

Calgary Economic Development Ltd. Report to the Audit Committee

For the Year Ended December 31, 2018

For presentation at the Audit Committee meeting March 19, 2018



March 19, 2019

Members of the Audit Committee of Calgary Economic Development Ltd.

Dear Sirs and Mesdames:

We are pleased to submit to you this report for discussion of our audit of the financial statements of Calgary Economic Development Ltd. (the "Company") as at December 31, 2018 and for the year then ended. In this report we cover those significant matters which, in our opinion, you should be aware of as members of the Audit Committee.

We have completed our audit of the financial statements of the Company which has been carried out in accordance with Canadian generally accepted auditing standards.

Unless unforeseen complications arise, our Audit Report will provide an unqualified opinion to the Board of Directors of the Company. A draft copy of our proposed Independent Auditors' Report is attached at the end of this report.

This report is intended solely for the information and use of the Audit Committee and management and should not be distributed to or used by any other parties than these specified parties.

The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising, and in particular we cannot be held responsible for reporting all risks in your business or all control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

We would like to express our appreciation for the excellent cooperation we have received from Management and employees with whom we worked.

We appreciate having the opportunity to meet with you and to respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Yours truly,

A stylized, handwritten signature of "MNP LLP" in dark ink.

Chartered Professional Accountants

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INTRODUCTION

As auditors, we report to the members on the results of our examination of the financial statements of Calgary Economic Development Ltd. (the "Company") as at and for the year ended December 31, 2018. The purpose of this Audit Findings Report is to assist you, as members of the Audit Committee, in your review of the results of our audit. To facilitate in your understanding of our findings, Appendix A to this report summarizes our audit process.

Our report will discuss the status of our engagement, as well as communicate to you significant audit, accounting and reporting matters arising from our procedures. We hope that this report is of assistance to you, and we look forward to discussing our findings and answering your questions.

ENGAGEMENT STATUS

We have completed our audit of the financial statements of the Company and are prepared to sign our Auditors' Report subsequent to completion of the following procedures:

- Receipt of the remaining outstanding legal confirmations;
- Receipt of the signed management representation letter;
- Discussion of subsequent events with the Audit Committee;
- The Board of Directors review and approval of the financial statements.

We expect to have the above procedures completed and to release our Audit Report on March 29, 2019. Our draft report, which will provide an unqualified opinion, is attached at the end of this report.

SIGNIFICANT AUDIT, ACCOUNTING AND REPORTING MATTERS

CHANGES FROM AUDIT SERVICE PLAN

We previously presented our proposed Audit Service Plan to you on September 11, 2018, which proposed \$480,000 as overall materiality for audit planning purposes. Final materiality was calculated based on the Calgary Economic Development's year-end results using 4% of gross expenses. This resulted in an overall materiality of \$490,000, a performance materiality of \$441,000, and a threshold for differences included in this report of \$24,500.

There were no other changes from the Audit Service Plan presented to you.

AREAS OF AUDIT EMPHASIS

The following lists the key areas of our audit emphasis for the Company:

- Deferred contributions.
- Recognition of revenue;
- Expenses, payroll and employee costs; and
- Financial statement disclosures.

Detailed information on Areas of Audit Emphasis is included as Appendix B to this report.

FINAL MATERIALITY

Materiality is a concept used to assess the significance of misstatements or omissions that are identified during the audit and is used to determine the level of audit testing that is carried out. The scope of our audit work is tailored to reflect the relative size of operations of the Company, and is affected by our assessment of materiality and audit risk.

Final materiality used for our audit was \$490,000 for December 31, 2018 and was based on a percentage of gross expenses. Our threshold for differences reported to the Audit Committee was \$24,500.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

Our audit process focuses on understanding the controls utilized in management's reporting systems to the extent necessary to identify overall and specific financial reporting risks. This risk assessment allows us to concentrate our audit procedures on high risk areas and, where possible, place reliance on controls within the financial reporting system to reduce the extent of our testing.

It is important to note that our assessment was not, nor was it intended to be, sufficient to comment or conclude on the sufficiency of internal controls.

We are required under Canadian generally accepted auditing standards to communicate all significant deficiencies identified during an audit to the Audit Committee on a timely basis. However, we may not be aware of all significant deficiencies that do, in fact, exist.

