



Opportunity Calgary
Investment Fund

Financial Statements
December 31, 2019



Opportunity Calgary
Investment Fund

Contents

For the year ended December 31, 2019

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Opportunity Calgary
Investment Fund

Management's Responsibility

To the Board of Directors of Opportunity Calgary Investment Fund 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. 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 is composed entirely 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. 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 Board 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 13, 2020

Mary Moran
Chief Executive Officer
Opportunity Calgary Investment Fund Ltd.

Sheila Will
Chief Financial Officer
Opportunity Calgary Investment Fund Ltd.

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

March 13, 2020

MNP LLP

Chartered Professional Accountants



Opportunity Calgary Investment Fund Ltd.
Statement of Financial Position

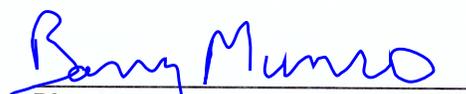
As at December 31, 2019

| | 2019 | 2018 |
|---------------------------------------------------|----------------|----------------|
| Assets | | |
| Current | | |
| Cash | 66,276 | 187,412 |
| Amounts receivable (Note 3) | 13,800 | 12,364 |
| Restricted cash (Note 5) | 719,681 | 365,952 |
| | 799,757 | 565,728 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 4) | 32,280 | 151,766 |
| Due to related party (Note 7) | 47,795 | 48,009 |
| Deferred revenue (Note 5) | 719,681 | 365,952 |
| | 799,756 | 565,727 |
| Net Assets | | |
| Share capital | 1 | 1 |
| | 799,757 | 565,728 |

Approved on behalf of the Board



Director



Director



Opportunity Calgary
Investment Fund

Opportunity Calgary Investment Fund Ltd.
Statement of Operations

For the year ended December 31, 2019

| | 2019 | 2018 |
|----------------------------------------|----------------|----------------|
| Revenue | | |
| City of Calgary funds | 632,697 | 445,048 |
| Interest | 40 | - |
| | 632,737 | 445,048 |
| Expenses | | |
| Corporate services (Note 1 and Note 7) | 414,366 | 89,132 |
| Professional services | 131,425 | 112,169 |
| Legal services (Note 1) | 74,669 | 190,290 |
| Technology services (Note 7) | 12,277 | 53,457 |
| | 632,737 | 445,048 |
| Excess of revenue over expenses | - | - |

The accompanying notes are an integral part of these financial statements



Opportunity Calgary
Investment Fund

Opportunity Calgary Investment Fund Ltd.
Statement of Changes in Net Assets

For the year ended December 31, 2019

| | <i>2019</i> | <i>2018</i> |
|----------------------------------------|-------------|-------------|
| Net assets, beginning of period | 1 | - |
| Excess of revenue over expenses | - | - |
| Issuance of share capital | - | 1 |
| Net assets, end of period | 1 | 1 |

The accompanying notes are an integral part of these financial statements



Opportunity Calgary Investment Fund Ltd.
Statement of Cash Flows

For the year ended December 31, 2019

| | 2019 | 2018 |
|--------------------------------------------------------------|----------------|----------------|
| Cash provided by (used for) the following activities: | | |
| Operating | | |
| Excess of revenue over expenses | - | - |
| Changes in working capital accounts | | |
| Amounts receivable | (1,436) | (12,364) |
| Accounts payable and accrued liabilities | (119,486) | 151,766 |
| Due to related party | (214) | 48,009 |
| Deferred revenue | 353,729 | 365,952 |
| | 232,593 | 553,363 |
| Financing | | |
| Issuance of share capital | - | 1 |
| Increase in cash and cash equivalents | 232,593 | 553,364 |
| Cash and cash equivalents, beginning of period | 553,364 | - |
| Cash and cash equivalents, end of period | 785,957 | 553,364 |
| Cash and cash equivalents are composed of: | | |
| Unrestricted cash | 66,276 | 187,412 |
| Restricted cash | 719,681 | 365,952 |
| | 785,957 | 553,364 |

The accompanying notes are an integral part of these financial statements



Opportunity Calgary Investment Fund Ltd. Notes to the Financial Statements

For the year ended December 31, 2019

1. Incorporation and nature of the organization

Opportunity Calgary Investment Fund Ltd. (the "Company") was incorporated under the authority of the Business Corporations Act on April 19, 2018. The Company is registered as a non-profit organization under the Income Tax Act of Canada (the "Act") and is exempt from income taxes. The Company is a wholly owned subsidiary of the City of Calgary ("The City") and is governed under a unanimous shareholders agreement declared on May 11th, 2018.

