

July 25, 2024

Private and confidential

The Audit Committee of The City of Calgary
Councillor Evan Spencer, Audit Committee Chair
The City of Calgary
800 MacLeod Trail SE
Calgary AB T2P 2M5

Ms. Carla Male, Chief Financial Officer and
General Manager, Corporate Planning & Financial Services
The City of Calgary
800 MacLeod Trail SE
Calgary AB T2P 2M5

To Whom It May Concern:

Deloitte LLP ("Deloitte") is privileged to be your professional services provider. The purpose of this letter is to confirm our mutual understanding of: (a) the services that we will provide to you, including a description of the scope of our services, and (b) the general business terms related to such services.

Services and fees

Appendices A to B to this Engagement Letter ("EL") contain a description of the following services:

- Appendix A – Financial statement audit ("Audit")
- Appendix B – Audit of a single financial statement or specific element, account or item of a financial statement ("Audit – CAS 805")

Should we during the term of this EL, provide any of the services referenced in Appendices A and B, the scope, including assumptions, qualifications and limitations, as set out in Appendices A and B will apply.

As of the date of this EL, the chart below sets out the entities and the services we will provide to them in respect of their year ends. The fees for these services will be based on the Audit Committee pre-approved fees. In addition to the professional fees, you will pay an administrative charge of 7% of professional fees, and applicable taxes.

Scope of services chart

| Entity name | Year end | Scope | Fees |
|---------------------|-------------------|--|------------------------|
| The City of Calgary | December 31, 2024 | Consolidated Financial Statement Audit (CAS 700) | \$429,685 ¹ |
| The City of Calgary | December 31, 2024 | Municipal Information Return (CAS 805) | \$5,018 |
| The City of Calgary | December 31, 2024 | Funds Held in Trust (CAS 805) | \$1,952 |
| Total | | | \$436,655 |

¹ We are currently in discussions with Administration to determine the full scope of additional audit effort required with respect to auditing the implementation and adoption of the new accounting standards, accounting treatment of bond issuance and the accounting treatment for Event Centre development costs.

Payment of Invoices and Fees

Based on the anticipated timing of the work, our fees will be billed approximately as follows.

| Invoice Date | Amount |
|--|------------------|
| September 9, 2024 – City Consolidated | \$100,000 |
| November 12, 2024 – City Consolidated | \$100,000 |
| February 24, 2025 – City Consolidated | \$150,000 |
| April 7, 2025 – City Consolidated | \$79,685 |
| April 7, 2025 – Funds Held in Trust | \$1,952 |
| April 7, 2025 – Municipal Information Return | \$5,018 |
| Total | \$436,655 |

We anticipate sending invoices according to the above schedule. Our continued service on this engagement is dependent upon payment of our invoices in accordance with these terms. Invoices are payable within 30 days of approval by the City of Calgary (“The City”).

If circumstances affecting timing and fee estimate arise (such as those included in this EL on page 6), and as a result the fees for any of the services outlined are expected to be greater than indicated due to the need for additional work, we will contact you to discuss the reason and seek your approval for this additional work in writing.

For purposes of this EL and the appendices, “Financial Statements” shall refer to the statements issued by each entity in the context of the services outlined above. Unless otherwise noted in the appendices, “The City” shall refer to the entities to which that service is being provided, as outlined above.

Ms. Harman Gill and Mr. Sanjeev Rajani will be responsible for the services that we perform.

Also, we would be pleased to provide you with other services, such consulting and financial advisory services, subject to our professional rules. The scope and fees for such services would be contained in a separate letter and, unless otherwise agreed, the general business terms that are contained in this EL will apply.

Term

This EL is subject to annual renewal. In accordance with section 2 of the general business terms, this EL can be terminated on 30 days’ written notice.

Our responsibilities

Our responsibilities will depend on the services we provide. Specific conditions may apply and if this is the case, we will bring them to your attention in the attached appendices. We are committed to client service. Here are our client service standards:

- Making and meeting our commitments to you;
- Working with you to understand your business and what is important to you;
- Providing value and building trust through technical competence and consistent results;
- Demonstrating professionalism through effective interaction and communication; and
- Providing a no surprises experience.

Your responsibilities

Our expectations of you can simply be summarized as follows:

- Cooperation and honesty from you and those who work for you;
- Your clear articulation of your expectations of us and your clarification when needed, so we can be sure that you receive the professional services you need;
- If we are providing audit, review or compilation services, we want you to know that these are not forensic audits or special services that would more likely identify a fraud or wrongdoing. We are relying on your controls, your honesty and good faith and that of Administration and the people who work for you;
- You will make all Administration decisions; and
- Prompt payment of our invoices.

Also, our work product is prepared for you. Our services will not be planned or conducted in contemplation of reliance by third parties. Our agreement is with you and no one else.

The City of Calgary
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General business terms

The general business terms attached to this letter apply to the services we provide to you.

We know how busy you are and we promise to keep our correspondence to you as direct and simple as we can. But if at any time you have questions, please do not hesitate to ask.

If this EL, including the appendices, the Circumstances affecting timing and fee estimate section, and the general business terms, are acceptable and the services described are in accordance with your understanding, please sign the copy of this EL in the space provided below and return it to us to indicate your agreement.