While our review of controls was not sufficient to express an opinion as to their effectiveness or efficiency, no significant deficiencies in internal control have come to our attention.

DIFFICULTIES ENCOUNTERED

No significant limitations were placed on the scope or timing of our audit.

IDENTIFIED OR SUSPECTED FRAUD

Due to the inherent limitations of an audit and the nature of fraud, including attempts at concealment through forgery or collusion, an audit conducted in accordance with Canadian generally accepted auditing standards cannot be relied upon to detect fraud.

While our audit cannot be relied upon to detect all instances of fraud, no incidents of fraud, or suspected fraud, came to our attention in the course of our audit.

IDENTIFIED OR SUSPECTED NON-COMPLIANCE WITH LAWS AND REGULATIONS

Nothing has come to our attention that would suggest any non-compliance with laws and regulations that would have a material effect on the financial statements.

MATTERS ARISING IN CONNECTION WITH RELATED PARTIES

The following significant matters arose in connection with related parties of the Company during the course of our audit:

Opportunity Calgary Investment Fund ("OCIF")

- The Company and OCIF are related by virtue of common control as they are wholly owned subsidiaries of the City, share two common Board of Director members and have common management.
- OCIF entered into an Administrative Services and Fund Management Agreement with the Company effective April 19, 2018. This agreement is in consideration of the performance of the administrative services and the management of the Reserve Fund by the Company for a management fee of \$1 per month.
- In addition, the Company will be reimbursed by OCIF for reasonable out-of-pocket costs and expense incurred directly by the Company in connection with the performance of the administrative services, the Fund management and any additional services including travel and lodging. The Company will not be reimbursed for any of its ongoing overhead costs and expenses unless such costs or expenses are incurred by the retention of any additional personnel specifically for OCIF.

Calgary Film Centre Ltd. ("CFCL")

- On June 29, 2017, the Company and CFCL entered into an agreement which enabled CFCL to draw on a demand loan of up to \$500,000, with an interest rate at prime. On September 29, 2017 the available funds on this loan were increased to \$700,000, which were fully drawn in 2017. On December 12, 2018 the available funds were further increased to \$900,000. Additional funds of \$200,000 were drawn in 2018. On October 23, 2018 CFCL utilized proceeds received from the sale of assets and repaid the note receivable in full;
- During September 2018, the Company approved a reduction in the available demand loan to CFCL to \$300,000. As of December 31, 2018, no draws had been made on the demand loan;
- In addition, it was noted during our audit that the Company's subsidiary, Calgary Film Centre Ltd. (the "Centre"), continuation as a going concern is dependent upon the continued support of related parties, generating excess revenue over expenses through increased occupancy, and the ability to generate sufficient cash from operations;
- Management is reviewing its options to increase revenue of the Centre with the support of its related parties and anticipates it will continue operating as a going concern;
- The Company's and the Centre's financial statements do not reflect any adjustments in the carrying values of the assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used that would be necessary if the going concern assumption were not appropriate should the Centre not be able to continue on in the normal course of business;
- As a result of the above circumstances, we are of the opinion that the going concern assumption is appropriate in preparation of the Centre's financial statements. The circumstances identified are disclosed adequately in Note 2 of the Centre's financial statements and a material uncertainty related to going concern paragraph has been added to the Auditors' Report with respect to the material uncertainty of the Centre to continue as a going concern; and
- As discussed earlier, our independent auditors' report will provide an unqualified opinion to the Board of Directors.

GOING CONCERN

We do not expect that the Centre's going concern issue discussed above to cause a material uncertainty to the Company itself.

We have not identified any other material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

We are of the opinion that the going concern assumption is appropriate in preparation of the financial statements.

AUDITORS' VIEWS OF SIGNIFICANT ACCOUNTING PRACTICES

The application of Canadian Public Sector Accounting Standards for Not-For-Profit Organizations allows and requires the Company to make accounting estimates and judgments regarding accounting policies and financial statement disclosures.

As auditors, we are uniquely positioned to provide open and objective feedback regarding your Company's accounting practices, and have noted the following items during the course of our audit that we wish to bring to your attention.

Accounting Policies

- The accounting policies used by the Company are appropriate and have been consistently applied.
- No new accounting policies, or changes in accounting policies were applied.

Accounting Estimates

Allowance for Doubtful accounts

- Provision for doubtful accounts receivable is based on individual account balances at the time that all other collection efforts have failed. At December 31, 2018 there was no provision for doubtful accounts receivable.

