 90 events Startup Calgary hosted during the year attracted 4,300 entrepreneurs. We are impacting record numbers of people with our work.

Talent, Innovation, Place, and Business Environment are the four areas of focus for *Calgary in the New Economy* and Talent has emerged as the most critical in our efforts to accelerate digital transformation of our industrial sectors.

We realigned our organization to put an increased focus on ensuring Calgary businesses have the workforce they need to execute on their business plans. We launched programs to train – in some cases, retrain – local workers for tech jobs and developed the Live Tech. Love Life. marketing campaign to showcase the opportunities here for in-demand talent.

As we continue to recover from the devastating 2015-16 recession, our efforts ensure Calgary remains a centre for entrepreneurs and innovators. Signs of optimism were evident in 2019. A record number of Calgarians were working and homegrown startups in fintech and life sciences became billion-dollar success stories. The energy sector has increasingly embraced digitization to improve performance amid ongoing price and market-access challenges.


These are difficult times for many Calgarians, and we are well aware people are counting on organizations like Calgary Economic Development to show leadership. We've been forced to reimagine our future in this increasingly digital world, and the ambitions that were set out in *Calgary in the New Economy* remain as relevant as ever.

The vision is that Calgary is the city of choice in Canada for the best entrepreneurs; a place that embraces innovation to address some of the world's greatest needs – cleaner energy, safer and more secure food, better health solutions and the safe movement of goods and people. As an organization, we are committed to achieving that objective, regardless of the challenges.

It is notable that as Calgary's economy transitions to a digital future, we remain a destination of choice. In a world increasingly competing for transformative companies and talent, The Economist Intelligence Unit continues to rank Calgary as the most liveable city in the Western Hemisphere and the fifth best globally.

This is a time of transition for Calgary and also for Calgary Economic Development. After six years, Steve Allan's term as the Chair of the Board of Directors concluded in October 2019 and saw Joe Lougheed take on the role of Board Chair. The leadership Mr. Allan provided to this organization and his commitment to Calgary have been extraordinary.

On behalf of the Board of Directors and staff at Calgary Economic Development, we extend our sincere appreciation to our Team Calgary Partners, all the people who volunteer on our many advisory committees, Mayor Naheed Nenshi, Calgary City Council and administration at The City of Calgary for their support and all their hard work.



Joe Lougheed
Board Chair



Mary Moran
President & CEO

WHO WE ARE

We are conduits, catalysts, connectors and storytellers who facilitate growth and prosperity in an innovative and entrepreneurial city. We are an agency of the municipal government that collaborates with stakeholders to advance economic growth and diversification to create opportunities for all Calgarians.



BOARD OF DIRECTORS:



- Joe Lougheed**, Board Chair; Dentons LLP
- Steve Allan**, Past Chair, Corporate Director
- Leontine Atkins**, Retired Partner, KPMG
- Shannon Bowen-Smed**, BOWEN
- Lori Caltagirone**, Sunesis Consulting
- Jeff Davison**, Councillor Ward 6
- David Duckworth**, City of Calgary
- Charles Duncan**, WestJet Airlines
- Trent Edwards**, Brookfield Residential
- Katherine Emberly**, Shaw Communications
- Judy Fairburn**, Business Leader, Innovation & Community Builder
- Christine Gillespie**, Nutrien
- Robert Hayes**, National Bank of Canada
- Mary Moran**, Calgary Economic Development
- John Osler**, McCarthy Tétrault LLP
- Brad Pierce**, Borden Ladner Gervais LLP
- Alice Reimer**, CDL Rockies
- Dr. David Ross**, SAIT
- Quincy Smith**, Dentons LLP
- Andrea Whyte**, Osler, Hoskin & Harcourt LLP



WHAT WE DO

We work with businesses, governments, educators and community partners to position Calgary as a location for business investment that provides opportunities for our highly skilled workforce.



ADVISORY COMMITTEES:

- Agribusiness
- Economic Strategy
- Energy Services
- Real Estate
- Renewable Energy
- Transportation & Logistics
- Workforce



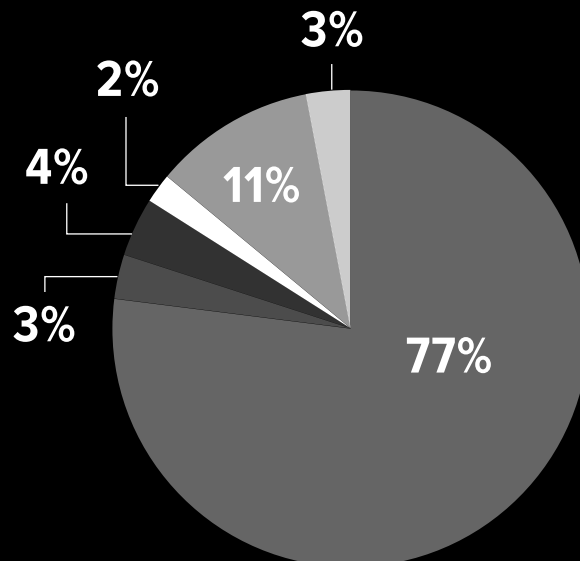
OUR SERVICES:

- Promoting Calgary
- Research & Strategy
- Workforce Initiatives
- Talent Development & Attraction
- Local Business Development
- Business Investment & Attraction
- Trade & Export Development
- Headquarters & Real Estate Support
- Business-to-Business, Business-to-Government Connections

FUNDING SOURCES:

2019 Revenues:
Total \$12,824,688

- 77% City of Calgary- Operating grant
- 3% City of Calgary- Other grants
- 4% Government of Alberta
- 2% Government of Canada
- 11% Private sector investment
- 3% Other



2019 IN REVIEW

A coordinated effort to attract companies and build a tech talent pipeline for digital transformation in industry drove our work at Calgary Economic Development in 2019.

Promoting both business opportunities and quality of life, we supported the attraction, retention or expansion of 82 companies. The 70 per cent increase in the number of jobs we helped attract or retain to 11,445 last year reflected an emphasis on bigger opportunities. We also assisted more than 175 clients lease over 300,000 sq. ft. of downtown office space and over 200,000 sq. ft. of suburban and industrial space.

Ensuring companies have the tech talent for opportunities in *Calgary in the New Economy* was a major area of focus. A study we released in May forecast that Calgary companies will lead the \$18.4 billion spend on digital transformation in Alberta through 2022.