Yours truly,

Chartered Professional Accountants

Enclosure

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The services and terms set forth in and incorporated into this letter are acknowledged and approved by the Audit Committee of The City of Calgary :

Signature

Title

Date

The services and terms set forth in and incorporated into this letter are accepted and agreed to by The City of Calgary Administration:

Signature

Title

Date

Circumstances affecting timing and fee estimate

The fees quoted for the engagement are based on certain assumptions. Circumstances may arise during the engagement that may significantly affect the targeted completion dates and our fee estimate. As a result, additional fees may be necessary. Such circumstances include, but are not limited to, the following:

Engagement facilitation

1. Changes to the timing of the engagement at The City's request. Changes to the timing of the engagement usually require reassignment of personnel used by Deloitte in the performance of services hereunder. However, because it is often difficult to reassign individuals to other engagements, Deloitte may incur significant unanticipated costs.
2. All schedules are not (a) provided by The City on the date requested, (b) completed in a format acceptable to Deloitte, (c) mathematically correct, or (d) in agreement with the appropriate The City records (e.g., general ledger accounts). Deloitte will provide The City with a separate listing of required schedules, information requests, and the dates such items are needed.
3. Significant delays in responding to our requests for information such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documents).
4. Deterioration in the quality of The City's accounting records during the current year engagement in comparison with the prior-year engagement.
5. Electronic files in an appropriate format and containing the information requested are not provided by The City on the date requested for our use in performing file interrogation. Deloitte will provide The City with a separate listing of the required files and the dates the files are needed.
6. The engagement team, while performing work on The City's premises, is not provided with high-speed access to the Internet for purposes of conducting the engagement.

Significant issues or changes

1. Significant deficiencies are identified in The City's internal control that result in the expansion of our engagement procedures.
2. A significant level of proposed adjustments is identified during our engagement.
3. A significant number of drafts of the Financial Statements are submitted for our review or we identify a significant level of deficiencies in the draft Financial Statements.
4. Significant new issues or changes arise as follows:
 - a. New accounting issues;
 - b. Changes in accounting policies or practices from those used in prior years;
 - c. Changes in auditing standards;
 - d. Events or transactions not contemplated in our budgets;

Circumstances affecting timing and fee estimate
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- e. Changes in The City's financial reporting process or IT systems;
 - f. Changes in The City's accounting personnel, their responsibilities, or their availability; and
 - g. Change in The City's use of specialists or the specialists and/or their work product does not meet the qualifications required by Canadian GAAS for our reliance upon their work.
5. Changes in engagement scope caused by events that are beyond our control.
6. The procedures necessary to adopt new accounting standards effective December 31, 2024 have not been completed by Administration.

General business terms

The City of Calgary
July 25, 2024

The following general business terms (the “GBTs”) apply to all services that are performed under this EL that further amend or describe services issued under this EL (the “Services”) between Deloitte LLP, a limited liability partnership organized under the laws of Ontario (“Deloitte”) and you, The City or other entity that is a party to this EL (the “City”). The GBTs and the EL (including the appendices to the EL) are together the “Agreement”.

The Engagement Letter, any appendices, and these general business terms issued by Deloitte and addressed to The City (together the “Agreement”) constitute the whole agreement between The City and Deloitte in relation to the services and work product (including Advice as defined below) described in the Engagement Letter to be provided by Deloitte (the “Services”) and Deloitte’s responsibilities for providing the Services. Capitalized terms not defined in these general business terms shall have the meaning given to them in the Engagement Letter.

This Engagement Letter is between The City and Deloitte. For the purposes of this Engagement Letter:

“**City**” shall mean the entity specified in the Engagement Letter and shall include such of The City’s subsidiaries and/or affiliates as are identified in the Engagement Letter or, if none is identified, all The City’s subsidiaries and affiliates (together with The City, “City Group”) and references to The City shall include the other members of The City Group unless the context requires otherwise. The City represents and warrants that it has the power and authority to (i) sign the Engagement Letter, and (ii) bind, itself and the members of The City Group.

“**Advice**” shall mean all advice, opinions, reports and other work product in any form (including Deliverables) provided by or on behalf of Deloitte and/or its subcontractors as part of the Services.

“**Affiliate**” means, in relation to The City, partnership or other legal entity (other than a natural person) which from time to time directly or indirectly Controls, is Controlled by or is under the common Control with, The City, where “Control” means the legal power to direct, or cause the direction, of the general management of The City, partnership or other legal entity.

“**Deliverables**” means any and all tangible work outputs of the Services to be delivered by Deloitte as part of the Services, including written returns, reports, documents and other materials.

“**Deloitte Entities**” means Deloitte Touche Tohmatsu Limited, a UK private The City limited by guarantee (“DTTL”), its member firms and their respective subsidiaries and affiliates (including Deloitte), their predecessors, successors and assignees, and all partners, principals, members, owners, directors, employees, subcontractors and agents of all such entities. Neither DTTL nor, except as expressly provided herein, any member firm of DTTL has any liability for each other’s acts or omissions. Each member firm of DTTL is a separate and independent legal entity operating under the names “Deloitte”, “Deloitte & Touche”, “Deloitte Touche Tohmatsu” or other related names; and services are provided by member firms or their subsidiaries or affiliates and not by DTTL.

