



**Calgary Municipal Land
Corporation**
Report to the Audit Committee on the
2023 audit

April 17, 2024



Deloitte LLP
700, 850 2 Street SW
Calgary, AB T2P 0R8
Canada

Tel: 403-267-1700
Fax: 403-213-5791
www.deloitte.ca

April 10, 2024

The Audit Committee of Calgary Municipal Land Corporation

Report on audited annual financial statements

Dear Audit Committee members:

We are pleased to submit this report on the status of our audit of Calgary Municipal Land Corporation ("CMLC") for the 2023 fiscal year. This report summarizes the scope of our audit, our findings to date and reviews certain other matters that we believe to be of interest to you. We are continuing to work with management to complete the outstanding matters summarized on page 1 of this report.

As agreed in our master services agreement ("MSA") dated November 28, 2018, and any previous confirmation letters issued pursuant to the MSA and all as may be updated or amended from time to time, we have performed an audit of the financial statements of Calgary Municipal Land Corporation as of and for the year ended December 31, 2023 in accordance with Canadian generally accepted auditing standards ("Canadian GAAS") and expect to issue our audit report thereon dated April 19, 2024.

Our audit has been conducted in accordance with the audit plan that was presented to the Audit Committee at the meeting on November 28, 2023.

This report is intended solely for the information and use of the Audit Committee, management and others within CMLC and is not intended to be, and should not be, used by anyone other than these specified parties.

We, at Deloitte, work as one team to provide you with relevant business insights to assist you improving your current practices.

We look forward to discussing this report summarizing the outcome of our audit with you and answering any questions you may have.

Yours truly,

A handwritten signature in black ink that reads "Deloitte LLP".

Chartered Professional Accountants

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Executive summary





Audit scope and terms of engagement

We have been asked to perform an audit of CMLC's financial statements (the "financial statements") in accordance with Canadian public sector accounting standards ("PSAS") as at and for the year ended December 31, 2023. Our audit was conducted in accordance with Canadian generally accepted auditing standards ("Canadian GAAS").

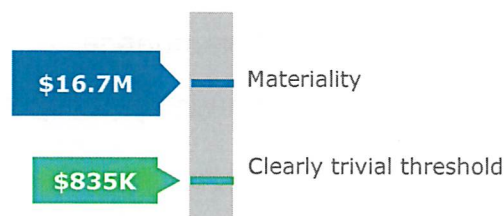
The terms and conditions of our engagement are described in the MSA. We have developed appropriate safeguards and procedures to eliminate threats to our independence or to reduce them to an acceptable level.

Significant risks

Status

1	Management override of controls	
2	Asset retirement obligations	
	Continued from prior year	
	New from prior year	

Materiality



Materiality levels are determined on the basis of total assets. Our materiality for the year ended December 31, 2023 was \$16,700,000 (2022, \$13,900,000).

Outstanding Matters

Receipt of signed management representation letter	Receipt of subsequent events update
Completion of minor documentation items	Receipt of legal letters

Audit fees

Audit fees	2023	2022
Financial statement audit	\$82,950	\$77,520
Procedures with respect to Adoption of Section 3280, <i>Asset Retirement Obligations</i>	\$4,900	-
Procedures applied to the Arts Common accounting entries and agreements	-	\$2,500
Procedures applied to the Event Centre accounting entries and terminated agreement	-	-
Total fees	\$87,850	\$80,020



Going concern

Management has completed its assessment of the ability of CMLC to continue as a going concern and in making its assessment did not identify any material uncertainties related to events or conditions that may cast significant doubt upon CMLC's ability to continue as a going concern. We believe this disclosure is adequate.



Results

No restrictions have been placed on the scope of our audit. We intend to issue an unmodified audit report on the financial statements of CMLC for the year ended December 31, 2023 once the outstanding items referred to above are completed satisfactorily and the financial statements are approved by the Board of Directors. Refer to Appendix 2 for Draft auditor's report.