As with anything, people will make the difference in our efforts to lead Canada's industrial transformation.

Calgary has a world-class workforce of proven problem-solvers and our post-secondary institutions are graduating innovative thinkers every year. At Calgary Economic Development, we are working closely with businesses, governments and educators on training programs to transition displaced workers to in-demand jobs.

To recruit the specific tech skills that companies tell us they need to execute on their business plan, we created a talent attraction campaign titled Live Tech. Love Life.

Initiatives including the Trade Accelerator Program, which helps companies move into new markets and Startup Calgary, which nurtures local entrepreneurs, expanded as Calgarians adapted to opportunities in the changing economy.

Calgary Economic Development has applied a three-year Balanced Scorecard since 2016 to measure our progress in four areas of focus to ensure continued progress on organizational objectives.

In 2019 Calgary Economic Development developed a four-year corporate strategy with EY to align with the City of Calgary's four-year budget cycle. The commitment to measurable results in the Balanced Scorecard helps us deliver on our mandate and implement the Economic Strategy, *Calgary in the New Economy*.

BALANCED SCORECARD

	2017	2018	2019
Accelerate sector development & diversification			
Companies attracted, expanded and retained	67	87	82
Trade and investment deals supported	6	4	13
Direct/indirect jobs created/retained	5,719	8,074	11,455
Commercial industrial space absorbed (sq. ft)	240,598	448,408	512,930
Capital investment for land, building and construction	\$151M	\$117M	\$185M
Film production	\$179M	\$181M	\$197M
Exceptional client service			
Economic Strategy stakeholders see positive momentum	NA	NA	76%
Startup Calgary client funding	16	26	42
Non-core funding	\$2.4M	\$2.5M	\$3.9M
High performing and engaged team			
Overall staff engagement	59%	65%	76%
Overall board satisfaction with effectiveness and engagement	NA	NA	75%
Global recognition as a place to live, learn and do business			
Canadian business leaders have favourable perception of Calgary	80%	NA	81%



NOTABLE TRANSACTIONS:

ADVANCED MICRO DEVICES (AMD):

The Silicon Valley-based semiconductor company opened its second Canadian office in Calgary to advance its graphics processing unit (GPU) software and drive innovation in industrial sectors.



90 JOBS

to be created



\$1.1

BILLION

Solium Capital was acquired by banking giant Morgan Stanley

BASF:

The global chemical company relocated its Agriculture Solutions Headquarters in Canada from Mississauga, Ont. to Calgary, and expects to create up to 90 jobs as it joins the growing number of crop science companies clustered in Calgary.

SHAREWORKS BY MORGAN STANLEY:

Solium Capital was acquired by the U.S. banking giant for \$1.1 billion – a “unicorn” in the tech world. Morgan Stanley is expanding Calgary operations of the renamed company that provides online stock plan administration technology and services.

WESTJET AIRLINES:

Onex Corp. of Toronto purchased WestJet for \$5 billion and has committed to retain Calgary as its headquarters and make the city a primary hub for the homegrown airline that is the ninth largest North American carrier.





KEY INITIATIVES

CALGARY IN THE NEW ECONOMY

The momentum around implementation of *Calgary in the New Economy* in 2019 is evidence of the city embracing disruption to set a foundation for long-term prosperity.

The economic strategy was created by Calgarians in 2018 to set a direction for their city. It identifies leading the digital transformation of industry as a key catalyst for growth for Calgary. It aligns the City of Calgary, its civic partners, private sector, educators and community stakeholders around a common goal.

Calgary is the city of choice for the world's best entrepreneurs. We embrace technology to solve the world's greatest challenges: cleaner energy, safe and secure food, efficient movement of goods and people and better health solutions.

As economic uncertainty increases worldwide, the strategy's four areas of focus – Talent, Innovation, Place, and Business Environment – remain key underlying drivers of growth.

CALGARY IN THE NEW ECONOMY

A study Calgary Economic Development conducted with IDC Canada on digital transformation in 2019 found all of the industries cited in *Calgary in the New Economy* – energy, agribusiness, transportation and logistics, life sciences, creative industries and tourism – were ambitious adopters of transformative technologies.

Digitization is making Calgary companies players in big data, blockchain, artificial intelligence and other technologies. However, companies will only be able to take advantage of the opportunities with a highly skilled workforce.

Calgary in the New Economy sets the goal of being the top destination for talent in Canada. Building a talent pipeline – starting with training for Calgarians for jobs in tech – has emerged as a top priority for Calgary Economic Development.

MOMENTUM / AREAS OF FOCUS:



TALENT:

Tech training launched by EDGE UP, NPower Canada, Lighthouse Labs to help workers transition to in-demand jobs.

INNOVATION:

Alberta Innovation Corridor established to better connect and promote tech ecosystems in Edmonton and Calgary.

PLACE:

City Council approves Rivers Entertainment District with an Event Centre that includes a 19,000-seat arena.

BUSINESS ENVIRONMENT:

