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Financial statements of
Calgary Municipal Land Corporation

for the year ended December 31, 2023

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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.

Deloitte LLP

Chartered Professional Accountants
April 19, 2024

CALGARY MUNICIPAL LAND CORPORATION
Statement of Financial Position
As at December 31, 2023

	2023	2022
	\$	\$
FINANCIAL ASSETS		
Restricted Cash (Note 3)	37,465,957	54,107,042
Accounts receivable (Note 13 and Note 14a)	23,176,894	20,416,469
Long-term CRL receivable (Note 13)	297,775,154	191,104,953
Mortgage receivable (Note 5)	2,357,006	2,357,006
Infrastructure development assets (Note 7)	238,748,952	188,579,033
Land inventory (Note 8)	96,876,698	97,977,627
	<u>696,400,661</u>	<u>554,542,130</u>
FINANCIAL LIABILITIES		
Bank indebtedness (Note 10)	34,060,981	29,798,409
Accounts payable and accrued liabilities (Note 4 and Note 14a)	23,795,199	38,000,168
Holdbacks payable	34,667,730	22,649,472
Interest payable (Note 14a)	4,055,817	3,172,993
Developer deposits (Note 6)	350,658	512,653
Long term debt (Note 11)	608,369,623	475,705,407
Share capital (Note 12)	1	1
	<u>705,300,009</u>	<u>569,839,103</u>
NET FINANCIAL LIABILITIES	<u>(8,899,348)</u>	<u>(15,296,973)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	217,603	205,014
Tangible capital assets (Note 9)	138,397,740	142,470,695
	<u>138,615,343</u>	<u>142,675,709</u>
ACCUMULATED SURPLUS	<u>129,715,995</u>	<u>127,378,736</u>

CALGARY MUNICIPAL LAND CORPORATION
Statement of Operations and Accumulated Surplus
For the year ended December 31, 2023

	Annual Budget (Note 17) \$	2023 Actual \$	2022 Actual \$
REVENUES			
Community revitalization levy	39,500,000	34,440,961	30,719,320
Community revitalization levy - BMO Centre expansion	129,600,000	106,670,202	99,239,761
Land sales	8,440,000	6,100,000	1,325,000
Project management fees	2,300,000	2,303,808	2,303,808
Rental	1,300,000	1,412,076	1,338,549
Miscellaneous	90,000	111,208	139,226
	<u>181,230,000</u>	<u>151,038,255</u>	<u>135,065,664</u>
EXPENSES			
Salaries and employee benefits	6,400,000	6,335,478	5,536,837
Cost of sales - land inventory	4,450,000	3,660,526	1,324,355
Land impairment (Note 8)	-	381,199	7,538
WIP write-off (Note 7)	-	919,994	-
General administration	4,450,000	4,249,905	3,933,968
Infrastructure repairs and maintenance	2,000,000	1,647,859	1,811,258
Amortization expense (Note 9)	7,000,000	6,114,712	4,916,651
Interest - loans and debentures	8,400,000	8,602,940	10,477,840
Loan administration fees	650,000	654,430	574,950
Financing charges	7,000,000	9,153,601	1,419,976
	<u>40,350,000</u>	<u>41,720,644</u>	<u>30,003,373</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE DONATIONS & CONTRIBUTIONS	140,880,000	109,317,611	105,062,291
Donations & Contributions (Note 1 and 11b)	132,000,000	106,980,352	104,140,257
EXCESS OF REVENUES OVER EXPENSES	<u>8,880,000</u>	<u>2,337,259</u>	<u>922,034</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		127,378,736	126,456,702
ACCUMULATED SURPLUS, END OF PERIOD		<u>129,715,995</u>	<u>127,378,736</u>

CALGARY MUNICIPAL LAND CORPORATION
Statement of Cash Flows
For the year ended December 31, 2023