General business terms
The City of Calgary
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1. **Timely performance** – Deloitte will not be liable for failures or delays in performance that arise from causes beyond Deloitte’s control, including the untimely performance by The City of its obligations.
2. **Termination** – This Agreement and any Services may be terminated by either party at any time, with or without cause, by giving prior written notice to the other party 30 days before the effective date of termination, provided that in the event of a termination for cause, the breaching party shall have the right to cure the breach within such 30-day period. Deloitte may terminate this Agreement with immediate effect upon written notice to The City if Deloitte determines that its performance of any part of the Agreement would be illegal or in conflict with independence or professional rules. The City will pay for time and expenses incurred by Deloitte up to the termination date together with reasonable time and expenses incurred to bring the Services to a close in a prompt and orderly manner.
3. **Fees** – Any fee estimates take into account the agreed-upon level of preparation and assistance from The City and The City personnel. Deloitte will advise The City on a timely basis should this preparation and assistance not be provided or should any other circumstances arise which cause actual time to exceed that estimate.
4. **Billing** – All invoices shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an invoice which remains unpaid from 30 days after the invoice date to the date on which the outstanding invoice is paid. To the extent that as part of the Services to be performed by Deloitte as described in the Agreement, Deloitte personnel are required to perform the Services in the United States of America (“U.S. Business”), The City and Deloitte agree to assign performance of the U.S. Business to Deloitte Canada LP, an affiliate of Deloitte. All Services performed by Deloitte Canada LP shall be performed under the direction of Deloitte which shall remain responsible to The City for such Services. Deloitte Canada LP shall invoice The City with respect to the U.S. Business and Deloitte will invoice for Services performed in Canada (“Canadian Business”). Payment for U.S. Business and/or Canadian Business can be settled with one payment to Deloitte.
5. **Governing law** – The Agreement will be governed by the laws of the Province where Deloitte’s principal office performing the Services is located and all disputes related to the Agreement and Services shall be subject to the exclusive jurisdiction of the courts of such Province.
6. **Working papers** – All working papers, files and other internal materials created or produced by Deloitte related to the Services are the property of Deloitte. In the event that Deloitte is requested by The City or required by legal or regulatory process to produce its files related to the Services in proceedings to which Deloitte is not a party, The City will reimburse Deloitte for its professional time and expenses, including legal fees, incurred in dealing with such matters.
7. **Third parties** – Deloitte’s Services are not planned or conducted in contemplation of, or for the purpose of, reliance by any third party or with respect to any specific transaction and are only intended for the benefit of The City. The City shall use the advice, opinions, reports or other work product of Deloitte (the “Work Product”) solely for the purposes specified in this Agreement and, in particular, shall not, without the prior written consent of Deloitte, use the Work Product in connection with business decisions of any third party or for advertisement purposes. The City shall indemnify and hold harmless Deloitte and the Deloitte Entities from and against all claims, liabilities, losses, damages, costs or expenses attributable to claims of third parties relating to the use of or reliance on any of the Services (including, without

limitation, the Work Product) by any person or entity other than The City, except to the extent finally judicially determined to have resulted primarily from the bad faith or intentional misconduct of Deloitte or a Deloitte Entity. The provisions of this section shall apply regardless of the form of action, damage, claim, liability, cost, expense, whether in contract (including fundamental breach), statute, tort (including negligence) or otherwise.

The mere receipt of any advice, opinions, reports or other work product by any third party is not intended to create any duty of care, professional relationship or any present or future liability between such third party and Deloitte. As a consequence, if copies of any Work Product (or any information derived therefrom) are provided to a third party pursuant to Deloitte's prior written consent, it is on the basis that Deloitte owes no duty of care or liability to them, or any other third party who subsequently receive the same.

8. **Privacy** - Deloitte and The City agree that, in connection with the engagement, Deloitte may collect, use, disclose and otherwise process personal information about identifiable individuals ("Personal Information"). Deloitte's Services are provided on the basis that The City has obtained any required consents under applicable privacy legislation for collection, use, disclosure and processing to Deloitte of Personal Information. If the engagement will involve an EU data subject, please contact taxcontracts@deloitte.ca to obtain a copy of the GDPR Privacy statement.
9. **Confidentiality** – To the extent that Deloitte collects or is provided with Personal Information or any proprietary or confidential information of The City (collectively, "Confidential Information"), Deloitte will not disclose such information to any third party without The City's consent, except as may be required or permitted by law, regulation, legal authority or professional obligations, or as otherwise permitted by this Agreement. Confidential Information may be disclosed by Deloitte to its affiliates and to member firms of Deloitte Touche Tohmatsu Limited and their respective subsidiaries and, affiliates, subcontractors and personnel ("Deloitte Entities, component auditors and third parties that provide services to Deloitte. Confidential Information collected by or provided to Deloitte in connection with the Services may be used, processed, disclosed and stored outside Canada by Deloitte, Deloitte Entities, component auditors or third-party service providers to Deloitte. Deloitte is responsible to The City for causing any such Deloitte Entities, component auditors and third-party service providers to comply with the obligations of confidentiality set out in this section of the Agreement. Confidential Information may be subject to disclosure in accordance with laws applicable in the jurisdiction in which the information is used, processed or stored. The City also agrees that Deloitte and such third-party service providers to Deloitte may aggregate Confidential Information and use and disclose that information as part of research and advice, including, benchmarking services, provided that all such information will be rendered anonymous and not subject to association with The City.

Except as instructed otherwise in writing, each party consents to the transmission by fax, email and voicemail, both confidential and other types of documents, correspondence and any other information relating to the execution of this Agreement. It is recognized that the parties will use the internet and that the internet may be insecure. Each party will be responsible for protecting its own systems and interests and, to the fullest extent permitted by law, will not be responsible to the other on any basis (contract, tort or otherwise) for any loss, damage or omission in any way arising from the use of the internet by either party or its personnel, including any Deloitte Entity and subcontractor personnel, to access the networks, applications, electronic data or other systems of the other party.