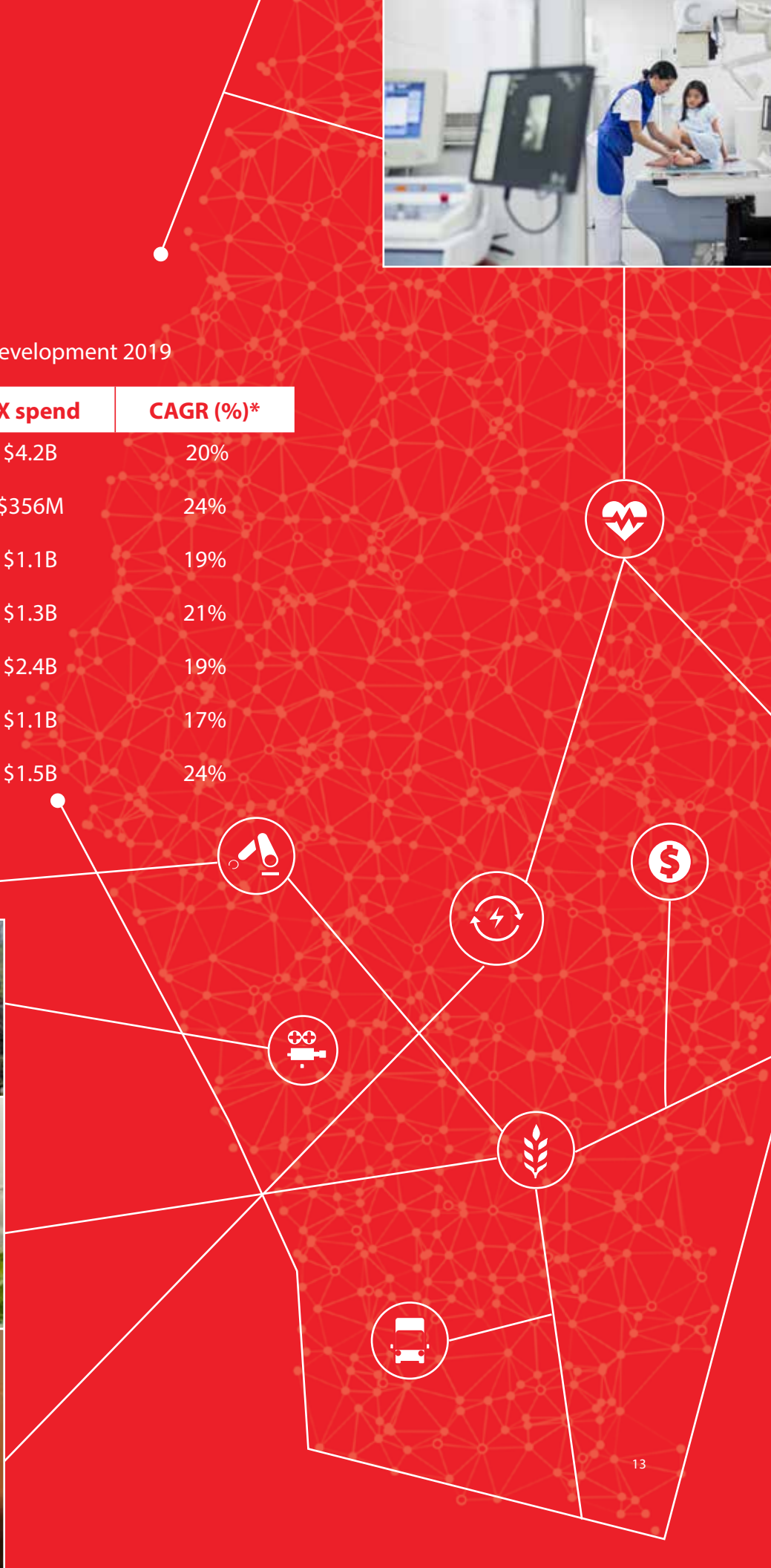
City of Calgary and Government of Alberta prioritized the economy; lower taxes on business and reduce red tape.

DIGITAL SPEND IN ALBERTA

IDC Canada / Calgary Economic Development 2019

	DX spend	CAGR (%)*
Energy	\$4.2B	20%
Agribusiness	\$356M	24%
Logistics	\$1.1B	19%
Life Sciences	\$1.3B	21%
Creative Industries	\$2.4B	19%
Financial Services	\$1.1B	17%
Manufacturing	\$1.5B	24%

*Compound annual growth rate





KEY INITIATIVES

OPPORTUNITY CALGARY INVESTMENT FUND

The portfolio of investments from the Opportunity Calgary Investment Fund took shape in 2019, its first full year of operation, with seven agreements announced that will be catalysts to achieve the vision in the *Calgary in the New Economy*.

The Fund is an initiative from the City of Calgary that is managed by Calgary Economic Development with oversight and direction from an independent Board of Directors.

At year-end 2019, almost 25 per cent of the \$100 million Fund had been approved for nine projects since its launch in April 2018. Companies only receive funds after they achieve specific metrics and just over \$7 million was distributed in 2019.

The Opportunity Calgary Investment Fund has a mandate to make leveraged investments in the strategic sectors identified in the economic strategy *Calgary in the New Economy* that will act as an catalyst for growth and expansion of innovation ecosystems in the city.



OCIF BOARD MEMBERS¹:

Barry Munro, Chair, Partner EY LLP
Steve Allan, Corporate Director
Mark Blackwell, Partner, Builders VC
Michael Brown, President, Trico Residential
Ian Bruce, Former CEO, Peters & Co.
Jeff Davison, Councillor Ward 6
Cheryl Gottselig, Partner, Burnet Duckworth & Palmer LLP
Nancy Laird, Corporate Director
Joe Lougheed, Partner, Dentons LLP
Naheed Nenshi, Mayor of Calgary
Geeta Sankappanavar, President & Co-Founder, Grafton Asset Management

OFFICERS:

Mary Moran, Chief Executive Officer, Calgary Economic Development
Sheila Will, Chief Financial Officer and Board Secretary, Calgary Economic Development



2019 AWARDEES:

Life Sciences Innovation Hub (\$8.5M); **NPower Canada** (\$100,000); **Parkland Fuel** (\$4M); **Finger Food Advanced Technology Group** (\$3.5M); **HATCH-YYC** (\$1M); **Lighthouse Labs** (\$300,000); **InterGen Capital** (\$100,000).

BY THE NUMBERS:

Category	2019	Cumulative
Projects Announced	7 ²	9
Funds Committed	\$17.5M	\$23.5M
Funds Disbursed	\$7.05M	\$7.05M
Total Investment Size	\$127M	\$163.5M
Jobs Secured	688 ³ 4	988 ³ 4
Training Spaces	385	385
Space Absorbed	250,300 sq. ft.	297,000 sq. ft.

1 At year-end 2019

2 Parkland Fuel; approved 2018, completed and announced 2019.

3 Forecast over three years

4 Includes Calgary-based jobs attracted and retained



CREATIVE INDUSTRIES

FILM & TV PRODUCTION / CALGARY FILM CENTRE

The value of film and television productions reached record levels in the Calgary area in 2019 with almost \$200 million spent by Alberta filmmakers and on Hollywood blockbuster series such as Ghostbusters and Jumanji.

Spending on screen-based productions increased by almost 10 per cent from 2018 as Calgary Economic Development continued to work with the Government of Alberta to ensure the province is competitive with other jurisdictions.

In its second full year of operations, all three sound stages at the Calgary Film Centre were fully occupied for the second half of 2019. The Centre was also fully booked through the first quarter of 2020 following an ambitious marketing strategy to commercial, film and television commitments.

Calgary Economic Development worked with the City of Calgary to facilitate 345 filming permits in 2019 as part of the commitment to be a “film friendly” city.