	2023 \$	2022 \$
NET INFLOW OF CASH:		
Operating activities		
Excess of revenues over expenses	2,337,259	922,034
Items not affecting cash:		
Amortization expense (Note 9)	6,114,712	4,916,651
Transfer of assets from infrastructure development assets to tangible capital assets (Note 9)	(1,734,877)	(45,604,270)
	<u>6,717,094</u>	<u>(39,765,585)</u>
Change in non-cash working capital		
Accounts receivable (Note 13)	(2,760,425)	(4,788,010)
Long-term CRL receivable (Note 13)	(106,670,201)	(99,239,761)
Infrastructure development assets (Note 7)	(50,169,919)	1,807,954
Land inventory	1,100,929	42,775
Accounts payable and accrued liabilities (Note 4)	(14,204,969)	17,730,821
Holdbacks payable	12,018,258	15,589,678
Interest payable	882,824	622,761
Prepaid expenses	(12,589)	(8,741)
Developer deposits (Note 6)	(161,995)	301,353
	<u>(153,260,993)</u>	<u>(107,706,755)</u>
Capital activity		
Acquisition of tangible capital assets (Note 9)	(306,880)	(538,655)
Financing activities		
Change in bank indebtedness (Note 10)	4,262,572	(1,566,052)
Infrastructure debentures (Note 11)	46,500,000	44,500,000
Repayment of debenture principal (Note 11)	(16,021,322)	(16,852,985)
Fort Calgary advance	(1,019)	-
CHC EV Place advance	-	(128,752)
City of Calgary ACT advance (Note 11)	-	9,000,000
City of Calgary ACT Modernization advance (Note 11)	1,800,000	-
BMO City of Calgary loan (Note 11)	94,325,386	107,744,344
CPA 9th Ave Parkade loan (Note 11)	-	(263,775)
City of Calgary ACT loan (Note 11)	5,947,788	5,764,407
City of Calgary ACT Shift loan (Note 11)	113,383	-
	<u>136,926,788</u>	<u>148,197,187</u>
(DECREASE)/INCREASE IN CASH	(16,641,085)	39,951,777
CASH, BEGINNING OF YEAR	54,107,042	14,155,265
CASH, END OF YEAR	37,465,957	54,107,042

CALGARY MUNICIPAL LAND CORPORATION
Statement of Changes in Net Financial Assets (Liabilities)
For the year ended December 31, 2023

	Budget (Note 17) \$	2023 Actual \$	2022 Actual \$
EXCESS OF REVENUES OVER EXPENSES	8,880,000	2,337,259	922,034
Amortization expense (Note 9)	-	6,114,712	4,916,651
Transfer of assets from infrastructure development assets to tangible capital assets (Note 9)	-	(1,734,877)	(45,604,270)
Acquisition of tangible capital assets (Note 9)	-	(306,880)	(538,655)
Use of prepaid expenses	-	(12,589)	(8,741)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	8,880,000	6,397,625	(40,312,981)
NET FINANCIAL (LIABILITIES) ASSETS, BEGINNING OF YEAR	(15,296,973)	(15,296,973)	25,016,008
NET FINANCIAL LIABILITIES, END OF YEAR	(6,416,973)	(8,899,348)	(15,296,973)

Calgary Municipal Land Corporation
Notes to the financial statements
For the year ended December 31, 2023

1. Description of business

Calgary Municipal Land Corporation ("CMLC" or "the Corporation"), a wholly owned subsidiary of The City of Calgary ("The City"), was incorporated on February 22, 2007. On July 5, 2007, pursuant to the Alberta Municipal Government Act and the Control of Corporation Regulation (AR 284/2003), the Provincial Minister of Municipal Affairs approved, via Ministerial Order L: 162/07, The City as the sole shareholder pursuant to Section 250(2) (e) of the Municipal Government Act. As a wholly owned subsidiary of The City, CMLC is not subject to income tax.

The Corporation was formed to implement public infrastructure improvements as a catalyst for private and public sector real estate development.

2. Significant accounting policies

Basis of presentation

The financial statements are prepared in accordance with Public Sector Accounting Standards ("PSAS") for local government organizations as established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada.

Basis of accounting

The financial statements are prepared using the accrual basis of accounting, which records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods or services and/or the legal obligation to pay.

Adoption of new accounting standards

CMLC was required to adopt PS3280 – Asset Retirement Obligations ("ARO") effective January 1, 2023. This standard provides guidance over the reporting of legal obligations associated with the retirement of capital assets.

Based on the management's assessment, the adoption of this standard did not have an impact on CMLC's financial statements.

Cash

Cash consists of cash in the bank.