Significant audit risks and areas of focus

The significant audit risks identified as part of our risk assessment, together with our planned responses and conclusions, are described below.

Significant risk dashboard

Legend



Significant level of management judgment involved



Minimal/No management judgement involved

D+I: Planned testing of the design and implementation of key controls

Significant risks

Management override of controls			
Fraud risk	Control testing planned	Level of management judgement	Specialist, expert or innovation involvement
Yes	D+I		Excel Analytics were used to perform journal entry testing.
Analysis of risk		Audit response and results	
<ul style="list-style-type: none"> Under Canadian Auditing Standards, it is the responsibility of management, with the oversight of those charged with governance, to place a strong emphasis on fraud prevention and detection. Oversight by those charged with governance includes considering the potential for override of controls or other inappropriate influence over the financial reporting process. Management override of controls is present in all entities. It is a risk of material misstatement resulting from fraud and therefore is considered as a significant risk. 		<ul style="list-style-type: none"> We discussed fraud with management. We asked the Audit Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting CMLC and their role in the oversight of management's antifraud programs. We tested a sample of journal entries made throughout the period, and adjustments made at the end of the reporting period. We evaluated the business rationale for any significant transactions. We determined whether the judgements and decisions related to management estimates indicate a possible bias, which included performing retrospective analysis of significant accounting estimates. We obtained sufficient audit evidence to conclude that there were no material misstatements. 	

Transfer of infrastructure development assets to tangible capital assets

Analysis	Audit response and results
<ul style="list-style-type: none"> Infrastructure development assets are projects currently under construction that will result in an asset being constructed at the final acceptance certificate ("FAC") phase of construction. There is a risk that infrastructure development assets are complete and have been issued at the FAC but have not been transferred to tangible capital assets and commenced amortization. 	<ul style="list-style-type: none"> We obtained and reviewed the list of infrastructure development assets that includes the estimated FAC date. We tested a sample of infrastructure development assets, obtaining the FAC (if already issued) as well as meeting with various individuals in operations to determine the status of the infrastructure development assets, to verify if the asset is complete. For a sample of infrastructure development assets that have been completed, we reviewed the transfer of the assets to tangible capital assets and recalculated the amortization. We obtained sufficient audit evidence to conclude that there were no material misstatements.

Significant accounting policies, judgements and estimates

The accounting policies in the notes to the financial statements are those that are most important and representative of CMLC's financial condition and financial performance.

In the course of our audit of the financial statements, we considered the qualitative aspects of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability and understandability of the information included in the financial statements.

In our judgment, the significant accounting practices and policies, selected and applied by management are, in all material respects, acceptable under PSAS and are appropriate to the particular circumstances of CMLC.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgements. These judgements are normally based on knowledge and experience about past and current events, assumptions about future events and interpretations of the financial reporting standards.

During the year ended December 31, 2023, management advised us that there were no significant changes in accounting estimates or in judgements relating to the application of the accounting policies.

Appendix 1 – Communication requirements and other reportable matters

The table below summarizes our communication requirements under Canadian GAAS and other communications that we believe would help us achieve an effective audit.

Required communication	Refer to this report or document described below
Audit Service Plan	
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	Master services agreement dated November 28, 2018
2. An overview of the overall audit strategy, addressing: <ol style="list-style-type: none"> a. Timing of the audit b. Significant risks, including fraud risks c. Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures related to significant risk 	Audit plan communicated on November 28, 2023.
3. Significant transactions outside of the normal course of business, including related party transactions	Related party transactions are disclosed in Note 14 to the financial statements.
Enquiries of those charged with governance	
4. How those charged with governance exercise oversight over management's process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks	Significant audit risks and areas of focus section of this report.
5. Any known suspected or alleged fraud affecting CMLC	We are not aware of any actual or suspected fraudulent events.
6. Whether CMLC is in compliance with laws and regulations	Our limited procedures did not identify any areas of material noncompliance with laws and regulations by CMLC.
Year End Communication	
7. Fraud or possible fraud identified through the audit process	We are not aware of any fraudulent events.
8. Significant accounting policies, practices, unusual transactions, and our related conclusions	Significant accounting policies, judgements and estimates section of this report.