10. **Limitation on liability** – The City and Deloitte agree to the following with respect to Deloitte’s liability to The City:
- a. The City agrees that Deloitte shall not be liable to The City for any claims, liabilities, or expenses relating to this Agreement and any Services for an amount in excess of the fees paid by The City to Deloitte for the specific Service giving rise to claim, liability or expense.
 - b. In no event shall Deloitte be liable for consequential, special, indirect, incidental, punitive or exemplary loss, damage, or expense relating to this Agreement or any Services for any loss of revenue or profit, loss of opportunity, loss of data, or any other commercial or economic loss or failure to realize expected savings.
 - c. In any action, claim, loss or damage arising out of this Agreement and any Services, The City agrees that Deloitte’s liability will be several and not joint and several and The City may only claim payment from Deloitte of Deloitte’s proportionate share of the total liability based on the degree of fault of Deloitte.

The provisions of this section shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), or otherwise. This section shall survive termination or expiry of the Agreement. The provisions of this section and any other limitations of liability contained in this Agreement shall not apply to any liability which by the governing law of the Agreement is unlawful to limit or exclude. In furtherance of the foregoing, from time to time, Deloitte may have individual partners and employees performing the Services within the Province of Quebec who are members of the Ordre des comptables professionnels agréés du Québec. The limitations outlined in this section as well any limitations of liability contained in this Agreement shall not apply to limit the personal civil liability of members of the Ordre des comptables professionnels agréés du Québec performing professional Services hereunder (and with respect to such members, such limitations shall be deemed not to be included in this Agreement). For purposes of this Agreement, “Deloitte” shall mean Deloitte LLP and its directors, officers, partners, professional corporations, employees, subsidiaries, affiliates and subcontractors and to the extent providing Services, any Deloitte Entities and all of their partners, principals, members, owners, directors, staff and agents; and in all cases any successor or assignee. The City agrees that any claims that may arise out of this Agreement or any Services will be brought solely against Deloitte as the contracting party and not against any other Deloitte Entities.

When Deloitte is performing audit, review or attest/assurance services that are subject to the US Public Company Accounting Oversight Board (“PCAOB”) and/or US Securities and Exchange Commission (“SEC”) rules or professional standards, any clauses that result in a limitation of Deloitte’s liability do not apply.

11. **Assignment** – Except as provided herein, no party may assign, transfer, or delegate any of its rights or obligations relating to the Agreement without the prior written consent of the other party. Deloitte may assign its rights and obligations under this Agreement to any affiliate or successor in interest to all or substantially all the assets or business of the relevant Deloitte practice.
12. **Deloitte Entities and subcontractors** – Deloitte may use the services of any Deloitte Entities, component auditors, or other subcontractors (including those operating outside Canada) to assist Deloitte. Deloitte remains responsible to The City for Services performed by Deloitte Entities and subcontractors.
13. **Software Tools** – In connection with the Services, Deloitte may use data analytics technology which may require Deloitte to install and use one or more data extraction tools (“Extractors”) on The City’s

computing systems. Deloitte recommends that The City perform adequate security and other appropriate testing on the Extractors before installation. The City hereby consents to such access and the installation and use of such Extractors, and where applicable, Deloitte hereby grants The City a limited, revocable, non-exclusive, non-assignable, non-sublicensable right to install and use those Extractors solely in connection with Deloitte's performance of the Services. All Extractors are protected by copyright and other laws of various countries, and Deloitte and its licensors reserve all rights not expressly granted in the Agreement. The City is not allowed to reverse engineer, disassemble, decompile, or otherwise attempt to derive the Extractors' source code, nor assist, directly or indirectly, in any efforts to do so, nor adapt, modify or create derivative works based on the Extractors. The license granted above will terminate upon completion or termination of the Services. When the license terminates, The City must, where applicable, stop using the Extractors and delete any and all installed Extractors from The City's computing systems, unless Deloitte and The City have entered into a subsequent agreement that allows for The City's continued use. Although Deloitte takes commercially reasonable steps to make the Extractors useful and secure, Deloitte does not have any obligation to ensure they are so, or to maintain, update, upgrade or otherwise modify or support the Extractors. The Extractors are provided "as is" and "as available", without warranty of any kind, and Deloitte expressly disclaims all implied warranties, including that the Extractors will be secure and error-free, or will meet any other criteria of performance or quality. Where analytics have been provided to you during the course of the audit, such analytics and the information contained therein are for general information only and Deloitte is not, by means of these analytics, rendering accounting, business, financial, investment, legal, tax, or other professional advice. The City shall be solely responsible for the accuracy and completeness of all data and information provided to Deloitte for purposes of such analytics. The City acknowledges and agrees that such analytics were prepared based on information provided by The City, which was taken "as is" and not validated or confirmed by Deloitte in any way.

14. **Survival** – Any clause that is meant to continue to apply after termination of the Agreement will do so.
15. **Entire Agreement** – The Agreement forms the entire agreement between the parties in relation to the Services and supersedes all other oral and written representations, understandings or agreements related to the Services.
16. **Severability** – If a court or regulator with proper jurisdiction determines that a provision of this Agreement is invalid, then that provision will be interpreted in a way that is valid under applicable law or regulation. If any provision is invalid, the rest of the Agreement will remain in effect.
17. **Qualifications** – Notwithstanding anything herein to the contrary, Deloitte may use the name of The City, refer to this Agreement and the performance of Services in marketing, publicity materials and other material, as an indication of its experience, and in internal data systems.
18. **Electronic messaging** – In accordance with *Canadian anti-spam legislation*, The City consents to Deloitte contacting The City and its personnel through electronic messages relating to Deloitte's Services, products and other matters of interest to The City after the completion of this Agreement. The City may withdraw any such consent by contacting Deloitte at unsubscribe@deloitte.ca.
19. **Language** – The parties have requested that this Agreement and all communications and documents relating hereto be expressed in the English language. Les parties ont exigé que la présente convention ainsi que tous les documents s'y rattachant soient rédigés dans la langue anglaise.