Land inventory

Land inventory is carried at the lower of cost and net realizable value. The net realizable value is the market value of land less any selling costs. CMLC capitalizes all costs associated with land held for resale, including property taxes, maintenance charges and environmental costs.

Infrastructure development assets

Infrastructure development assets are projects currently under construction that will result in an asset that will be turned over to The City at the final acceptance certificate phase of construction. Infrastructure development assets are recorded at cost. CMLC capitalizes direct construction costs, development costs and environmental costs to the project under development, which will be recovered from The City through the Community Revitalization Levy ("CRL") collected by The City on behalf of CMLC. Assets will be transferred to tangible capital assets and amortized when they have received final acceptance certificates and have not yet been transferred to The City.

Calgary Municipal Land Corporation
Notes to the financial statements
 For the year ended December 31, 2023

2. Significant accounting policies (continued)

BMO Centre expansion

On December 14, 2018, CMLC entered into an agreement with The City and Calgary Exhibition and Stampede Limited ("CESL") to expand BMO Centre, which is owned and operated by CESL. The City and the Government of Alberta, through CMLC, committed to fund two-thirds of the eligible costs of \$333,333,334 via The City's Major Capital Projects Reserve. CMLC will repay The City through the Rivers District CRL starting in 2028 through 2047. The remaining one-third is funded by CESL. As project costs are incurred, the full cost is recorded as project work-in-progress ("WIP").

The WIP balance is subsequently offset by the one-third portion funded by CESL and the two-thirds portion funded by The City as a donation to CESL. CMLC simultaneously records the long-term CRL receivable and CRL revenue as this amount is earned as construction occurs, resulting in a nil impact on the statement of operations and accumulated surplus. Please see Note 11 for additional details on project funding.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, represents the change in net financial assets for the year.

Accumulated surplus or deficit

Accumulated surplus represents CMLC's net economic resources. It is an amount by which all assets (financial and non-financial) exceed liabilities. An accumulated surplus indicates that CMLC has net resources (financial and physical) that it can use to provide future services. An accumulated deficit means that liabilities are greater than assets.

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives. The amortization rates are as follows:

Computer infrastructure	straight-line method over 3 years
Computer software	straight-line method over 3 years
Office furniture and equipment	straight-line method over 5 years
Leasehold improvements	straight-line method over 5 years
Building improvements	straight-line method over 10 years
East Village Infrastructure	straight-line method over 25 years
Elbow River Traverse	straight-line method over 50 years
St Patrick's Bridge	straight-line method over 50 years
4 th Street Underpass	straight-line method over 50 years

Amortization commences in the first full month of ownership. When Infrastructure Development Assets receive their final acceptance certificates, the asset is moved from work in progress to tangible capital assets.

Tangible capital assets are recorded at cost and tested for impairment whenever a change in events or circumstances indicates that the carrying value may not be recoverable. Any resulting impairment loss is recognized in the period it is determined.

Calgary Municipal Land Corporation
Notes to the financial statements
For the year ended December 31, 2023

2. Significant accounting policies (continued)

Revenue recognition

CRL, interest, rental and project management fee revenues are recognized when persuasive evidence of an arrangement exists, the amounts are earned and measurable, and collection is reasonably assured.

Land sale revenues are recognized upon title of the property passing to the purchaser and receipt of at least 15% of the total proceeds and when collection is reasonably assured.

Rental revenue includes amounts earned from tenants. CMLC recognizes rental revenue and donation expense for operating leases that are rent-free to tenants.

Miscellaneous revenue includes property management revenue. Property management revenues are recognized when service is completed. Miscellaneous revenue also includes revenue that does not fall into the other revenue categories.

Site servicing

Site servicing costs relating to land parcels that have been sold are expensed as incurred.

Remediation

Remediation costs relating to land inventory are capitalized until the land inventory is sold. Remediation costs relating to land parcels that have been sold are expensed as incurred.

Use of estimates

The preparation of financial statements, in conformity with PSAS, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Such estimates include the net realizable value of land inventory, estimated useful lives and potential impairment of tangible capital assets, and accrued liabilities.

Actual results could differ from these estimates. These estimates and assumptions are reviewed quarterly and, as adjustments become necessary, they are reported in the statement of operations and accumulated surplus in the period in which they become known.