Required communication	Refer to this report or document described below
9. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	Significant accounting policies, judgements and estimates section of this report.
10. Matters related to going concern	Executive summary section of this report.
11. Consultation with other accountants	Management has informed us that CMLC has not consulted with other accountants about auditing or accounting matters.
12. Management judgements and accounting estimates	Significant accounting policies, judgements and estimates section of this report.
13. Significant difficulties, if any, encountered during the audit	During the course of our audit, we did not encounter any significant difficulties in dealing with management related to the performance of the audit.
14. Material written communications between management and us, including management representation letters	Draft management representation letter.
15. Circumstances that affect the form and the content of the auditor's report	Draft auditor's report.
16. Other matters that are significant to the oversight of the financial reporting process	No other matters to report.
17. Modifications to our opinion	Executive summary section of this report.
18. Other significant matters discussed with management	Significant audit risks and areas of focus section of this report.
19. Matters involving noncompliance with laws and regulations that came to our attention, unless prohibited by law or regulation, including illegal or possibly illegal acts that come to our attention.	We are not aware of any matters involving noncompliance with laws and regulations or illegal acts.
20. Litigation	No litigation matters to report.
21. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	No deficiencies to report.
22. Uncorrected misstatements and disclosure items	In accordance with Canadian GAAS, we request that all misstatements be corrected. No uncorrected misstatements and uncorrected disclosure to report.
23. Changes to the audit plan	The audit was conducted in accordance with our audit plan, which was communicated to the Audit Committee on November 28, 2023. We confirm that there have been no amendments to the audit scope and approach communicated in the audit plan.

Required communication	Refer to this report or document described below
24. Concerns regarding management competence and integrity	We do not have any concerns regarding management's competency and integrity.
25. Disagreements with management	During the current audit, we did not have any disagreements with management.
26. Post-balance sheet events	At the date of finalizing this report, we are not aware of any significant post-balance sheet events.
27. Limitations when sending confirmations	Not applicable.
28. Other significant matters arising from the audit	No other significant matters to report.

Appendix 2 – Draft version of our auditor’s report

Our report on the financial statements is expected to be in the following form. However, the final form may need to be adjusted to reflect the final results of our audit.

Independent Auditor’s Report

To the Shareholder of
Calgary Municipal Land Corporation

Opinion

We have audited the financial statements of Calgary Municipal Land Corporation (“CMLC”) which comprise the statement of financial position as at December 31, 2023 and the statements of operations and accumulated surplus, changes in net financial assets (liabilities) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CMLC as at December 31, 2023 and the results of its operations, changes in its net financial assets (liabilities), and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (“PSAS”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). 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 CMLC 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 PSAS 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 CMLC’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 CMLC or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CMLC’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 GAAS 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 GAAS, 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 CMLC’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 CMLC’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 CMLC 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.

Chartered Professional Accountants
April 19, 2024

Appendix 3 – Draft independence

April 19, 2024

The Audit Committee of
Calgary Municipal Land Corporation

Dear Audit Committee members:

We have been engaged to audit the financial statements of Calgary Municipal Land Corporation ("CMLC") for the year ended December 31, 2023.

You have requested that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between CMLC, our Firm and network firms that, in our professional judgment, may reasonably be thought to bear on our independence. You have also requested us to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

In determining which relationships to report, we have considered relevant rules and related interpretations prescribed by the appropriate provincial regulator/ordre and applicable legislation, covering such matters as:

- a) Holding a financial interest, either directly or indirectly, in a client.
- b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client.
- c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client.
- d) Economic dependence on a client.
- e) Provision of services in addition to the audit engagement.