Amortization of property, equipment and intangibles

- Property, equipment and intangibles are amortized using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives. The rates range from two to five years.

Provision for legal contingencies

- No provision deemed necessary. We are finalizing the receipt of legal letters required to fully complete our audit. We do not expect the finalization of these outstanding matters to be of any concern.

Financial Statement Disclosures

The disclosures made in the notes to the financial statements appear clear, neutral and consistent with our understanding of the entity and the amounts presented in the financial statements.

MATTERS ARISING FROM DISCUSSIONS WITH MANAGEMENT

We would like to formally acknowledge the cooperation and assistance we received from the management and staff of the Company.

There were no significant matters discussed, or subject to correspondence, with Management that in our judgment need be brought to your attention.

SIGNIFICANT DIFFERENCES

No differences were proposed to Management with respect to the December 31, 2018 financial statements.

MODIFICATIONS TO THE INDEPENDENT AUDITORS' REPORT

As discussed earlier, our independent auditors' report will provide an unqualified opinion to the Board of Directors.

MANAGEMENT REPRESENTATIONS

We have requested certain written representations from management, which represent a confirmation of certain oral representations given to us during the course of our audit.

This letter, provided by management, has been included as additional material to this report.

AUDITOR INDEPENDENCE

We confirm to the Audit Committee that we are independent of the Company. Our letter to the Audit Committee discussing our independence is included under separate cover from this report.

APPENDIX A – MNP Audit Process

Our audit was carried out in accordance with Canadian generally accepted auditing standards, and included a review of all significant accounting and management reporting systems, with each material year end balance, key transaction and other events considered significant to the financial statements considered separately.

Our audit process focused on understanding the controls utilized in management's reporting systems to the extent necessary to identify overall and specific financial reporting risks. This risk assessment enabled us to concentrate our audit procedures on the areas where differences were most likely to arise. Our assessment was not, nor was it intended to be, sufficient to conclude on the effectiveness or efficiency of internal controls.

During the course of our audit, we have:

- Examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessed the accounting principles used and significant estimates made by Management;
- Obtained an understanding of the Company and its environment, including Management's internal controls (regardless of whether we relied on them for the purpose of the audit), sufficient to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures;
- Reviewed and assessed those accounting systems deemed necessary to support our audit opinion;
- Evaluated the overall financial statement presentation;
- Performed a subsequent events review with management;
- Reviewed and assessed the status of contingencies, commitments and guarantees;
- Reviewed and assessed exposure to environmental liabilities.

We have obtained written representations from management, included as additional materials following this report, in order to confirm oral representations given to us and reduce the possibility of misunderstanding. Specifically, we have obtained written confirmation of significant representations provided on matters that are:

- Directly related to items that are material, either individually or in the aggregate, to the financial statements;
- Not directly related to items that are material to the financial statements, but are significant, either individually or in the aggregate, to the engagement; and
- Matters relevant to Management judgments or estimates that are material, either individually or in the aggregate, to the financial statements.

APPENDIX B – Areas of Audit Emphasis

Deferred contributions

The Company receives contributions for projects, of which some contributions are deferred to future years when the expenses are incurred. As at December 31, 2018, the Company has restricted contributions totaling \$790,827 (2017 - \$2,074,166). Of this amount, \$409,852 (2017 - \$1,595,790) has been restricted for the Opportunity Calgary initiative, \$174,193 (2017 - \$202,109) for the Startup Calgary program, \$nil (2017 - \$181,153) for the Careers in Calgary program, \$172,793 (2017 - \$32,286) for the Headquarter Strategy initiative, and \$33,989 (2017 - \$62,828) for other various programs.

- MNP tested a sample of amounts outstanding at year-end to revenue contracts to ensure the revenue was being appropriately deferred in accordance with the Company's revenue recognition policy.
- MNP tested a sample of deferred contributions recognized during the year to supporting documentation and to ensure appropriate expenditures had occurred.

We have concluded that deferred contributions have been reasonably stated as at December 31, 2018.

Recognition of revenue

The Company follows the deferral method of accounting for contributions. Restricted contribution are recognized as revenue in the year in which the related expense are incurred. Contributions for the purchase of property, equipment and intangible assets are deferred and recognized on the same basis as amortization expense of the related asset. Unrestricted contributions are recognized as revenue when received or receivable.