Future accounting pronouncements

CMLC is currently assessing the impact of the following new accounting standards effective for future periods.

(a) *Revenue (effective January 1, 2024)*

This section provides guidance on the recognition of revenue that distinguishes between revenue that arises from transactions that include performance obligations and for transactions that do not have performance obligations.

(b) *Purchased Intangibles (effective January 1, 2024)*

Purchased Intangibles (Public Sector Guideline-8) provides guidance on the recognition and reporting of purchased intangibles acquired through arm's length exchange transactions.

Calgary Municipal Land Corporation
Notes to the financial statements
For the year ended December 31, 2023

3. Cash

	2023	2022
	\$	\$
Restricted cash	37,465,957	54,107,042
	37,465,957	54,107,042

Pursuant to the development management agreements with CESL and The City, respectively, restricted cash consists of \$28,549,725 as at December 31, 2023 (December 31, 2022 - \$44,453,087) and \$8,916,232 as at December 31, 2023 (December 31, 2022 - \$9,653,955). These funds are restricted to the BMO Centre expansion and Arts Commons Transformation project related expenses and are held separately from CMLC cash balances.

4. Accounts payable and accrued liabilities

	2023	2022
	\$	\$
Accounts payable	14,551,919	29,789,450
Vacation pay accrual	129,710	129,701
Accrued liabilities	9,113,570	8,081,017
	23,795,199	38,000,168

5. Mortgage receivable

	2023	2022
	\$	\$
Mortgage receivable	2,357,006	2,357,006
	2,357,006	2,357,006

The mortgage receivable balance consists of \$2,357,006 as at December 31, 2023 (December 31, 2022 - \$2,357,006) due from Copez Properties Ltd. ("Copez") relating to the sale of the Firefighters land parcel. Pursuant to an agreement with Copez, the mortgage bears no interest and will be paid by delivering the mortgage on the closing date which is 30 days after the date of waiver, or the satisfaction of the road closure condition. The term commences on the closing date and expires on the maturity date, which is 30 days following the earlier of the expiration of the current term of the Hostel Lease (March 31, 2025) or the termination of the Hostel lease. The land is currently occupied by The Calgary Hostel who holds a lease with Copez until March 31, 2025.

Calgary Municipal Land Corporation
Notes to the financial statements
For the year ended December 31, 2023

6. Developer deposits

	2023	2022
	\$	\$
Developer deposits	350,658	512,653
	350,658	512,653

7. Infrastructure development assets

	2023	2022
	\$	\$
East Village	31,095,090	32,172,509
RiverWalk	24,481,988	24,481,088
4th Street Underpass	3,892,941	3,892,941
St. Patrick's Island	21,251,326	21,242,236
West Village	2,977,494	2,977,494
Environmental	5,932,073	5,932,073
East Victoria Park	131,024,208	86,309,374
Arts Commons Transformation	15,488,047	8,902,841
David D. Oughton	1,730,909	1,656,048
Olympic Plaza Transformation	668,013	92,435
6th Street Underpass	130,228	—
5th Street Underpass	—	919,994
Victoria Park Transit Centre	58,695	—
Fort Calgary	17,940	—
	238,748,952	188,579,033

With the change in the project location to the 6th Street Underpass, costs totaling \$919,994 for the 5th Street Underpass have been moved to WIP write-off expense as of December 31st, 2023.

8. Land inventory

	2023	2022
	\$	\$
Balance, beginning of year	97,977,627	98,020,402
Additions	2,836,504	6,620,439
Dispositions and impairment	(3,937,433)	(6,663,214)
Balance, end of year	96,876,698	97,977,627

In 2020, CMLC recognized land impairments totaling \$6,756,286. Of that impairment, previously recognized impairment losses of \$4,763,941 were recovered at December 31, 2022 due to increased market values. Impairment losses recognized as an expense during the year ended December 31, 2023 were \$381,199 (December 31, 2022 - \$7,538) which is net of impairment loss and recovery.