We confirm to you that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since April 21, 2023, the date of our last letter.

We are not aware of any relationships between the Member Firms of Deloitte Touche Tohmatsu Limited and their respective affiliates (collectively, the "Deloitte Entities") and CMLC and its affiliates, or persons in financial reporting oversight roles at CMLC and its affiliates, that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from April 22, 2023 to April 19, 2024.

The total fees charged (including 7% administrative charge) to CMLC for audit services were \$93,999 (2022, \$85,624) and for non-audit services relating to to the Arts Commons Process Advisory engagement were \$26,750 (2022 - \$nil).

We hereby confirm that we are independent with respect to CMLC in accordance with the Rules of Professional Conduct of the applicable Chartered Professional Accountants of Alberta as of April 19, 2024.

This letter is intended solely for the information and use of the Audit Committee, the Board of Directors, management and others within CMLC and is not intended to be and should not be used for any other purposes.

Yours truly,

Chartered Professional Accountants

DRAFT

Appendix 4 – Draft management representation letter

[CMLC letterhead]

April 19, 2024

Deloitte LLP
700, 850 - 2 Street SW
Calgary, AB T2P 0R8

Dear Sirs and Mesdames:

Subject: Financial statements of Calgary Municipal Land Corporation as at and for the year ended December 31, 2023

This representation letter is provided in connection with the audit by Deloitte LLP (“Deloitte” or “you”) of the financial statements of Calgary Municipal Land Corporation (“CMLC” or “we” or “us”) as of and for the year ended December 31, 2023, the notes to the financial statements and a summary of significant accounting policies (the “Financial Statements”) for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, and cash flows of CMLC in accordance with Public Sector Accounting Standards (“PSAS”).

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the engagement letter between CMLC and Deloitte dated November 28, 2018 and the confirmation of changes letters November 28, 2023 for the preparation of the Financial Statements in accordance with PSAS. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of CMLC as at December 31, 2023 and the results of its operations and cash flows for the year then ended in accordance with PSAS.
2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

In preparing the Financial Statements in accordance with PSAS, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with PSAS. CMLC has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with PSAS and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to December 31, 2023 that require adjustment to the estimates and disclosures included in the Financial Statements.

There are no changes in management's method of determining significant estimates in the current year.

3. We have determined that the Financial Statements are complete as of the date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. The Financial Statements have been approved in accordance with our process to finalize financial statements.
4. We have completed our review of events after December 31, 2023, and up to the date of this letter. All events subsequent to the date of the Financial Statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
5. The Financial Statements are free of material errors and omissions.

Internal controls

6. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
7. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies in internal control over financial reporting.

Information provided

8. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters;
 - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and,
 - d. All minutes of the meetings of directors and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries.

9. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.
10. We have no knowledge of any information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the Financial Statements.
11. We have no knowledge of any information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting CMLC.
12. There have been no communications with regulatory agencies concerning actual or potential noncompliance with or deficiencies in financial reporting practices. There are also no known or possible instances of non-compliance with the requirements of regulatory or governmental authorities.
13. We have disclosed to you the identities of the entity's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration and participation in a defined benefit plan that shares risks between group entities.

Independence matters

For purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touché Tohmatsu Limited, including related member firms and affiliates.

14. Prior to CMLC having any substantive employment conversations with a former or current Deloitte engagement team member, CMLC has held discussions with Deloitte and obtained approval from the Audit Committee.
15. We have ensured that all non-audit services provided to CMLC have been pre-approved by the Audit Committee. Further, we have adhered to all regulatory requirements regarding the provision of non-audit services by Deloitte to CMLC in accordance with applicable laws, regulations and rules that apply to CMLC, including the Audit Committee approval requirements.
16. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Audit Committee in accordance with its established approval policies and procedures.