The Company was established with a mandate to manage the \$100,000,000 Fund Reserve ("Fund Reserve") effectively and in a manner that creates an environment within the City of Calgary that encourages economic recovery and growth, helps reduce the impact of the economic downturn on Calgary's citizens and businesses and capitalizes on new opportunities to support Calgary's economic success into the future. The Fund Reserve is an interest-bearing capital and operating reserve fund held and administered by The City, as such, is not reflected in these financial statements.

The Company, in part by engaging the services of Calgary Economic Development Ltd. ("CED"), establishes and carries out a contribution program pursuant to which the Company, as steward of the Fund Reserve, will select, or in certain instances recommend to Calgary City Council ("Council") projects with the City of Calgary in which to contribute Fund Reserve funds.

The Company is required to conduct and manage the intake and review of applications and business cases, present reviewed business cases to the Company's Board or if required to present the City of Calgary Priorities and Finance Committee ("PFC") and Council for consideration; maintain timely and appropriate communication with applicants and The City, develop and enter into contribution agreements; request disbursement of funds from the Fund Reserve; and monitor and manage the execution and performance of contribution agreements. Upon approval of an application and business case and execution of a contribution agreement, the Company will deliver a request for funds to The City. The City is responsible for the disbursement of requested funds to the beneficiary from the Fund Reserve.

Organizational costs incurred to create the Company in 2018 amounted to \$153,119, which were included in legal services and technology services.

2. Significant accounting policies

Basis of accounting

The financial statements are expressed in Canadian dollars. The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations, with the optional 4200 series, as established by the Public Sector Accounting Board. The significant policies are described below.

Cash

Cash includes balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash. Restricted cash will be utilized on future eligible expenditures.

Revenue recognition

The Company follows the deferral method of accounting for City of Calgary funding. These funds are recognized as revenue in the year in which the related direct costs required to administer the Fund Reserve are incurred. Interest income is recognized as revenue when earned.

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.

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.

Opportunity Calgary Investment Fund Ltd.
Notes to the Financial Statements

For the year ended December 31, 2019

2. Significant accounting policies (Continued from previous page)**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 7).

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.

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 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.

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. Amounts receivable

Amounts receivable relates to the following:

| | 2019 | 2018 |
|-------------------------------------|--------|--------|
| Goods and Services Taxes receivable | 13,800 | 12,364 |

4. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities relate to the following:

| | 2019 | 2018 |
|------------------------|---------------|----------------|
| Trade accounts payable | 20,730 | 118,203 |
| Accrued liabilities | 11,550 | 33,563 |
| | 32,280 | 151,766 |

5. Deferred revenue

Deferred revenue consists of unspent funds from The City which are restricted for direct costs to administer the Fund Reserve. Recognition of these amounts as revenue is deferred to periods when the specified expenses are made. Changes in the deferred revenue balance are as follows:

| | 2019 | 2018 |
|-------------------------------------------------|----------------|----------------|
| Balance, beginning of period | 365,952 | - |
| Funding received | 986,426 | 811,000 |
| Amounts recognized as revenue during the period | (632,697) | (445,048) |
| Balance, end of period | 719,681 | 365,952 |

**Opportunity Calgary Investment Fund Ltd.
Notes to the Financial Statements**

For the year ended December 31, 2019

6. Income taxes

The Company is registered as a tax-exempt organization under 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.

7. Related party transactions

The Company has entered into an Operating and Funding Agreement (“Agreement”) with The City.

The Company received \$986,426 (2018 - \$811,000) under this Agreement of which \$632,697 (2018 - \$445,048) was recognized as revenue in 2019 and \$719,681 (2018 - \$365,952) deferred revenue at year end to be used towards future expenditures.

