



Opportunity Calgary Investment Fund Ltd.

2019 Audit Findings

Report to the Audit Committee

December 31, 2019

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CANADA 2019



March 6, 2020

Members of the Audit Committee of Opportunity Calgary Investment Fund Ltd.

Dear Sirs/Mesdames:

We are pleased to submit to you this report for discussion of our audit of the financial statements of Opportunity Calgary Investment Fund Ltd. (the "Company") as at December 31, 2019 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 Independent Auditor's Report will provide an unmodified opinion to the members of the Company. A draft copy of our proposed Independent Auditor's 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.

Sincerely,

MNP LLP

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 Opportunity Calgary Investment Fund Ltd. (the "Company") as at and for the year ended December 31, 2019. 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 Independent Auditor's 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 Audit Committee's review and approval of the financial statements.

INDEPENDENT AUDITOR'S REPORT

We expect to have the above procedures completed and to release our Independent Auditor's Report on March 6, 2020.

Unless unforeseen complications arise, our Independent Auditor's Report will provide an unmodified opinion to the members of the Company. A draft copy of our proposed Independent Auditor's Report has been included with this report.

SIGNIFICANT AUDIT, ACCOUNTING AND REPORTING MATTERS**AUDIT AND REPORTING MATTERS**

The following significant matters arose during the course of audit that we wish to bring to your attention.

| AREA | COMMENTS |
|--|---|
| CHANGES FROM AUDIT SERVICE PLAN | <p>We previously presented our proposed Audit Service Plan to you on September 27, 2019. Over the course of our audit, the following deviation was made from this plan:</p> <ul style="list-style-type: none"> • Materiality was adjusted from the proposed amount of \$17,000 to \$25,000. |
| FINAL MATERIALITY | <p>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.</p> <p>Final materiality used for our audit was \$25,000 for which was based on gross expenses.</p> |
| DIFFICULTIES ENCOUNTERED | No significant limitations were placed on the scope or timing of our audit. |

| AREA | COMMENTS |
|--|---|
| <p>IDENTIFIED OR SUSPECTED FRAUD</p> | <p>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.</p> <p>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.</p> <p>The verification of the general ledger data integrity and testing of manual journal entries is a key audit step in understanding and addressing the risk of fraud. MNP utilizes Mindbridge Ai, in the completion of these steps.</p> <p>Mindbridge Ai is an auditing solution that leverages advanced machine learning and Ai techniques to augment human capacity and cope with the enormous amounts of financial data that exist within organizations. While other audit tools only look at accounts and entries in isolation, Mindbridge Ai identifies unusual transactions by also looking at the monetary flows between accounts, all credits and all debits. This helps MNP to provide the Audit Committee with an unparalleled view into the state of the Company's data, arming the Company to better understand individual transactions and identify potential issues. An excerpt of our analysis is attached to this report.</p> |
| <p>IDENTIFIED OR SUSPECTED NON-COMPLIANCE WITH LAWS AND REGULATIONS</p> | <p>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.</p> |
| <p>MATTERS ARISING IN CONNECTION WITH RELATED PARTIES</p> | <p>No significant matters arose during the course of our audit in connection with related parties of the Company.</p> |
| <p>SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL</p> | <p>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.</p> <p>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.</p> <p>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.</p> <p>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</p> |

| AREA | COMMENTS |
|---|--|
| MATTERS ARISING FROM DISCUSSIONS WITH MANAGEMENT | <p>We would like to formally acknowledge the cooperation and assistance we received from the Management and staff of the Company.</p> <p>There were no significant matters discussed, or subject to correspondence, with Management that in our judgment need be brought to your attention.</p> |
| SIGNIFICANT DIFFERENCES | <p>No significant differences were proposed to Management with respect to the December 31, 2019 financial statements.</p> |
| OTHER INFORMATION | <p>Pursuant to our responsibilities under Canadian generally accepted auditing standards, we will review other financial and non-financial information included in documents containing the financial statements and our Independent Auditor's Report thereon. We will review these documents for the purpose of ensuring their content does not contradict information derived from our audit procedures.</p> |

AUDITOR'S VIEWS OF SIGNIFICANT ACCOUNTING PRACTICES

The application of Canadian Accounting Standards for Government 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.