Other matters

17. We have disclosed to you all the documents that we expect to issue that may comprise other information, in the context of CAS 720, The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

Except where otherwise stated below, immaterial matters less than \$835,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the Financial Statements.

18. CMLC has identified all related parties in accordance with Section PS 2200, *Related Party Disclosures* (“PS 2200”). Management has made the appropriate disclosures with respect to its related party transactions in accordance with PS 2200.
19. There are no instances of identified or suspected noncompliance with laws and regulations.
20. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with PSAS.
21. All events subsequent to the date of the Financial Statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
22. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
23. We have disclosed to you, and CMLC has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
24. CMLC has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.

Accounting policy

25. The accounting policies selected and the application of those policies are appropriate.
26. CMLC’s accounting policies and their method of application have been applied on a basis consistent with that of the audited Financial Statements as of and for the year ended December 31, 2022.

Fair value

27. With regard to the fair value measurements and disclosures of certain assets and liabilities, we believe that:
 - a. The completeness and adequacy of the disclosures related to fair values are in accordance with PSAS;
 - b. No events have occurred subsequent to December 31, 2023 that require adjustment to the fair value measurements and disclosures included in the Financial Statements; and
 - c. They appropriately reflect management's intent and ability to carry out specific courses of action on behalf of CMLC when relevant to the use of fair value measurements or disclosures.

Management’s responsibilities

28. All transactions and events have been carried out in accordance with law, regulation or other authority.

Loans receivables

29. CMLC is responsible for determining the appropriate carrying amount of accounts receivable, as well as estimates used to determine such amounts. Management believes that the carrying amounts recorded and disclosed are appropriate.

30. We have identified to you all forgivable loans and loans with concessionary terms and have appropriately reflected these instruments in the financial statements.

Government transfers

31. We have disclosed to you all correspondence relating to government transfers that CMLC has had with the funding body.

32. We have assessed the eligibility criteria and determined that CMLC is an eligible recipient for the government transfers received.

33. We have assessed the stipulations attached with the funding and have recognized the revenue in accordance with meeting the stipulations required.

34. All government transfers that have been recorded as deferred revenue give rise to an obligation that meets the definition of a liability. Those liabilities have been properly recorded and presented in the Financial Statements.

Tangible capital assets

35. Tangible capital assets have been recorded properly and consistently according to the standards in CPA Canada Public Sector Accounting Handbook Section PS 3150, *Tangible Capital Assets*.

36. Contributed tangible capital assets have been appropriately recorded at fair value, unless fair value is not reasonably determinable, and in such case, have been recorded at an appropriate nominal value. All contributed tangible capital assets have been appropriately disclosed.

37. We have assessed the useful lives of tangible capital assets and have determined all tangible capital assets contribute to CMLC's ability to provide goods and services and therefore do not require a write down.

Adjusting journal entries

38. We have reviewed the year-end adjusting entries and acknowledge our responsibility for their accuracy.

Liability for Contaminated Sites

39. CMLC was required to adopt Section PS 3260, *Liability for Contaminated Sites* effective for fiscal 2015 for the purposes of the PSAS. Management has determined the impact of this standard on the year-end financial statements, and based on management's assessment, there is no impact on the adjustments for the December 31, 2023 PSAS Financial Statements of this standard.

Communicating a threshold amount

40. We understand that the threshold used for accumulating misstatements identified during the year was \$835,000 for purposes of Appendix A. Misstatements below this amount have been considered clearly trivial.

Land inventory

41. CMLC is responsible for determining the appropriate carrying amount of inventories held for resale. All inventories are the property of CMLC and do not include any items consigned to it, any items billed to customers or any items for which the liability has not been recorded.