INTERACTIVE DIGITAL MEDIA

Drawing on a legacy of award-winning screen productions, Calgary has a growing cluster of interactive digital media firms in areas such as gaming, AR/VR, e-learning and post-production. In 2019, U.S.-based game-developer New World Interactive opened its first Canadian location in Calgary.



NOTABLE PRODUCTIONS IN 2019

- Ghostbusters: Afterlife** (Sony Pictures)
- Jumanji 3** (Sony Pictures)
- Let Him Go** (Focus Features)
- Wynonna Earp, Season 4** (SYFY and Seven24 Films)
- Heartland, Season 13** (CBC and Seven24 Films)
- Black Summer, Season 2** (Netflix)
- Tribal, Season 1** (APTN / Prairie Dog Film + TV)



CALGARY FILM CENTRE - BOARD OF DIRECTORS:

- Patricia McLeod QC**, Board Chair, Corporate Director
- Joe Lougheed**, Dentons LLP
- Jeff Davison**, Councillor Ward 6
- Quincy Smith**, Dentons LLP

BY THE NUMBERS:

- \$197 MILLION** Economic value of Film and TV production in southern Alberta in 2019
- 30+** Aerial filming permits for drones in 2019
- 24,000** People are employed in creative industries in Calgary*

* Calgary Economic Development study, 2019

KEY INITIATIVES TALENT

With the rapid advancement of technology across all industries, there is a widening gap between the available talent and the skills required for the jobs in the digital economy.

Calgary has a young, well-educated workforce with proven problem-solving ability. More Calgarians are working now than at the height of the boom in 2013, however there is also unacceptably high unemployment and underutilized talent.

Calgary Economic Development is working to create a talent pipeline. We are doing it through collaboration with post-secondary institutions; training for our displaced workers to pivot to tech jobs, and a talent-attraction campaign to change the narrative about Calgary.

Our challenge is to fill this pipeline with people who have the skills required for new employment opportunities created as a result of innovation and technology advances across all industries. Our ability to take advantage of these game-changing opportunities in *Calgary in the New Economy*, will depend largely on having people with the in-demand skills.

MAPPING CANADA'S DIGITAL FUTURE:

We partnered with the Information and Communications Technology Council (ICTC) on a digital skills gap study in 2019. One-hundred and ninety local companies told us the most in-demand occupations and skills that they need to address the shortage of skilled talent essential to grow their business.



MOST IN-DEMAND JOBS AS CITED BY EMPLOYERS:

Software Developer/Engineer: 28%

Data Analyst/Scientist: 12%

Full-stack Developer: 9%

UX/UI Designer: 7%

Quality Assurance Tester/Engineer: 4%



RETENTION:

We are working closely with local post-secondaries to ensure their academic programs align with the ambitions of *Calgary in the New Economy*. We are also collaborating to ensure graduates know all the local career options available to them.

NPower Canada, for example, received support from the Opportunity Calgary Investment Fund to set up multi-week tech training programs that support young Calgarians from underserved communities who aspire to careers in tech.

TRANSITION:

Helping displaced workers transition to in-demand tech jobs and acquire the skills required is a major focus for Calgary Economic Development. We worked with ICTC Canada to create an online digital skills tool (www.calgaryupskill.ca) to match a person's skills with training options for the most in-demand digital occupations.

Lighthouse Labs is another company that received support from the Opportunity Calgary Investment Fund to provide training to produce at least 300 software developers.

ATTRACTION:

Live Tech. Love Life. is a talent attraction campaign launched in 2019 to position Calgary as the one city in Canada where you can truly live tech and love life – where you can do meaningful, disruptive work in tech and enjoy an unparalleled quality of life.

The campaign destroys misperceptions of Calgary to attract tech talent - from new grads to senior level professionals. It targets people in key tech centres and tells them about the innovation, the growth of the tech ecosystem, the business culture for entrepreneurs, the startup scene, and the unmatched quality of life.



BY THE NUMBERS:

2,000+ Tech jobs open
in Calgary



EDGE UP BY THE NUMBERS:

3 PSIs

UCalgary Continuing Education, SAIT, Bow Valley College

4-6: Duration, in months, for each cohort

50+: Mid-career workers in pilot program



BY THE NUMBERS:

750,000 Views of This is Calgary video in three months

EDGE UP:

Energy to Digital Growth Education and Up-skilling Programs (EDGE UP) is an initiative with Future Skills Canada that piloted four-to-six-month tech-training programs in Canada in 2019. We partnered with post-secondary institutions and others to retrain mid-career energy professionals with in-demand tech skills, such as IT project management, data analytics and full-stack/software development.

THIS IS CALGARY:

This video showcases Calgary as a city diverse in culture and diverse in economy. We are the city of choice for the world's best entrepreneurs because anything is possible. Calgary is a place where if you've got a dream and you're willing to do the work, anything is possible, a place where cutting-edge, industry-disrupting work is being done every day.





KEY INITIATIVES

STARTUP CALGARY

Startup Calgary nurtures prospects and potential among Calgary's Innovators. Its rapid growth since it became part of Calgary Economic Development in 2017 is remarkable. The Startup team hosted more than 90 events in 2019 with more than 4,300 participants. Both numbers set records. The advice and mentorship offered at Startup Calgary events last year led to 20 companies generating 125 jobs.

After showcasing Calgary startups at major North American conferences such as Startupfest and Collision, 2019 ended on an exceptional high. A record 1,200 people, and three dozen local startups, participated in the 10th annual Launch Party in November. It is a must-attend event for innovators and entrepreneurs and the focal point of over a dozen events at the second annual Innovation Week in Calgary.

BY THE NUMBERS:

90+ Events hosted by Startup Calgary in 2019

4,300 Attendees at Startup Calgary Events in 2019

1,200 Attendees at Launch Party





KEY INITIATIVES

TRADE ACCELERATOR PROGRAM

A total of seven cohorts have been held for the Trade Accelerator Program (TAP) with five sessions in 2019. Since its launch in 2018, 104 companies from all sectors of the economy have participated in the program. In the six-week program, companies acquire the skills and knowledge needed to expand into new markets while creating an actionable export plan.

Participants have ranged from breweries including Big Rock and Banded Peak to tech companies such as Nobal, Fanorama and Goodlawyer. In the sessions, companies are mentored by subject-matter experts with insight on topics from law and finance to marketing and logistics.