20. **Force Majeure** – No party shall be deemed to be in breach of the engagement as a result of any delays or non-performance directly or indirectly resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire, epidemic or other casualty, act of God, strike or labour dispute, war or other violence, any law, order or requirement of any governmental agency or authority, or pandemics (including, without limitation, COVID-19 and any such restrictions or conditions on working practices in response to such a threat).
21. **Marketing & Publicity Material & Use of Name** - Neither Deloitte nor The City shall use the other's trademarks, service marks, logos, and/or branding in external publicity material without such other party's prior written consent. The City shall not: i) issue any press release or make any statements to the media pertaining to Deloitte, ii) refer the media to Deloitte or ask Deloitte to act as media spokesperson on behalf of The City, iii) make any public statement relating to this Agreement, the Services, the Deliverables (where applicable) or the parties' business relationship without the prior written consent of Deloitte, iv) nor shall The City disclose the existence or contents of this [Agreement], except as required by law.
22. **Anti-corruption** – Deloitte understands that The City may be subject to laws that prohibit bribery and/or providing anything of value to government officials with the intent to influence that person's actions in respect of The City. Deloitte may be subject to similar laws and codes of professional conduct and has its own internal policies and procedures which prohibit illegal or unethical behaviors. In providing the Services, Deloitte undertakes not to offer, promise or give financial or other advantage to another person with the intention of inducing a person to perform improperly or to reward improper behavior for the benefit of The City, in each case, in violation of applicable law.
23. **Anti-money laundering** – Under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) (the "Act"), Deloitte and its personnel are permitted to report any (a) attempted or completed suspicious transactions (transactions which are reasonably suspected to be related to the commission of a money laundering or terrorist financing offence), (b) terrorist property that comes into the possession of Deloitte, and (c) large cash transactions (receipt by Deloitte of over \$10,000 Canadian or equivalent in cash) to the Financial Transactions and Reports Analysis Centre of Canada, a government agency. The Act specifically prohibits Deloitte from informing The City that a report has been made.

Appendix A

Financial statement audit

The City of Calgary
July 25, 2024

Our audit services and audit scope

The consolidated financial statements

We have been requested by you to audit the consolidated financial statements of The City. These financial statements are comprised of the consolidated statement of financial position as at the fiscal year end December 31, 2024 of The City (“Fiscal Year”), consolidated statement of operations and accumulated surplus, consolidated statement of rereasurement gains and losses, consolidated statement of cash flows and consolidated statement of changes in net financial assets for the Fiscal Year, and a summary of material accounting policy information and other explanatory information.

The consolidated financial statements (the “Financial Statements”), subject to audit are those of The City, prepared by Administration, with oversight from those charged with governance (the “Audit Committee”). The objective of our audit is to express an opinion on whether the Financial Statements are fairly presented, in all material respects, in accordance with Canadian Public Sector Accounting Standards (“PSAS”). We plan and perform the audit to obtain reasonable assurance that the Financial Statements as a whole are free from material misstatement, whether due to fraud or error.

Our audit report

On completion of our audit procedures, we expect to issue an audit report in the draft form set out in Appendix A(i). The final form of our audit report may differ based on our audit findings in which case, we will provide you with an updated draft form before it is issued. If we are unable to issue or decline to issue an audit report, we will discuss the reasons with you and the Audit Committee.

Our responsibilities

Performance of the audit

We will conduct our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Administration, as well as evaluating the overall presentation of the Financial Statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian GAAS.

Information on internal controls

We do not consider internal controls in order to express any opinion to you on their effectiveness. We consider internal controls relevant to The City's preparation and fair presentation of the Financial Statements in making our risk assessments and in order to design appropriate audit procedures. We will, however, communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the Financial Statements that come to our attention during the course of our engagement.

Reporting considerations

Going concern

If, based on the audit evidence obtained, we conclude that a material uncertainty exists related to events or conditions that may cast significant doubt on The City's ability to continue as a going concern, we are required to draw attention in our audit report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions will be based on the audit evidence obtained up to the date of our audit report.

Other information

Where The City issues other information (for example, a Financial Statement Discussion and Analysis or an annual report), we are required to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We will report on the results of our procedures appropriately based on the revised CAS 720, *The Auditor's Responsibilities Relating to Other Information*.

Communication with the Audit Committee

The Audit Committee is responsible for the oversight of the financial reporting process and our work as auditors. We are required to communicate with the Audit Committee about certain matters that may arise during our audit and that may be significant to their role. These matters may include, but are not limited, to:

- the planned scope and timing of the audit;
- our views about significant qualitative aspects of The City's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- any significant matters arising from the audit in connection with The City's related parties;
- any events or conditions identified that may cast significant doubt on The City's ability to continue as a going concern, including whether the events or conditions constitute a material uncertainty;
- any significant difficulties encountered during the audit;
- any significant matters that were discussed or subject to correspondence with Administration;
- written representations we are requesting;

- where CAS 720 applies, any uncorrected material inconsistencies between the other information and the Financial Statements or our knowledge obtained in the audit, and any uncorrected material misstatements of the other information we identify from reading the financial and non-financial information included in The City's annual report containing or accompanying the Financial Statements and our audit report; and
- any other matters that in our professional judgment are significant to the oversight of the financial reporting process.

Fraud and illegal acts

An audit designed and executed in accordance with Canadian GAAS may not detect fraud or illegal acts. However, it is possible that actual and potential fraud or illegal acts may be discovered during the course of our audit. We will communicate actual or potential fraud or illegal acts identified during the audit to, in our sole judgement, the appropriate level of Administration and/or the Audit Committee depending on the type and significance of the issue.