42. Management asserts that certain properties are designated as Heritage properties by The City of Calgary and the value will be recovered through long-term tenant agreements with or direct sales to third parties. For those parcels not sold to third parties, the land inventory will be transferred to The City of Calgary at cost at the end of 2047; therefore, management believes that no impairment of land inventory exists at December 31, 2023. Management has performed an evaluation of land inventory at December 31, 2023 and all impairment losses and impairment recoveries (reversals of previously recorded impairment losses) have been appropriately recorded in accordance with the accounting guidance.
43. Management have declared the true intent for items classified as land inventory and have appropriately classified items as land inventory versus tangible capital assets.
44. We have evaluated all of our tangible capital assets that we have direct responsibility for or accept responsibility for, and have not identified any sites in which contamination exceeds an environmental standard.
45. We have reviewed all outstanding construction invoices at year-end, and have determined that year-end accrual regarding construction invoices is complete.

Infrastructure development assets – long term plans

46. All costs incurred to date relating to East Village, RiverWalk, 4th Street Underpass, St. Patrick's Island, West Village, Environmental, East Victoria Park, Arts Commons Transformation, David D. Oughton, 6th Street Underpass, Victoria Park Transit Centres and Olympic Plaza Transformation sites are appropriately capitalized as infrastructure development assets in the year-end financial statements, as based on CMLC's 2023 Business Plan, these sites are part of the long term development plan of CMLC.
47. We have disclosed to you all Infrastructure development assets that received Final Acceptance Certificates during the year.

Contingent assets

48. CMLC has identified all contingent assets in accordance with Section PS 3320, *Contingent Assets* when the occurrence of the confirming future event is considered likely. No items have come to the attention of CMLC that require disclosure.

Contractual rights

49. CMLC has identified and disclosed all contractual rights, as discussed in Note 19 of the financial statements that will result in both an asset and revenue in the future, once the terms of the contract or agreement are met, in accordance with Section PS 3380, *Contractual Rights*.

Inter-entity transactions

50. CMLC has recognized all transactions involving the transfer of assets or liabilities between public sector entities in accordance with Section PS 3420, Inter-entity Transactions ("PS 3420").
51. CMLC has recorded all inter-entity transactions properly at exchange or carrying amount in accordance with the criteria in PS 3420.14-.22.
52. CMLC has disclosed all inter-entity transactions in the notes to the Financial Statements whether or not such transactions are recognized in the financial statements, in accordance with PS 2200, as shown in Note 14 of the financial statements.

Assets

53. CMLC has recognized all assets, which do not fall within the scope of other standards, only when the requirements in Section PS 3210, Assets (“PS 3210”) have been met. For those assets which do not meet the recognition criteria in PS 3210, CMLC has appropriately disclosed details of such unrecognized assets in accordance with PS 3210. There was no impact on CMLC’s financial statements upon adoption of PS 3210.

Restructuring transactions

54. CMLC has identified all restructuring transactions, as defined in Section PS 3430, *Restructuring Transactions*.

Adoption of new accounting standards

55. CMLC has adopted CPA Canada Public Sector Accounting Handbook PS 3280 Asset Retirement Obligations, as of January 1, 2023 as discussed in Note 2 of the Financial Statements. CMLC has assessed the impact of the adoption of this standard and determined that due to the asset retirement obligation being not material to the financial statements, management has not adjusted the year-end financial statements.

56. We have identified and disclosed to you all liabilities CMLC has a legal obligation to incur retirement costs in relation to a tangible capital asset.

57. With respect to the CMLC’s tangible capital assets, we have determined the best estimate of the amount required to retire a tangible capital asset (or component thereof) at the financial statement date based on the information available at that date.

58. We have disclosed any uncertainties affecting the measurement of a liability for an asset retirement obligation in accordance with Section PS 2130, Measurement Uncertainty.

Yours truly,

Calgary Municipal Land Corporation

Kate Thompson
President and CEO

Kondwani Bwanali
CFO and Vice President, Corporate Services

Appendix A
Calgary Municipal Land Corporation
Summary of uncorrected financial statement misstatements
Year ended December 31, 2023

No uncorrected misstatements or disclosure deficiencies identified.

DRAFT