Calgary Municipal Land Corporation
Notes to the financial statements
For the year ended December 31, 2023

9. Tangible capital assets

Estimated Useful Life	General Tangible Capital Assets						Infrastructure Development Assets Transferred Into Tangible Capital Assets					December 31, 2023 Total	December 31, 2022 Total
	Building Improvements	Office Furniture & Equipment	Computer Infrastructure	Leasehold Improvements	Computer Software	Sub Total	East Village Infrastructure	Elbow River Traverse	St Patrick's Bridge	4th Street Underpass	Sub Total	\$	\$
	10years	5years	3years	5years	3years		25years	60years	50years	50years			
Historical Cost	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Beginning of year	8,009,744	488,545	700,211	3,254,346	458,662	12,911,508	95,282,087	3,298,392	30,137,845	23,414,985	152,133,309	165,044,817	118,901,892
Additions	-	41,815	102,770	155,069	7,226	306,880	1,734,877	-	-	-	1,734,877	2,041,757	46,142,925
	8,009,744	530,360	802,981	3,409,415	465,888	13,218,388	97,016,964	3,298,392	30,137,845	23,414,985	163,868,186	167,086,574	165,044,817
Accumulated Amortization													
Beginning of year	6,068,782	423,177	582,892	2,692,581	426,905	10,194,337	7,821,643	395,807	3,616,065	546,270	12,379,785	22,574,122	17,657,471
Amortization Expense	776,384	33,785	92,611	226,435	25,583	1,154,798	3,822,889	65,968	602,757	468,300	4,959,914	6,114,712	4,916,651
	6,845,166	456,962	675,503	2,919,016	452,488	11,349,135	11,644,532	461,775	4,218,822	1,014,570	17,339,699	28,688,834	22,574,122
Net Book Value at December 31, 2023	1,164,578	73,398	127,478	490,399	13,400	1,869,253	85,372,432	2,836,617	25,919,023	22,400,415	136,528,487	138,397,740	
Net Book Value at December 31, 2022	1,940,962	65,368	117,319	561,765	31,767	2,717,171	87,460,444	2,902,585	26,521,780	22,868,715	139,753,524		142,470,695

Calgary Municipal Land Corporation
Notes to the financial statements
For the year ended December 31, 2023

10. Bank indebtedness

As at December 31, 2023, the Corporation had issued cheques in excess of deposits on hand of \$769,249 (December 31, 2022 - \$102,987).

The Corporation has an approved operating facility with a maximum amount of \$45,000,000 as at December 31, 2023 (December 31, 2022 - \$45,000,000), which bears interest, payable monthly, at ATB Financials' prime interest rate. The prime rate at December 31, 2023 was 7.2%. This facility is secured by a general security agreement pledging all assets and obligations of the Corporation. As at December 31, 2023, the operating facility had a balance owing of \$33,291,732 (December 31, 2022 - \$29,695,422).

The total bank indebtedness as at December 31, 2023 was \$34,060,981 (December 31, 2022 - \$29,798,409).

11. Long-term debt

	2023	2022
	\$	\$
ACFA Debentures	261,473,412	231,214,589
Calgary Parking Authority advance for the 9th Avenue Parkade (a)	199,344	199,344
Fort Calgary advance	—	1,019
BMO Centre expansion City of Calgary loan (b)	300,344,615	206,019,229
ACT Expansion City of Calgary advance (c)	10,000,000	10,000,000
ACT Modernization City of Calgary advance (c)	1,800,000	—
ACT City of Calgary loan (c)	14,286,074	8,338,286
ACT Shift City of Calgary loan (c)	113,383	—
	588,216,828	455,772,467
Add: ACFA Debentures current portion	20,152,795	19,932,940
	608,369,623	475,705,407

As of December 31, 2023, the Corporation issued \$46.5 million (December 31, 2022 - \$44.5 million) in debentures. Total debentures outstanding including current portion at December 31, 2023 were \$281,626,207 (December 31, 2022 - \$251,147,529).