| AREA | COMMENTS |
|--|---|
| ACCOUNTING POLICIES | <p>The accounting policies used by the Company are appropriate and have been consistently applied.</p> |
| ACCOUNTING ESTIMATES | <p>Accounts receivable</p> <p>Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where necessary. As at December 31, 2019 there was no provision for doubtful accounts.</p> <p>Provision for legal contingencies</p> <p>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.</p> |
| FINANCIAL STATEMENT DISCLOSURES | <p>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.</p> |

SIGNIFICANT RISK AREAS AND RESPONSES

| SIGNIFICANT RISK AREA | RESPONSE AND CONCLUSION |
|--|---|
| <p>Deferred revenue and restricted contributions</p> <p>Management may record expenses and claim against restricted revenue in order to use up funding.</p> | <p>-MNP compared the total amount received to the bank deposit to ensure it was accurately recorded.</p> <p>-MNP obtained supporting documentation of a sample of eligible expenditures and agreed them to invoices and analysed whether the amounts support recognition of revenue based on restrictions of the Operating and Funding Agreement dated May 11, 2018.</p> <p>-MNP analysed the Company's revenue recognition policy and determined that revenue is reasonably stated for the year ended December 31, 2019.</p> <p>We have concluded that deferred contributions and revenue are reasonably stated for the year ended December 31, 2019.</p> |
| <p>Expenses</p> <p>Management may be bias to overstate expenses in order to claim against restricted revenue.</p> | <p>-MNP examined legal correspondence files and analyzed legal expenses for indications of pending, threatened or actual litigation. MNP also selected a sample of legal transactions from the general ledger and compared those to source documents to determine if the expense was accurately recorded as per its nature, amount and period.</p> <p>-MNP selected a sample of expense transactions from the general ledger and compared those to source documents to determine if the expense was accurately recorded as per its nature, amount and period.</p> <p>-MNP performed a proof in total to evaluate whether the salary allocations were accurate, and reviewed the employee contracts to determine if the allocations were appropriate and in accordance with the Master Services Agreement between the Company and Calgary Economic Development.</p> <p>We have concluded that expenses are reasonably stated for the year ended December 31, 2019.</p> |
| <p>Financial statement disclosures</p> | <p>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 Government Not-for-Profit Organizations.</p> <p>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 Government Not-for-Profit Organizations for the year ended December 31, 2019.</p> |

OTHER MATTERS

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.

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 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; and
- 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.

Independent Auditor's Report

To the Board of Directors of Opportunity Calgary Investment Fund Ltd.:

Opinion

We have audited the financial statements of Opportunity Calgary Investment Fund 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

Chartered Professional Accountants

Draft - For Management Only

Opportunity Calgary Investment Fund Ltd.
32nd Floor
500 Centre Street SE
Calgary, AB T2G 1A6

March X, 2020

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 Opportunity Calgary Investment Fund Ltd. (the "Company") as at December 31, 2019 and for the period 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 17, 2019, for the preparation and fair presentation of the Company's financial statements in accordance with Canadian Public Sector Accounting Standards for Government 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, 2019, and the results of its operations and its cash flows, in accordance with Canadian Public Sector Accounting Standards for Government 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 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 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.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian accounting standards for not-for-profit organizations.

7. All events or transactions that have occurred subsequent to the balance sheet and for which Canadian accounting standards for not-for-profit organizations require adjustment or disclosure have been adjusted or disclosed appropriately in the financial statements.
8. 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 accounting standards for not-for-profit organizations.
9. All liabilities, both known and contingent, requiring recognition or disclosure in the financial statements in accordance with the requirements of Canadian accounting standards for not-for-profit organizations have been adjusted or disclosed as appropriate.
10. 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.
11. All assets, wherever located, to which the Company had satisfactory title at the period-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.
12. All aspects of laws, regulations or contractual agreements, including non-compliance, are appropriately reflected in the financial statements.
13. All restricted cash has been appropriately designated and separated from operating funds.
14. All cash accounts have been appropriately recorded in the financial statements and all terms and associated conditions have been disclosed to you in full. We have provided you with the most current banking agreements.
15. Accounts receivable are correctly described in the records and represent valid claims as at December 31, 2019. 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.
16. 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.
17. 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 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 related data and minutes of the meetings of the board of directors held throughout the year to the present date as well as summaries of recent meetings for which minutes have not yet been prepared;
 - 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 March 8, 2019 is still applicable to the prior year's financial statements, 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.