- MNP tested a sample of amounts recorded during the year to signed agreements to ensure the revenue was being appropriately recorded in relation to the Company's revenue recognition policy. These were also verified to payments received to ensure the Company is collecting on its agreements.
- MNP recalculated the revenue recognized for deferred contributions for the purchase of property and equipment using amortization rates as disclosed by the Company. No issues were noted in the recalculation.

We have concluded that revenue has been reasonably stated for the year ended December 31, 2018.

Expenses, payroll and employee costs

The Company incurs significant costs related to payroll and other employee costs and benefits. The Company incurred \$12,331,309 in expenses during the year (2017 - \$12,091,082) of which \$6,152,672 related to employee costs (2017 - \$5,314,538).

- MNP tested a sample of payroll to Ceridian reports and employee files to ensure wages are being appropriately recorded and deductions are being accurately made. MNP also tested the completeness of the bonus and vacation accruals.
- MNP agreed a sample of other expense transactions to supporting documents to ensure amounts were complete, had occurred, and were accurate

We have concluded that expenses, payroll and employee costs are reasonably stated for the year ended December 31, 2018.

APPENDIX B – Areas of Audit Emphasis *(continued from previous page)*

Financial statement disclosures

- MNP analysed the financial statements and note disclosure of the Company to ensure the accounting policies, statement of financial position, statement of operations and net assets, and the statement of cash flows communicate information that is useful to users of the financial statements and is in accordance with Canadian Public Sector Accounting Standards for Not-for-Profit Organizations.
- MNP analysed the agreements between the Company, the City of Calgary, CFCL and OCIF and compared them to the notes to the financial statements to ensure the notes included a description of the relationship, a description of the transactions and amounts of the transactions, the measurement basis used for recognizing the transactions and the terms for the amounts due to the Company.

We have concluded that the financial statements and its related disclosures include all appropriate information to ensure that the statements are presented fairly in accordance Canadian Public Sector Accounting Standards for Not-for-Profit Organizations for the year ended December 31, 2018.

Independent Auditor's Report

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, 2018, 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, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards for 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 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

Chartered Professional Accountants

March 29, 2019

MNP LLP
1500, 640 - 5th Avenue SW
Calgary, Alberta T2P 3G4

To Whom It May Concern:

In connection with your audit of the financial statements of Calgary Economic Development Ltd. (the "Company") as at December 31, 2018 and for the year then ended, we hereby confirm to the best of our knowledge and belief, the following representations made to you during the course of your audit.

We understand that your audit was made in accordance with Canadian generally accepted auditing standards. Accordingly, the audit included an examination of the accounting system, controls and related data, and tests of the accounting records and such other auditing procedures as you considered necessary in the circumstances, for the purpose of expressing an opinion on the financial statements. We also understand that such an audit is not designed to identify, nor can it necessarily be expected to disclose, misstatements, non-compliance with laws and regulations, fraud or other irregularities, should there be any.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 11, 2018, for the preparation and fair presentation of the Company's financial statements in accordance with Canadian Public Sector Accounting Standards for Not-for-Profit Organizations. We believe these financial statements are complete and present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and the results of its operations and its cash flows, in accordance with Canadian Public Sector Accounting Standards for Not-for-Profit Organizations.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements, and are reported in the appropriate period.
3. We acknowledge that we are responsible for the accounting policies followed in the preparation of the Company's financial statements. Significant accounting policies, and any related changes to significant accounting policies, are disclosed in the financial statements. The selection of accounting policies is appropriate in accordance with the requirements of Canadian Public Sector Accounting Standards for Not-for-Profit Organizations, and are applied consistently throughout the financial statements.
4. We have disclosed to you all significant assumptions used in making accounting estimates and judgments, and believe they are reasonable.
5. We are aware of and concur with the contents and results of the attached journal entries prepared by you, and accept responsibility for the financial statement effects of the entries.
6. We believe the effects of those uncorrected financial statement differences aggregated by you during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
7. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian Public Sector Accounting Standards for Not-for-Profit Organizations.