Calgary Municipal Land Corporation
Notes to the financial statements
For the year ended December 31, 2023

11. Long-term debt (continued)

Debenture details are as follows:

Debenture no.	Interest rate %	Maturity date	December 31, 2023	December 31, 2022
			\$	\$
D20080016	4.736	15/09/2028	6,140,688	7,205,592
D20090005	5.222	16/03/2029	4,903,214	5,654,754
D20090012	5.125	15/06/2029	6,593,993	7,511,177
D20090019	4.880	15/09/2029	5,253,327	5,990,424
D20100003	4.390	15/03/2025	1,202,908	1,962,402
D20110006	3.569	15/06/2026	3,423,405	4,486,151
D20110010	3.013	15/09/2026	2,373,923	3,119,068
D20120002	2.769	15/03/2027	2,171,864	2,754,959
D20120008	2.599	17/09/2027	3,055,840	3,771,741
D20130003	2.229	15/03/2023	—	388,069
D20140015	2.314	15/12/2024	990,312	1,631,786
D20150008	1.835	15/09/2025	1,074,366	1,597,009
D20170002	2.277	15/03/2027	1,504,083	1,912,379
D20170008	2.671	15/09/2027	3,672,596	4,531,451
D20170010	2.532	15/12/2027	3,368,586	4,066,761
D20180009	2.685	15/06/2026	2,801,429	3,686,523
D20180010	2.870	17/09/2026	1,607,765	2,113,861
D20190027	2.420	15/09/2044	8,775,184	9,092,523
D20190035	2.772	15/12/2039	6,500,000	6,500,000
D20200009	2.049	15/03/2040	6,000,000	6,000,000
D20200014	2.448	15/06/2040	7,000,000	7,000,000
D20200027	2.120	15/09/2040	8,500,000	8,500,000
D20200036	2.084	31/12/2040	73,712,724	77,170,899
D20200037	2.315	31/12/2040	7,500,000	7,500,000
D20210009	2.843	15/03/2041	6,000,000	6,000,000
D20210015	2.735	15/06/2041	3,500,000	3,500,000
D20210020	2.530	15/09/2041	5,500,000	5,500,000
D20210025	3.290	15/12/2041	7,500,000	7,500,000
D20220005	3.790	15/03/2042	6,500,000	6,500,000
D20220010	5.090	15/06/2042	15,000,000	15,000,000
D20220014	5.070	15/09/2042	13,000,000	13,000,000
D20220020	4.870	15/12/2042	10,000,000	10,000,000
D20230005	5.350	15/03/2043	11,000,000	—
D20230010	5.210	15/06/2043	12,000,000	—
D20230015	5.450	15/09/2043	20,000,000	—
D20230021	5.030	15/12/2043	3,500,000	—
			281,626,207	251,147,529

Calgary Municipal Land Corporation
Notes to the financial statements
For the year ended December 31, 2023

11. Long-term debt (continued)

- a) CMLC and The City signed a Credit Agreement on November 2, 2018 to fund the construction of the 9th Avenue Parkade on behalf of Calgary Parking Authority. The Credit Agreement was for a maximum loan amount of \$57,000,000, which was interest free, secured by a mortgage on title. As of project completion and transfer of title to the City of Calgary on December 21, 2021, the loan was repaid in full. The City's contribution of \$5,000,000 to the 9th Avenue Parkade project budget was received on behalf of Calgary Parking Authority as an advance to CMLC to fund working capital for the 9th Avenue Parkade project. On March 2, 2022, 50% of the remaining advance of \$463,119 was returned to the City per the funding agreement, the other 50% is to be kept by CMLC. CMLC's remaining 50% portion of the advance will be used to fund additional items for the Parkade as identified. As of December 31, 2023, CMLC's remaining balance of the 50% advance is \$199,345.
- b) CMLC and CESL entered into a Development Management and Funding Agreement on December 14, 2018 to commence and complete the development of the BMO Centre expansion ("BMO expansion"). The anticipated project cost is \$500,000,000. CMLC's role is to manage and administer the construction and completion of the project. The City and the Government of Alberta have agreed to allocate up to \$333,333,334 (two-thirds of project costs) of future CRL Revenue towards the eligible project costs (approximately \$166,666,667 each) and CESL will provide \$166,666,666 (one-third of project costs) representing the Government of Canada Grant. As per the credit agreement between CMLC and The City, CMLC will pay a fixed rate of 2.7% per annum until June 1, 2026, after which the rate will be renegotiated. The value of the loan will be repaid in full by December 31, 2047.

As of December 31, 2023, The City and the Government of Alberta have funded \$300,344,615 to the BMO expansion. During the year, CMLC transferred \$106,670,201 from the BMO expansion asset WIP account to donation expense. CMLC also recognized \$106,670,201 CRL Receivables from The City of Calgary and CRL Revenue. Please refer to Note 13.