The City of Calgary (“The City”) and affiliates

Related party balances and transactions with The City consist of:

| | 2019 | 2018 |
|-----------------------------|------------------|-----------|
| Opening balance | 365,952 | - |
| Cash received from The City | 986,426 | 811,000 |
| Revenue recognized | (632,697) | (445,048) |
| Year end balance | 719,681 | 365,952 |

Calgary Economic Development Ltd. (“CED”)

CED and the Company are related by virtue of common control as they are wholly owned subsidiaries of The City, share three common Board of Director members and have common management.

The Company entered into an Administrative Services and Fund Management Agreement with CED effective April 19, 2018. This agreement is in consideration of the performance of the administrative services and the management of the Fund Reserve by CED for a management fee of \$1 per month.

In addition, CED will be reimbursed by the Company for reasonable out-of-pocket costs and expense incurred directly by CED in connection with the performance of the administrative services, the Fund management and any additional services including travel and lodging. CED will not be reimbursed for any of CED’s ongoing overhead costs and expenses unless such costs or expenses are incurred by the retention of any additional personnel specifically for the Company.

Related party balances and transactions with CED consist of:

| | 2019 | 2018 |
|-----------------------|----------------|---------|
| Due to related party: | | |
| Corporate services | 46,488 | 47,255 |
| Technology services | 1,307 | 754 |
| Total | 47,795 | 48,009 |
| Expenses: | | |
| Corporate services | 366,510 | 85,155 |
| Technology services | 10,090 | 53,457 |
| Total | 376,600 | 138,612 |

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

Opportunity Calgary Investment Fund Ltd.
Notes to the Financial Statements

For the year ended December 31, 2019

8. Contribution Agreements

The Company develops and executes Contribution Agreements with approved Beneficiaries. Each Contribution Agreement defines the Project, the estimated costs of the Project, schedule of payment and milestones for disbursements of funds that will be made by The City to the Beneficiary, the terms and conditions upon which the funds will be disbursed and restrict the Beneficiaries use of its allocation of the Fund Reserve to the subject of the Project. Further, the Contribution Agreement defines the expected economic outcomes and timeline in respect of the Project; provides for the return of funds from the Beneficiary to The City in the event of a material breach in terms of the Contribution Agreement, or abandonment, delay or suspension of the Project for greater than six months; and provides requirements for the reporting by the Beneficiary to the Company on the status of the subject Project and the use of the disbursed Fund Reserve funds.

The Company will monitor and manage each Contribution Agreement until all obligations of the Beneficiary have been satisfied in full. The Company will not approve and recommend The City to action a payment until the correlating milestones are achieved.

As at December 31, 2019, the Company has executed nine Contribution Agreements and delivered to The City a commitment for funds totalling up to \$23.5 million of which \$7.05 million of instalments have been paid. Future estimated instalments from the Fund Reserve are as follows:

| | |
|-----------------------------------------------|---------------------|
| 2020 | \$9,200,000 |
| 2021 | \$3,800,000 |
| 2022 | \$2,100,000 |
| 2023 | \$500,000 |
| 2024 | \$850,000 |
| Total anticipated payments by The City | \$16,450,000 |

9. 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 management. The Board of Directors receives periodic reports from the Company's management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

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.

Opportunity Calgary Investment Fund Ltd.
Notes to the Financial Statements

For the year ended December 31, 2019

9. Financial instruments (Continued from previous page)

The following table sets out the contractual maturities of financial liabilities:

| 2019 | <i>0-90 days</i> | <i>91 days and older</i> | Total |
|------------------------|------------------|--------------------------|---------------|
| Due to related party | 47,795 | - | 47,795 |
| Trade accounts payable | 20,730 | - | 20,730 |
| Accrued liabilities | 11,550 | - | 11,550 |
| Total | 80,075 | - | 80,075 |

| 2018 | <i>0-90 days</i> | <i>91 days and older</i> | Total |
|------------------------|------------------|--------------------------|----------------|
| Due to related party | 48,009 | - | 48,009 |
| Trade accounts payable | 118,203 | - | 118,203 |
| Accrued liabilities | 33,563 | - | 33,563 |
| Total | 199,775 | - | 199,775 |

10. Share capital

On April 20th, 2018, the Company issued one common share to The City.

11. 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.