Your responsibilities

Financial statements and internal control

The audit of the Financial Statements does not relieve Administration or the Audit Committee of their responsibilities.

You are responsible for the preparation and fair presentation of the Financial Statements in accordance with PSAS.

You are also responsible for establishing internal control necessary for the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error. You must determine what internal control is required, including how it is designed, implemented and maintained. You will advise us of any deficiencies identified and any changes in internal control over financial reporting.

Access to information and personnel

You are responsible for providing us with access to all information that is relevant to your preparation of the Financial Statements and any additional information that we may request for the purpose of the audit. You will also provide unrestricted access to persons in The City or others from whom we determine we need to obtain evidence for our audit.

Prevention of fraud and error

You are responsible for designing and implementing programs and controls to prevent and detect fraud, illegal acts and error. You will inform us about all known or suspected fraud, illegal acts or errors affecting The City. You will further inform us of any allegations of fraud, illegal acts or potential errors received in communications (written or oral) from employees, former employees or any other parties external to The City.

Compliance with laws and regulations

You are responsible for identifying and ensuring The City complies with the laws and regulations applicable to its activities. You will inform us of any known or possible violations of these laws or regulations.

Related parties

You will identify The City's related parties and advise whether The City entered into any transactions with these related parties in the time period under audit.

Subsequent events

You will advise us of whether any events have occurred between the date of the balance sheet and the date our audit report is released, that may affect the Financial Statements.

Correction of material errors

You are responsible for adjusting the Financial Statements to correct material misstatements identified during the course of our audit engagement.

Representation letter

As part of our engagement procedures, you will provide written confirmation of representations made to us in connection with the audit.

Disclosure of report

We are engaged solely by The City to perform an audit engagement the purpose of which is to provide an opinion as to whether the Financial Statements are free from material misstatement.

You will not, without obtaining our prior written consent:

- publish or reproduce our report in any document that contains the Financial Statements;
- make reference to our firm in a document which contains other information in addition to the Financial Statements; or
- place our report on an electronic site.

In order for us to consider granting such written consent, you must provide adequate notice of your request as well as provide any draft document which is proposed to contain/refer to our report. If written consent is provided by us, you are solely responsible for the accurate and complete reproduction of our report and the Financial Statements on which we reported.

Other information

You acknowledge your responsibility for the other information, as applicable, and to provide us with the other information prior to the date of our audit report where possible. To the extent the other information is expected to be available after the date of our audit report, you agree to provide us with such other information when available, and prior to being issued by The City, so that we are able to fulfill our responsibilities under CAS 720.

Independence

For purposes of the following three paragraphs, “Deloitte” shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

Independence matters as a result of restrictions on providing certain services

In connection with our engagement, Deloitte, Administration, and the Audit Committee will assume certain roles and responsibilities in an effort to assist Deloitte in maintaining independence and ensuring compliance with applicable independence rules. It is your responsibility to have policies and procedures in place to confirm that The City (together with its subsidiaries and other related entities) does not engage us or accept services from us that may impair our independence under applicable professional rules. All potential services are to be discussed with Ms. Harman Gill.

In connection with the foregoing, The City agrees to furnish to Deloitte and keep Deloitte updated with respect to a corporate tree that identifies the legal names of The City’s affiliates (e.g., parents, subsidiaries, investors or investees, variable interest entities or special purpose entities (as applicable)), together with the ownership relationship among such entities. Deloitte intends to capture this information in systems that may be accessed and used by its affiliates in order to assist Deloitte in meeting its independence obligations. Deloitte will not be requesting nor accepting any personal information for this purpose. Deloitte agrees to discuss any concerns raised regarding privacy or confidentiality with The City.

Independence matters relating to hiring

In order to assist us in maintaining independence, you will also notify us of any substantive employment conversations that have occurred with current or former Deloitte personnel.

Audit Committee’ responsibilities

The Audit Committee is responsible for the oversight of the financial reporting process, including Administration’s preparation of the Financial Statements and monitoring of The City ’s internal controls related to financial reporting and oversight of our work.

Appendix A(i)

Draft version of our auditor's report

The City of Calgary
December 31, 2024

We will provide you with our report, which is expected to be in the following form. However, the final form will reflect the results of our audit. If there are any changes to the expected form of report in future years, we will provide you with an updated draft form before it is issued.

Independent Auditor's Report

To Mayor Jyoti Gondek and Members of City Council
The City of Calgary

Opinion

We have audited the consolidated financial statements of The City of Calgary ("The City") which comprise the consolidated statement of financial position as at December 31, 2024 and the consolidated statements of operations and accumulated surplus, rereasurement gains and losses, cash flows and changes in net financial assets for the year then ended, and notes to the consolidated 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 The City as at December 31, 2024 and the results of its operations, rereasurement gains and losses, cash flows and changes in net financial assets 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 The City 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.

Other Information

City Administration is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Financial Statement Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Financial Statement Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of City Administration and Those Charged with Governance for the Consolidated Financial Statements

City Administration is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS and for such internal control as City Administration 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, City Administration is responsible for assessing The City'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 City Administration either intends to liquidate The City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The City's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated 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:

Appendix A(i) | Draft version of our auditor's report
The City of Calgary
December 31, 2024
Page 3

- 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 City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by City Administration.
- Conclude on the appropriateness of City Administration'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 City'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 City 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within The City to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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
Date

Appendix B

Audit of a single financial statement or specific element, account or item of a financial statement

The City of Calgary
July 25, 2024

Our audit services and audit scope

We may be requested by you from time to time to audit a single financial statement and/or specific element, account or item of a financial statement, and a summary of significant accounting policies and other explanatory information, including those listed in the chart below. In the chart we have identified the entity, fiscal year, financial statement, financial reporting framework and type of framework for each engagement.