- c) CMLC, The City, and Arts Commons entered into a Development Management and Funding Agreement on September 30, 2020 to commence and complete the ACT Expansion of the Arts Commons Transformation ("ACT") project. Council approved a total of \$25,000,000 toward the design and construction of the ACT Expansion. On December 13, 2022 a revised DMA was signed extending the initial agreement to completion of the development of the ACT Expansion, increasing the project budget to \$240,000,000; \$135,000,000 to be funded through the CRL and \$105,000,000 to be funded by The City. As of December 31, 2023, the City has transferred a total working capital balance of \$10,000,000 for the ACT Expansion. On December 21, 2023 The City also issued an advance of \$1,800,000 toward ACT Modernization. As at December 31, 2023, The City has funded \$14,399,457 (December 31, 2022 - \$8,338,286).
- d) Long-term debt is repayable as follows:

	\$
2024	20,352,140
2025	15,662,339
2026	14,090,222
2027	11,475,287
2028 & thereafter	546,789,635
	608,369,623

All long-term debt will be repaid in full by December 31, 2047.

Calgary Municipal Land Corporation
Notes to the financial statements
For the year ended December 31, 2023

12. Share capital

Authorized, unlimited number

Common shares

CMLC has one common share issued and outstanding for \$1 with The City.

13. Accounts receivable

	2023	2022
	\$	\$
The City of Calgary	13,553,458	8,603,122
Canada Revenue Agency	2,182,876	999,424
The City of Calgary (formerly Calgary Parking Authority)	143,011	168,340
Calgary Police Service	527	6,864
Calgary Exhibition & Stampede Limited	7,074,184	10,451,404
Long-term CRL receivable (Note 2 & Note 11)	297,775,154	191,104,953
Other receivables	222,838	187,315
	320,952,048	211,521,422

14. Transactions with The City and City entities

The arm's length transactions have been recorded at the exchange amount, which represents the amount of consideration established and agreed to by the related parties. Non-arm's length transactions have been recorded at the carrying amount.

a) Transactions with The City and City entities

Total purchases from The City and City entities were as follows:

	2023	2022
	\$	\$
The City of Calgary	1,911,299	7,978,170
ENMAX Corporation	235,098	664,889
Calgary Economic Development	10,000	10,000
Calgary Arts Development Association	5,000	5,000
Calgary Police Service	—	5,047
Calgary Film Centre	—	5,000
	2,161,397	8,668,106

Purchases from ENMAX Corporation ("ENMAX") are for infrastructure and energy related goods and services. Purchases from The City are for infrastructure upgrade work, application fees and payment of property taxes to The City.

For the year ended December 31, 2023, principal in the amount of \$16,021,322 (December 31, 2022 - \$16,181,412), interest in the amount of \$7,720,116 (December 31, 2022 - \$6,022,447), and administrative fees of \$654,430 (December 31, 2022 - \$574,950) relating to ACFA debentures were paid to The City.

Calgary Municipal Land Corporation
Notes to the financial statements
For the year ended December 31, 2023

14. Transactions with The City and City entities (continued)

a) Transactions with The City and City entities (continued)

Accounts payable and accrued liabilities with The City and City entities were as follows:

	2023	2022
	\$	\$
The City of Calgary	2,484,437	3,093,800
ENMAX Corporation	21,725	619,544
Calgary Arts Development Association	—	5,000
	2,506,162	3,718,344

Amounts payable to ENMAX are for infrastructure and energy related goods and services. In addition to the above, the amounts payable to The City as at December 31, 2023 also include interest of \$4,055,817 (December 31, 2022 - \$3,172,993) infrastructure upgrade work, application fees and property taxes.

Revenues from The City and City entities was as follows:

	2023	2022
	\$	\$
Community Revitalization Levy	34,440,961	30,719,320
The City of Calgary	859,712	857,966
The City of Calgary (formerly Calgary Parking Authority)	622,110	562,383
	35,922,783	32,139,669

Revenues from The City of Calgary (formerly Calgary Parking Authority) are profits from CMLC land that are managed by The City of Calgary (formerly Calgary Parking Authority) as parking lots. Revenues relating to The City are for project management fees for the ACT project as well as revenue for the East Village Safety Hub.