BY THE NUMBERS:

104 Local companies have participated in TAP cohorts

17 TAP graduates participated in trade missions

11 TAP graduates signed trade deals



TEAM CALGARY

Team Calgary is the new name of our partnership program with the private sector that we relaunched and rebranded in June 2019 to reinforce our belief that Calgary's future is something we will create collectively.

Team Calgary partners help set the economic agenda for the city and their financial support is vitally important to our campaigns to market the business investment and job opportunities in Calgary. The partnership program grows each year as companies take advantage of the marketing opportunities, exclusive economic research, participation in trade missions and business-to-business and business-to-government meetings.

BY THE NUMBERS:

70+

Total partners

7

Partners celebrating
10th anniversary

9

New partners
in 2019

VISIONARY



INFLUENCER

ATB

CTV

PATTISON

POSTMED A

WORK NICER

CONNECTOR

AECON

Aspen
PROPERTIES

ATCO

BIRCHCLIFF
ENERGY

BCG

BOW VALLEY
COLLEGE

boyden

Brookfield
Residential

creb

calgary TELUS convention
centre
be part of the energy

cenovus
ENERGY

大成 **DENTONS**

ENMAX

EVANS HUNT

EY
Building a better
working world

joe:
media group

iwr Trusted energy
intelligence.

KPMG

MAWER
Be Boring. Make Money.™

MOUNT ROYAL
UNIVERSITY
1910

PCL
CONSTRUCTION LEADERS

RGO

ROGERS.
Make more possible.

RSM
THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

SAIT



SUNCOR

sunesis

TC Energy

UNIVERSITY OF
CALGARY

University of
Lethbridge

wmc
the intersection of can and dc

WESTJET

SUPPORTER

Bennett Jones LLP

BOWEN Workforce Solutions

Burnet, Duckworth &
Palmer LLP

Business Development
Bank Canada

Calgary Airport Authority

Calgary Folk Music Festival

Calgary Municipal Land Corporation

Calgary Opera

Calgary Zoo

Cassels Brock & Blackwell LLP

Colliers International

Cresa Calgary

Devencore

DIRTT Environmental Solutions

First Calgary Financial

Fluor Canada

FX Innovation

Glenbow Museum

GlobalFest

Haworth

Heritage Business Interiors

KORITE

MNP LLP Nutrien

Osler, Hoskin & Harcourt LLP

PwC

RedPoint Media

Royal LePage Benchmark

Savills

St. Mary's University


Stone-Olafson

Theatre Calgary

Trico Homes

V Strategies Inc.

YMCA Calgary



CALGARY IS

**A PLACE WE
BUILD TOGETHER**

calgary economic
development
be part of the energy.



calgary economic
development
be part of the energy™
Financial Statements
December 31, 2019

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

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian Public Sector Accounting Standards for Government Not-For-Profit Organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP is appointed by the Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

March 12, 2020


Mary Moran
Chief Executive Officer


Sheila Will
Chief Financial Officer

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

Opinion

We have audited the financial statements of Calgary Economic Development Ltd. (the "Company"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards for Government 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Calgary, Alberta

March 12, 2020

MNP LLP

Chartered Professional Accountants

Calgary Economic Development Ltd.
Statement of Financial Position
As at December 31, 2019

	2019	2018
Assets		
Current		
Cash	2,221,025	1,943,452
Restricted cash (Note 7)	364,972	790,827
Accounts receivable and accrued revenue (Note 3)	567,344	371,784
Due from related parties (Note 10)	68,775	130,105
Prepaid expenses	399,610	48,897
Employee expense advances	664	5,500
	3,622,390	3,290,565
Property and equipment (Note 4)	148,632	119,939
Intangible assets (Note 5)	445	7,830
	3,771,467	3,418,334
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	1,090,654	1,077,773
Deferred contributions (Note 7)	364,972	790,827
Salary and vacation payable	631,423	505,138
	2,087,049	2,373,738
Lease inducement	61,920	-
	2,148,969	2,373,738
Commitments (Note 12)		
Net Assets		
Invested in property, equipment and intangible assets (Note 9)	149,077	127,769
Unrestricted	1,473,421	916,827
	1,622,498	1,044,596
	3,771,467	3,418,334

Approved on behalf of the Board



Director



Director

Calgary Economic Development Ltd.
Statement of Operations
For the year ended December 31, 2019

	2019	2018
Revenue		
City of Calgary		
Operating grant (Note 1)	9,877,765	5,808,765
Other grants (Note 10)	371,464	2,701,646
Alberta government	543,797	1,296,977
Federal government	235,493	232,939
Business community (Note 10)	1,415,634	1,265,426
Expense recovery (Note 10)	67,422	401,642
Other revenue	232,499	215,875
Investment income	80,614	77,978
	12,824,688	12,001,248
Expenses		
Employee costs	6,074,723	6,152,672
Marketing and promotion (Note 10)	2,935,796	3,126,203
Program costs (Note 10)	1,396,589	1,663,261
Corporate services (Note 10)	1,438,267	1,005,349
Business travel	273,483	290,017
Amortization of property and equipment (Note 4)	87,052	79,516
Amortization of intangible assets (Note 5)	7,385	14,291
	12,213,295	12,331,309
Excess (deficiency) of revenue over expenses before other items	611,393	(330,061)
Other items		
Loss on disposal of property, equipment and intangibles	(33,492)	(1,392)
Excess (deficiency) of revenue over expenses	577,901	(331,453)

Calgary Economic Development Ltd.
Statement of Changes in Net Assets
For the year ended December 31, 2019

	<i>Invested in property, equipment and intangible assets</i>	<i>Unrestricted</i>	2019	<i>2018</i>
Net assets, beginning of year	127,769	916,827	1,044,596	1,376,049
Excess (deficiency) of revenue over expenses (Note 9)	(127,929)	705,831	577,902	(331,453)
Investment in property and equipment	149,237	(149,237)	-	-
Net assets, end of year	149,077	1,473,421	1,622,498	1,044,596