Professional Services

1. We acknowledge the engagement letter dated September 17, 2019, 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,
Opportunity Calgary Investment Fund Ltd.

Signature

CFO

High Risk

\$0

0 transactions (0%) of the ledger

Medium Risk

\$531.06k

17 transactions (4.8%) of the ledger

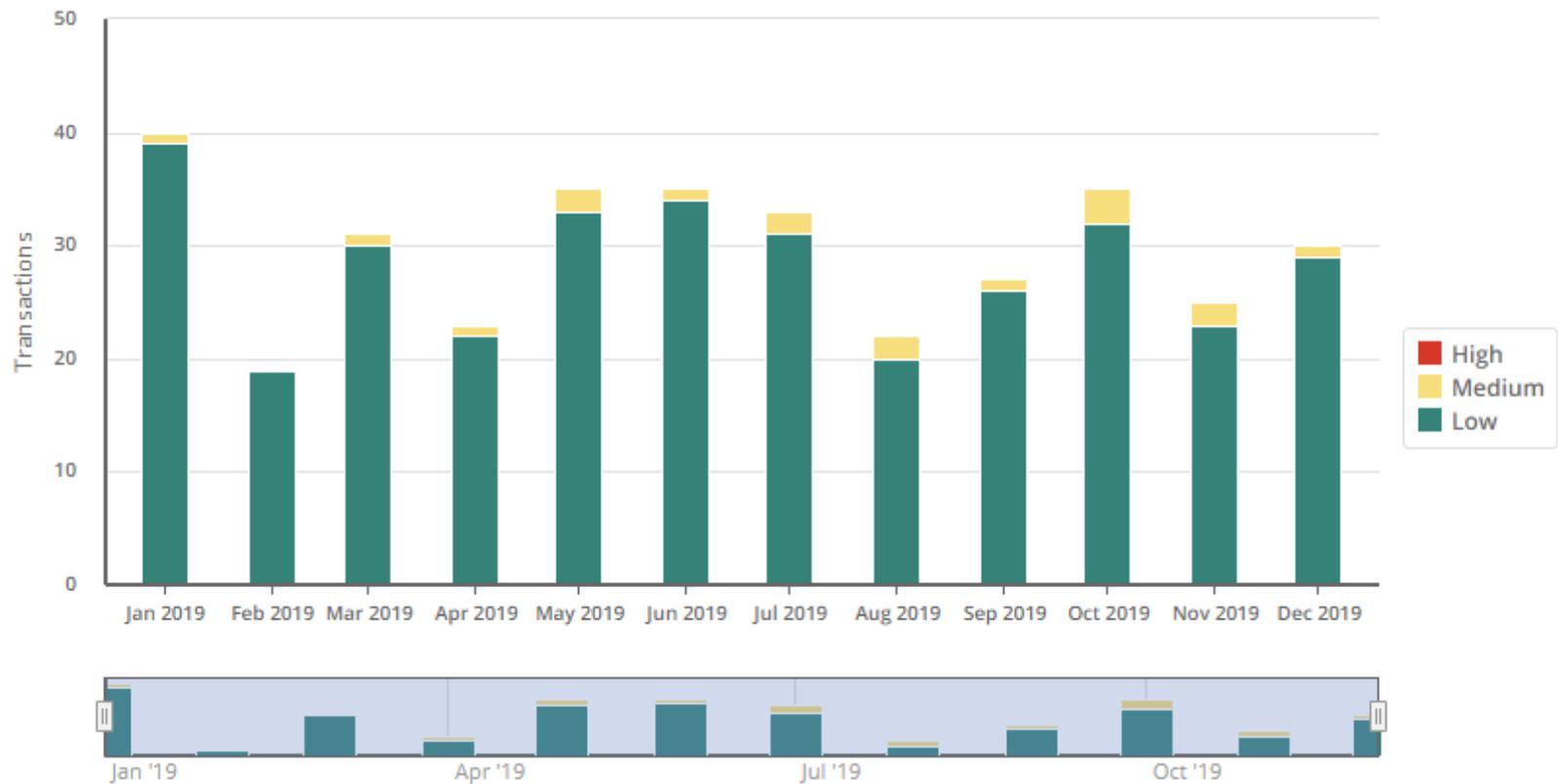
Low Risk

\$4.17M

338 transactions (95.2%) of the ledger

Risk breakdown by

Month ▾



Risk by Account