Engagement summary chart

| Fiscal year end | City of Calgary | |
|---|---|---|
| | December 31 | December 31 |
| The single financial statement or element, account or item of financial statement ("Financial Statement") | Municipal Information Return | Funds Held in Trust |
| Applicable financial reporting framework ("Financial Reporting Framework") | Financial reporting provisions of Section 277 of the Municipal Government Act | Canadian Public Sector Accounting Standards |
| Type of framework (Fair presentation or Compliance) | Compliance | Compliance |
| Related audit report appendix | Appendix B(i) | Appendix B(ii) |

The Financial Statement subject to audit is that of The City, prepared by Administration, with oversight from those charged with governance ("Audit Committee"). The objective of our audit is to express an opinion on whether the Financial Statement is prepared and when applicable, fairly presented, in all material respects, in accordance with the Financial Reporting Framework. We plan and perform the audit to obtain reasonable assurance that the Financial Statement as a whole is free from material misstatement, whether due to fraud or error.

Scope of an audit of a single financial statement and/or a specific element of a financial statement

The requirements of the Financial Reporting Framework will determine the form and content of the Financial Statement. As the Financial Statement is prepared for a special purpose, the Financial Statement and our audit report are not intended for general use or distribution.

Our audit report

On completion of our audit procedures, we expect to issue an audit report in the draft form set out in Appendix B(i) and Appendix B(ii). The final form of our audit report may differ based on our audit findings in which case, we will provide you with an updated draft form before it is issued. If we are unable to issue or decline to issue an audit report, we will discuss the reasons with you and the Audit Committee.

Our responsibilities

Performance of the audit

We will conduct our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statement is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statement. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Financial Statement, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Administration, as well as evaluating the overall presentation of the Financial Statement. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian GAAS.

Information on internal controls

We do not consider internal controls in order to express any opinion to you on their effectiveness. We consider internal controls relevant to The City’s preparation and when applicable, fair presentation, of the Financial Statement in making our risk assessments and in order to design appropriate audit procedures. We will, however, communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the Financial Statement that come to our attention during the course of our engagement.

Reporting considerations

Going concern

Where CAS 570 applies, if based on the audit evidence obtained, we conclude that a material uncertainty exists related to events or conditions that may cast significant doubt on The City’s ability to continue as a going concern, we are required to draw attention in our audit report to the related disclosures in the Financial Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions will be based on the audit evidence obtained up to the date of our audit report.

Other information

Where The City issues other information (for example, a Financial Statement Discussion and Analysis or an annual report), we are required to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statement or our knowledge obtained in the audit or otherwise appears to be materially misstated. We will report on the results of our procedures appropriately based on the revised CAS 720, *The Auditor’s Responsibilities Relating to Other Information*.

Communication with the Audit Committee

The Audit Committee is responsible for the oversight of the financial reporting process and our work as auditors. We are required to communicate with the Audit Committee about certain matters that may arise during our audit and that may be significant to their role. These matters may include, but are not limited, to:

- the planned scope and timing of the audit;
- our views about significant qualitative aspects of The City's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- any significant matters arising from the audit in connection with The City's related parties;
- where CAS 570 applies, any events or conditions identified that may cast significant doubt on The City's ability to continue as a going concern, including whether the events or conditions constitute a material uncertainty;
- any significant difficulties encountered during the audit;
- any significant matters that were discussed or subject to correspondence with Administration;
- written representations we are requesting;
- where CAS 720 applies, any uncorrected material inconsistencies between the other information and the Financial Statement or our knowledge obtained in the audit, and any uncorrected material misstatements of the other information we identify from reading the financial and non-financial information included in The City's annual report containing or accompanying the Financial Statement and our audit report; and
- any other matters that in our professional judgment are significant to the oversight of the financial reporting process.

Fraud and illegal acts

An audit designed and executed in accordance with Canadian GAAS may not detect fraud or illegal acts. However, it is possible that actual and potential fraud or illegal acts may be discovered during the course of our audit. We will communicate actual or potential fraud or illegal acts identified during the audit to, in our sole judgement, the appropriate level of Administration and/or the Audit Committee depending on the type and significance of the issue.

Your responsibilities

Financial Statement and the financial reporting framework

The audit of the Financial Statement does not relieve Administration or the Audit Committee of their responsibilities.

You are responsible for identifying the purpose for which the Financial Statement is prepared. You must determine that the Financial Reporting Framework is acceptable in view of the nature of The City, the objective of the Financial Statement and any applicable legal/regulatory requirements.

Appendix B | Audit of a single financial statement or specific element, account or item of a financial statement
The City of Calgary
July 25, 2024
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You are responsible for the preparation and when applicable, fair presentation, of the Financial Statement in accordance with the Financial Reporting Framework. Amongst other things, this includes ensuring that the presentation and disclosure in the Financial Statement is in accordance with the basis of accounting used and the notes to the Financial Statement appropriately describe the Financial Reporting Framework (and any significant interpretations of the Financial Reporting Framework).

Internal control

You are responsible for establishing internal control necessary for the preparation of a Financial Statement that is free from material misstatement, whether due to fraud or error. You must determine what internal control is required, including how it is designed, implemented and maintained. You will advise us of any deficiencies identified and any changes in internal control over financial reporting.