Calgary Economic Development Ltd.
Statement of Cash Flows
For the year ended December 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	577,901	(331,453)
Amortization of intangible assets	7,385	14,291
Amortization of property and equipment	87,052	79,516
Loss on disposal of property, equipment and intangibles	33,492	1,392
Non-cash lease expense	61,920	-
	767,750	(236,254)
Changes in working capital accounts		
Accounts receivable and accrued revenue	(195,560)	811,079
Due from related party	61,330	42,690
Prepaid expenses	(350,713)	(2,250)
Employee expense advances	4,836	3,880
Accounts payable and accrued liabilities	12,882	163,757
Due to related party	-	(4,385)
Salary and vacation payable	126,285	23,399
Deferred contributions	(425,855)	(1,283,339)
	955	(481,423)
Capital		
Purchase of property and equipment (Note 4)	(149,237)	(72,868)
Financing		
Note repaid by a related party	-	900,000
Note advanced to a related party	-	(200,000)
	-	700,000
(Decrease) increase in cash and cash equivalents	(148,282)	145,709
Cash and cash equivalents, beginning of year	2,734,279	2,588,570
Cash and cash equivalents, end of year	2,585,997	2,734,279
Cash and cash equivalents are composed of:		
Unrestricted cash	2,221,025	1,943,452
Restricted cash - external	364,972	790,827
	2,585,997	2,734,279

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

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 Company is a controlled not-for-profit organization of the City of Calgary (the "City").

The mandate of Calgary Economic Development Ltd. is to lead the City of Calgary's economic development efforts in promoting the City's 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 since inception to sustain its operations. In the current year, the Company received an operating grant of \$9,877,765 (2018 - \$5,808,765) which includes a one-time incremental grant of \$2,000,000. For 2020, the City has approved an increase to the base operating grant of \$10,078,000.

2. Significant accounting policies

Basis of accounting

These financial statements are expressed in Canadian dollars. The financial statements of the Company are the responsibility of management. They have been prepared in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations ("PSAS for GNPOs"), with the optional 4200 series, as established by the Public Sector Accounting Board in Canada. The significant policies are described below.

Use of estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of property and equipment, and intangible assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations in the periods in which they become known.

Controlled not-for-profit

The Company's financial statements do not include the accounts of Calgary Film Centre Ltd. ("CFCL"), which is controlled by the Company. The required disclosures have been provided in Note 15.

All transactions with the subsidiary are disclosed as related party transactions (refer to Notes 8 and 10).

Revenue recognition

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

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

2. Significant accounting policies (Continued from previous page)

Cash

Cash include balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Property, equipment and intangible assets

Purchased property, equipment and intangible assets are recorded at cost. Contributed property, equipment and intangible assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives. Tenant improvements are amortized over the lease term.

	Method	Rate
Technology	straight-line	2 years
Furniture and fixtures	straight-line	5 years
Tenant improvements	straight-line	5 years
Software	straight-line	1 year
Trademarks	straight-line	5 years
Website development costs	straight-line	30 %

Long-lived assets

Long-lived assets consist of property, equipment and intangible assets. Long-lived assets held for use are measured and amortized as described in the above accounting policy.

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

Financial instruments

The Company recognizes its financial instruments when the Company becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with PSAS Section 2200 *Related Party Disclosures* (refer to Note 10).

At initial recognition, the Company may irrevocably elect to subsequently measure any financial instrument at fair value. The Company has not made such an election during the year.

The Company subsequently measures financial assets and liabilities at amortized cost.

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

Financial asset impairment

The Company assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Company determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Company reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses. The Company reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the statement of operations in the year the reversal occurs.

2. **Significant accounting policies** (Continued from previous page)

Contributed materials and services

The Company receives various contributions in the form of material 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 statement.

3. **Accounts receivable and accrued revenue**

Accounts receivable and accrued revenue relate to the following:

	2019	2018
Trade accounts receivable	262,762	249,828
Accrued revenue	204,077	14,450
Goods and Services Tax receivable	100,505	107,506
	567,344	371,784

As at December 31, 2019, accounts receivable includes \$17,226 (2018 - \$31,032) in amounts outstanding greater than 90 days, of which \$17,226 was subsequently received (2018 - \$29,498). Accounts receivable have been recorded at their net realizable value, based on management's best estimate of the recoverable amounts.

4. **Property and equipment**

	Technology	Furniture and fixtures	Tenant improvements	Total
Cost:				
Balance December 31, 2018	796,616	403,626	2,606,413	3,806,655
Additions	145,559	3,678	-	149,237
Disposals	(158,839)	(402,747)	(2,606,413)	(586,368)
Balance at December 31, 2019	783,336	4,557	-	3,369,524
Accumulated amortization:				
Balance December 31, 2018	(728,566)	(356,660)	(2,601,490)	(3,686,716)
Amortization	(68,877)	(13,338)	(4,837)	(87,052)
Disposals	158,839	369,341	2,581,631	552,876
Balance at December 31, 2019	(638,604)	(657)	-	(3,220,892)
Net book value December 31, 2018	68,050	46,966	4,923	119,939
Net book value December 31, 2019	144,732	3,900	-	148,632

5. Intangible assets

	<i>Software</i>	<i>Trademarks</i>	<i>Website development costs</i>	<i>Total</i>
Cost:				
Balance December 31, 2018	265,959	1,954	434,941	702,854
Balance at December 31, 2019	265,959	1,954	434,941	702,854
Accumulated amortization:				
Balance December 31, 2018	(265,959)	(1,320)	(427,745)	(695,024)
Amortization	-	(189)	(7,196)	(7,385)
Balance at December 31, 2019	(265,959)	(1,509)	(434,941)	(702,409)
Net book value December 31, 2018	-	634	7,196	7,830
Net book value December 31, 2019	-	445	-	445

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities relate to the following:

	2019	2018
Accrued liabilities	598,496	569,570
Trade accounts payable	492,158	508,203
	1,090,654	1,077,773

7. Deferred contributions and restricted cash

Deferred contributions consist of unspent contributions externally restricted for programs. Recognition of these amounts as revenue is deferred to periods when the specified expenses are made. Changes in the deferred contribution balance are as follows:

	2019	2018
Balance, beginning of year	790,827	2,074,166
Amount received during the year	1,057,396	3,170,395
Amounts recognized as revenue during the year	(1,247,417)	(4,450,497)
Funds held for return included in accrued liabilities	(235,834)	(3,237)
Balance, end of year	364,972	790,827

8. Note receivable from related party

At January 1, 2018 the Company had an agreement with CFCL which enabled CFCL to draw on a demand loan to a maximum amount of \$900,000 of which \$700,000 had been drawn. During the year ended December 31, 2018, the Company loaned CFCL an additional \$200,000 under the terms of the agreement. In September 2018, the Board of the Company voted to reduce the available funds on the term loan to \$300,000 and in October 2018, on the completion of the sale of the Film Centre assets, the balance on this note was fully repaid. As at December 31, 2019, \$nil was drawn on this demand loan.