8. All events or transactions that have occurred subsequent to the statement of financial position and for which Canadian Public Sector Accounting Standards for Not-for-Profit Organizations require adjustment or disclosure have been adjusted or disclosed appropriately in the financial statements.
9. All plans or intentions that may affect the carrying value or classification of assets and liabilities are appropriately reflected in the financial statements in accordance with Canadian Public Sector Accounting Standards for Not-for-Profit Organizations.
10. All liabilities, both known and contingent, requiring recognition or disclosure in the financial statements in accordance with the requirements of Canadian Public Sector Accounting Standards for Not-for-Profit Organizations have been adjusted or disclosed as appropriate.
11. All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements.
12. All assets, wherever located, to which the Company had satisfactory title at the year-end, have been fairly stated and recorded in the financial statements. The assets are free from hypothecation, liens and encumbrances, except as noted in the financial statements. We have disclosed the nature and carrying amounts of any assets pledged as collateral. All assets of uncertain value, and restrictions imposed on assets, are appropriately reported in the financial statements.
13. All aspects of laws, regulations or contractual agreements, including non-compliance, are appropriately reflected in the financial statements.
14. All restricted cash has been appropriately designated and separated from operating funds.
15. Investments in marketable securities are appropriately recorded in the financial statements in accordance with the requirements of Canadian Public Sector Accounting Standards for Not-for-Profit Organizations. All events or circumstances giving rise to impairments are reflected in the financial statements.
16. Accounts and contributions receivable are correctly described in the records and represent valid claims as at December 31, 2018. An appropriate allowance has been made for losses from uncollectible accounts and for costs or expenses that may be incurred with respect to sales made or services rendered.
17. All charges to capital assets represent capital expenditures. No expenditures of a capital nature were charged to operations of the Company. Depreciation of property, plant and equipment capital lease obligations has been recorded according to our best estimates of their useful lives. All events or circumstances giving rise to impairments are appropriately reflected in the financial statements.
18. All intangible assets have been appropriately recorded in the financial statements in accordance with the requirements of Canadian Public Sector Accounting Standards for Not-for-Profit Organizations. All events or circumstances giving rise to impairments are appropriately reflected in the financial statements. Where intangible assets are subject to amortization, they are amortized at appropriate rates based on our best estimates of their useful lives.
19. Revenue has been recognized only where sales have been made and items delivered, or services rendered, and the amounts have been collected or are collectible. Revenues do not include any amounts arising from consignment sales or from any other transaction from which the Company is not entitled to the proceeds.
20. We have identified all financial instruments, including derivatives, and hedging relationships. These have been appropriately recorded and disclosed in the financial statements in accordance with the requirements of Canadian Public Sector Accounting Standards for Not-for-Profit Organizations.

Information provided

1. We have responded fully to all inquiries made to us and have made available to you:
 - A complete record of all financial records that are relevant to the preparation and presentation of the financial statements and minutes of the meetings of members and board of directors held throughout the year to the present date;
 - Additional information that you have requested from us for the purpose of your audit;
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. We acknowledge management's responsibility for the design, implementation and operation of controls that have been designed to prevent and detect fraud.
3. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low.
4. Where the impact of any frauds or suspected frauds, and non-compliance or possible non-compliance with laws and regulations, has a material effect on the financial statements, we have disclosed to you all known significant facts relating thereto, including circumstances involving management, employees having significant roles over controls, and others. We have made known to you any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators and others. The effects of such events, if any, are properly presented in the financial statements.
5. We have disclosed to you all deficiencies in the design or operation of internal controls over financial reporting of which we are aware.
6. We have disclosed to you all aspects of laws, regulations or contractual agreements that may affect the financial statements, including non-compliance.
7. We have disclosed to you the identities of all related parties to the Company and all related party relationships and transactions of which we are aware.
8. We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.
9. The previous year's representation letter dated April 18, 2019 is still applicable to the prior year's financial statements and, and no matters have arisen that require restatement of those financial statements.
10. There are no discussions with your firm's personnel regarding employment with the Company.

Other Information

11. We have informed you of all the documents containing other information that comprise our annual report. Further, the financial statements and the other information provided to you prior to the date of your audit report are consistent with one another, and the other information does not contain any material misstatements.

Professional Services

1. We acknowledge the engagement letter dated September 11, 2018, which states the terms of reference regarding your professional services.
2. We are not aware of any reason why MNP LLP would not be considered independent for purposes of the Company's audit.

Sincerely,
Calgary Economic Development Ltd.

Signature

Title