Receivables from The City and City entities were as follows:

	2023	2022
	\$	\$
The City of Calgary	13,553,458	8,603,122
The City of Calgary (formerly Calgary Parking Authority)	143,011	168,339
Calgary Police Service	527	6,864
	13,696,996	8,778,325

Receivables from The City are related to the expected fourth quarter revenue of 2023 CRL, project related expenses for ACT project and other miscellaneous chargebacks for work done for The City on behalf of CMLC.

Calgary Municipal Land Corporation
Notes to the financial statements
For the year ended December 31, 2023

14. Transactions with The City and City entities (continued)

b) Transactions with related parties other than The City and City entities

As of December 31, 2023, there were no significant transactions and no non-arm's length transactions between CMLC and key management personnel, their close family members, and other entities that they or their close family members have influence over the decision-making process.

15. Letters of credit

In the normal course of operations, letters of credit are issued to The City to facilitate the issuance of development permits necessary to undertake infrastructure work. As at December 31, 2023 the Corporation issued letters of credit in the amount of \$1,288,130 (December 31, 2022 - \$1,320,500) which is secured under a general security agreement with ATB Financial.

16. Financial instruments

The fair values of cash, accounts receivable, mortgages receivable, accounts payable and accrued liabilities, holdbacks payable and interest payable approximate their carrying values due to their short-term maturity. The estimated fair value of the debentures as at December 31, 2023, is \$166,683,854 (December 31, 2022 - \$162,733,227). The estimated fair value of the mortgage receivable is \$2,526,710 (December 31, 2022 - \$2,509,032). The estimated fair value is based on current lending rates with similar maturities obtainable from ACFA.

Credit risk

The Corporation's credit risk is primarily attributable to its accounts receivables. The Corporation's credit risk is limited as 63% (December 31, 2022 - 44%) of the Corporation's accounts receivable balance at December 31, 2023 is due from The City, with the remaining balance comprising GST, rent, advance agreements and chargebacks.

Interest rate risk

Interest rate risk reflects the sensitivity of CMLC's financial results and condition to movements in interest rates. Interest rate risk is limited as 43% (December 31, 2022 - 49%) of the Corporation's long term debt balance at December 31, 2023 is held with The City, through ACFA with rates that are locked in for longer terms. Interest rate risk for mortgages is managed through the staggering of mortgage renewals.

Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its contractual cash outflow obligations as they come due. CMLC mitigates this risk by monitoring cash activities and expected cash outflows through extensive budgeting and maintaining availability of cash through cash on hand and available credit.

17. 2023 budget

The budget amounts presented throughout these financial statements are based on the operating and capital budgets approved by the CMLC Board of Directors and The City of Calgary Council in November 2022.

Calgary Municipal Land Corporation
Notes to the financial statements
For the year ended December 31, 2023

18. Contractual obligations and commitments

Contractual obligations represent a legal obligation of CMLC to others and will become liabilities in the future when the terms of the contract are met. Estimated payment requirements for each of the next five years and thereafter are as follows:

	Obligations Under Capital Projects
	\$
2024	137,587,356
2025	808,079
2026	-
2027	-
2028 & thereafter	135,000,000
	<u>273,395,435</u>

Major commitments included in the above figures are commitments for the development management and funding of the BMO expansion, 17th Avenue SE Extension and Victoria Park/Stampede Station rebuild and the ACT project.

Capital commitments of \$140,730,919 are not reflected in the financial statements. This amount represents uncompleted portions of contracts, as at December 31, 2023 (December 31, 2022 - \$266,812,048), on major projects and estimated obligations under other various agreements.

19. Contractual rights

Contractual rights are rights of CMLC to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met. Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

	Rights Under Operating Leases and Contracts	Rights Under Project Management	Rights under Future CRL Revenue	Total
	\$	\$	\$	\$
2024	406,052	1,609,902	130,482,214	132,498,168
2025	185,876	780,000	35,062,212	36,028,088
2026	32,300	561,000	36,518,928	37,112,228
2027	34,000	-	37,353,500	37,387,500
2028 & thereafter	156,400	-	1,576,574,604	1,576,731,004
	<u>814,628</u>	<u>2,950,902</u>	<u>1,815,991,458</u>	<u>1,819,756,988</u>