9. Net assets invested in property, equipment and intangible assets

	2019	2018
Property and equipment	148,632	119,939
Intangible assets	445	7,830
Invested in property, equipment and intangible assets	149,077	127,769
Amortization of intangible assets	(7,385)	(14,291)
Amortization of property and equipment	(87,052)	(79,516)
Loss on disposal of property, equipment and intangibles	(33,492)	(1,392)
Deficiency of revenue over expenses	(127,929)	(95,199)

10. Related party transactions

CFCL

The Company entered into a Management Services Agreement with CFCL, whereby CFCL is required to pay for management fees and other expenses incurred by the Company on behalf of CFCL.

Related party balances and transactions with CFCL consist of:

	2019	2018
Due from related party:		
Management Services Agreement and other	20,980	82,096
Revenue recognized from CFCL:		
Management Services Agreement	168,612	168,612
Recoveries netted against expenses (2018 - incl. \$37,035 of legal fees for Film Centre sale)	18,963	38,091
Interest on note receivable from related party	-	23,398
Expenses paid to CFCL for website development and other marketing activities	-	9,058

City of Calgary

Related party balances and transactions with the City consist of:

	2019	2018
Accounts receivable	34,761	-
Accounts payable	141	190
Core funding received from the City	9,877,765	5,808,765
City of Calgary Resiliency funding recognized	371,464	2,464,088
Other grants received	-	237,558
Expenses paid to the City	252,724	201,798

Opportunity Calgary Investment Fund Ltd. ("OCIF")

The Company entered into a Management Services Agreement with OCIF effective April 19, 2018, which charges incremental costs incurred by the Company to OCIF as a result of providing operating and administrative services to OCIF.

Related party balances and transactions with OCIF consist of:

	2019	2018
Due from related party	47,795	48,009
Expense recovery for operating and administrative services	376,600	138,612

10. Related party transactions (Continued from previous page)

Other companies related through common ownership

The Company had the following balances and transactions with other companies related through common ownership by the City, which include expenses for event space, catering and parking:

	2019	2018
Accounts payable	20,381	18,426
Revenue recognized from companies related by common ownership	35,000	129,028
Expenses paid to companies related by common ownership	213,272	322,408

Other companies related to directors

The Company paid to organizations related to directors of the Company for other services totaling \$74,002 (2018 - \$145,610), of which \$1,103 (2018 - \$86,000) is included in program costs, \$72,899 (2018 - \$58,855) is included in corporate services expense, and \$nil (2018 - \$ 754) is included in marketing and promotion. At year end, \$5,000 (2018 - \$792) is included in accounts payable and accrued liabilities. The Company also recognized revenue from these companies totaling \$65,550 (2018 - \$114,000), which is included in business community revenue related to Team Calgary (formerly "Action Calgary") and other programming. At year end, \$2,264 (2018 - \$25,000) of this amount was outstanding and included in accounts receivable.

All transactions are in the normal course of operations and have been recorded at the agreed to exchange amounts that have been negotiated between the parties.

11. Income taxes

The Company is a tax-exempt organization under the *Income Tax Act* (the "Act") and as such is exempt from income taxes. In order to maintain its tax-exempt status under the Act, the Company must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

12. Commitments

Facility lease

On July 26, 2019, the Company entered into a lease with a term from January 1, 2020 and ending on May 30, 2023. Annual rent for the facility after a property tax exemption is approximately \$389,640.

The Company has a five year lease agreement for office printing/copying equipment that was signed in September 2016 and runs until September 30, 2021. Annual lease cost is \$11,256, plus printing/usage costs.

The estimated minimum annual payments on leases for facilities and equipment are as follows:

2020	400,896
2021	398,082
2022	389,640
2023	162,350
	<hr/>
	1,350,968

13. 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.

The Company, as part of its operations, carries a number of financial instruments. The nature of these instruments and the Company's operations expose the Company to credit, interest rate 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 amounts receivable. This risk is somewhat mitigated because the trade accounts receivable and accrued revenue are 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 amounts receivable and follows up on collections in a timely manner. The amounts outstanding at year end, which is the Company's maximum exposure to credit risk, are disclosed in Notes 3, 8, and 10, and summarized below.

	<i>Current</i>	<i>31-60 days</i>	<i>61-90 days</i>	<i>91 days and older</i>	<i>Total</i>
2019					
Trade accounts receivable	227,766	12,770	5,000	17,226	262,762
Accrued revenue	204,077	-	-	-	204,077
Due from related parties	68,775	-	-	-	68,775
Employee advances	664	-	-	-	664
Total	501,282	12,770	5,000	17,226	536,278
2018					
Trade accounts receivable	190,978	27,344	525	30,981	249,828
Accrued revenue	14,450	-	-	-	14,450
Due from related party	116,054	14,051	-	-	130,105
Employee advances	5,500	-	-	-	5,500
Total	326,582	41,395	525	30,981	399,883

Credit concentration

As at December 31, 2019, zero members accounted for nil% of accounts receivable and accrued revenue (2018 – three members, 57%); the Company believes that there is no unusual exposure associated with the collection of these amounts. The balance of accounts receivable is widely distributed amongst the remainder of the Company's large membership base. The Company performs regular checks and provides allowances for potentially uncollectible accounts receivable.

13. **Financial instruments** (Continued from previous page)

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, considering its anticipated cash flows from operations and its holdings of cash and cash equivalents.

	<i>0-90 days</i>	<i>91 days and older</i>	<i>Total</i>
<i>2019</i>			
Accrued liabilities	598,496	-	598,496
Trade accounts payable	492,158	-	492,158
Lease inducement	61,920	-	61,920
Total	1,152,574	-	1,152,574
<i>2018</i>			
Trade accounts payable	569,570	-	569,570
Accrued liabilities	508,203	-	508,203
Total	1,077,773	-	1,077,773

14. **Defined contribution pension plan**

The Company established a defined contribution pension plan for its salaried employees on January 1, 2000. The total expense incurred for the year ended December 31, 2019 was \$193,597 (2018 - \$171,879).

15. **Controlled not-for-profit**

The Company controls its wholly owned subsidiary, the Calgary Film Centre Ltd., formerly The Alberta Creative Hub. The companies are under common management. CFCL has not been consolidated in the Company's financial statements, but its financial statements are available on request. CFCL was incorporated under the authority of the Alberta Companies Act on December 17, 2009 and commenced operations on January 1, 2010. The Company is registered as a not for profit organization and thus is exempt from income taxes under the Income Tax Act of Canada. It was formed with the primary purpose of supporting the growth and development of the film, television, media and other creative industries.

The following is condensed financial information of CFCL as at and for the years ended December 31, 2019 and December 31, 2018. This information was prepared using the same accounting policies as Calgary Economic Development Ltd.

15. **Controlled not-for-profit** (Continued from previous page)

	2019	2018
Financial position		
Total assets	600,306	415,523
Total liabilities	(232,628)	(372,872)
Total net assets	367,678	42,651
Statement of operations		
Revenue	1,589,135	1,870,248
Expenses	1,264,108	2,458,601
Loss on disposal of property	-	(2,845,537)
Excess (deficiency) of revenue over expenses	325,027	(3,433,890)
Cash flows		
Cash flows from operating activities	102,493	(439,667)
Cash flows from capital activities	(1,000)	12,673,695
Cash flows from financing activities	-	(12,412,744)
(Decrease) increase in cash and cash equivalents	101,493	(178,716)

CFCL has entered into a management agreement with the Company that sets out the terms and conditions by which the Company is to provide services of its employees in relation to general day-to-day administration and management services in connection with the business of CFCL (Note 10).

On October 19, 2018, CFCL and The City executed an agreement of purchase and sale transferring all land, buildings and a portion of furniture, fixtures, and equipment with a carrying value of \$25,876,318 for proceeds of \$12,679,331 plus proceeds from the settlement of swap agreements related to the construction loan of the related assets of the sale which amounted to \$626,106. The remaining balance of deferred contributions related to property, equipment and intangibles were recognized resulting in a loss on disposal of \$2,845,537. This amount was used to retire all debt facilities, including amounts owed to the Company by CFCL.

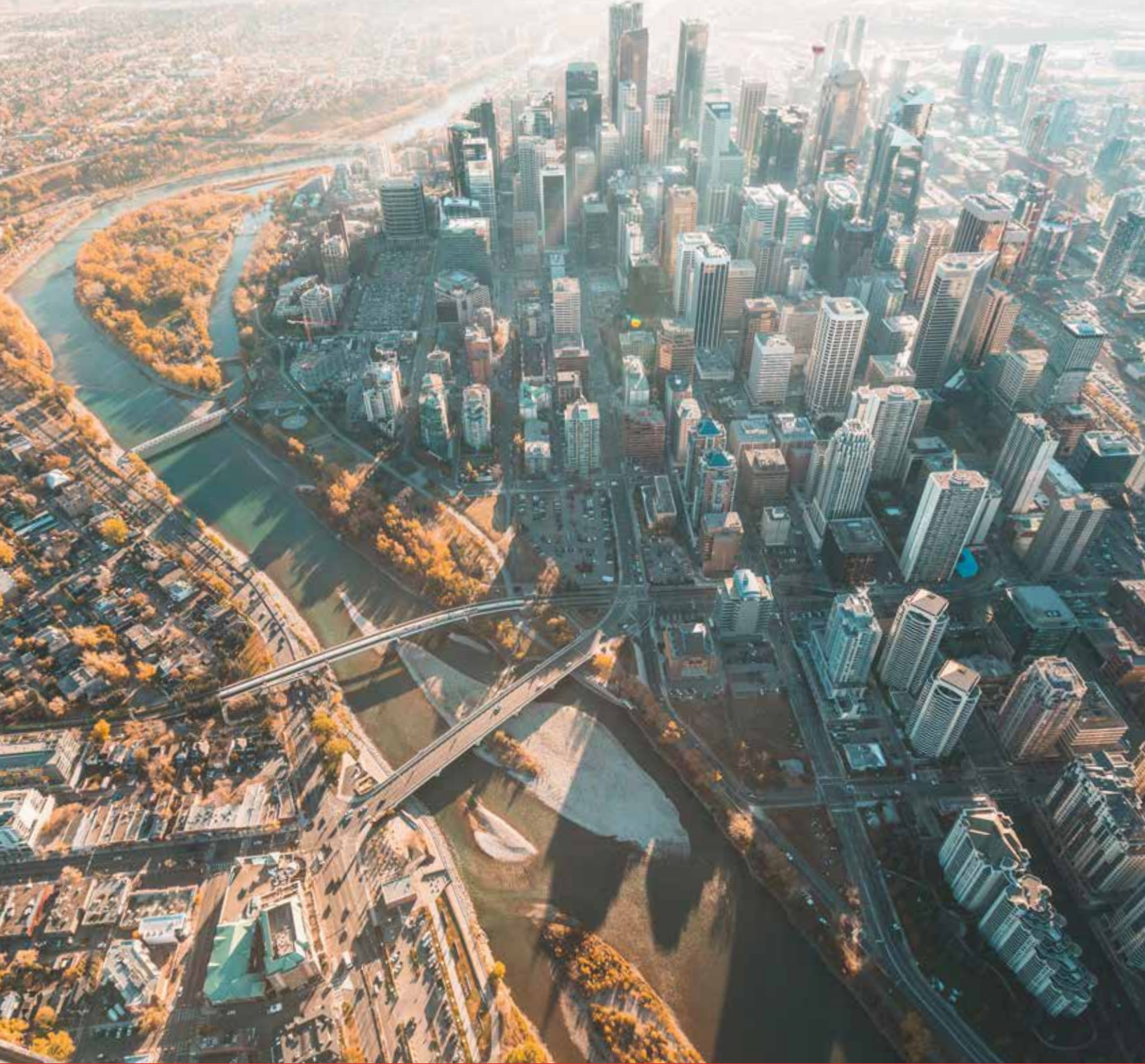
Proceeds from sale of property and equipment	12,679,331
Proceeds from settlement of swap agreements	626,106
Deferred revenue balance related to property, equipment and intangibles	9,725,344
Carrying value of assets disposed	(25,876,318)
Loss on disposal	2,845,537

16. **Comparatives figures**

Certain comparative figures have been reclassified to conform with current year presentation.

17. Subsequent Event

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Company's business and financial condition.



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