Access to information and personnel

You are responsible for providing us with access to all information that is relevant to your preparation of the Financial Statement and any additional information that we may request for the purpose of the audit. You will also provide unrestricted access to persons in The City or others from whom we determine we need to obtain evidence for our audit.

Prevention of fraud and error

You are responsible for designing and implementing programs and controls to prevent and detect fraud, illegal acts and error. You will inform us about all known or suspected fraud, illegal acts or errors affecting The City. You will further inform us of any allegations of fraud, illegal acts or potential errors received in communications (written or oral) from employees, former employees or any other parties external to The City.

Compliance with laws and regulations

You are responsible for identifying and ensuring that The City complies with the laws and regulations applicable to its activities. You will inform us of any known or possible violations of these laws or regulations.

This audit may not fulfil any annual statutory audit requirements. You therefore should consider whether the scope of this engagement meets your needs.

Related parties

You will identify The City's related parties and advise whether The City entered into any transactions with these related parties in the time period under audit.

Subsequent events

You will advise us of whether any events have occurred between the date of the Financial Statement and the date our audit report is released, that may affect the Financial Statement.

Correction of material errors

You are responsible for adjusting the Financial Statement to correct material misstatements identified during the course of our audit engagement.

Representation letter

As part of our engagement procedures, you will provide written confirmation of representations made to us in connection with the audit.

Disclosure of report

We are engaged solely by The City to perform an audit engagement the purpose of which is to provide an opinion as to whether the Financial Statement is free from material misstatement.

You will not, without obtaining our prior written consent:

- publish or reproduce our report in any document that contains the Financial Statement;
- make reference to our firm in a document which contains other information in addition to the Financial Statement; or
- place our report on an electronic site.

In order for us to consider granting such written consent, you must provide adequate notice of your request as well as provide any draft document which is proposed to contain/refer to our report. If written consent is provided by us, you are solely responsible for the accurate and complete reproduction of our report and the Financial Statement on which we reported.

Other information

You acknowledge your responsibility for the other information, as applicable, and to provide us with the other information prior to the date of our audit report where possible. To the extent the other information is expected to be available after the date of our audit report, you agree to provide us with such other information when available, and prior to being issued by The City, so that we are able to fulfill our responsibilities under CAS 720.

Independence

For purposes of the following three paragraphs, “Deloitte” shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

Independence matters as a result of restrictions on providing certain services

In connection with our engagement, Deloitte, Administration, and the Audit Committee will assume certain roles and responsibilities in an effort to assist Deloitte in maintaining independence and ensuring compliance with applicable independence rules. It is your responsibility to have policies and procedures in place to confirm that The City (together with its subsidiaries and other related entities) does not engage us or accept services from us that may impair our independence under applicable professional rules. All potential services are to be discussed with Ms. Harman Gill.

In connection with the foregoing, The City agrees to furnish to Deloitte and keep Deloitte updated with respect to a corporate tree that identifies the legal names of The City’s affiliates (e.g., parents, subsidiaries, investors or investees, variable interest entities or special purpose entities (as applicable)), together with the ownership relationship among such entities. Deloitte intends to capture this information in systems that may be accessed and used by its affiliates in order to assist Deloitte in meeting its independence obligations.

Appendix B | Audit of a single financial statement or specific element, account or item of a financial statement
The City of Calgary
July 25, 2024
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Deloitte will not be requesting nor accepting any personal information for this purpose. Deloitte agrees to discuss any concerns raised regarding privacy or confidentiality with The City.

Independence matters relating to hiring

In order to assist us in maintaining independence, you will also notify us of any substantive employment conversations that have occurred with current or former Deloitte personnel.

Audit Committee' responsibilities

The Audit Committee is responsible for the oversight of the financial reporting process, including Administration's preparation of the Financial Statement and monitoring of The City's internal controls related to financial reporting and oversight of our work.

It is important to understand that the Financial Statement prepared using accounting principles other than Canadian Public Sector Accounting Standards may not comply with or satisfy The City's incorporating or other governing legislation. In this situation, the Audit Committee should consider the financial or other implications of non-compliance and may wish to obtain legal advice.

Appendix B(i) Independent Auditor's Report

To Mayor Jyoti Gondek and Members of City Council of
The City of Calgary

Opinion

We have audited the Municipal Financial Information Return of The City of Calgary ("The City") relating to the Municipal Government Act as at December 31, 2024 (referred to as the "Return").

In our opinion, the accompanying financial information in the Return of The City as at December 31, 2024 is prepared, in all material respects, in accordance with the financial reporting provisions of Section 277 of the Municipal Government Act (the "Act").

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 Return* section of our report. We are independent of The City in accordance with the ethical requirements that are relevant to our audit of the Return 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.

Emphasis of Matter – Basis of Accounting

The Return is prepared to assist The City to meet the requirements of the Act. As a result, the Return may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Administration and Those Charged with Governance for the Return

Administration is responsible for the preparation of the Return in accordance with the Act, and for such internal control as Administration determines is necessary to enable the preparation of the Return that is free from material misstatement, whether due to fraud or error.

In preparing the Return, Administration is responsible for assessing The City'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 Administration either intends to liquidate The City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The City's financial reporting process.

Auditor's Responsibilities for the Audit of the Return

Our objectives are to obtain reasonable assurance about whether the Return is 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 this Return.

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 Return, 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 City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by Administration.
- Conclude on the appropriateness of Administration'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 City'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 Return 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 City to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within The City to express an opinion on the Return. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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
Date

Appendix B(ii) Independent Auditor's Report

To Administration of
The City of Calgary

Opinion

We have audited the accompanying balance sheet of The City of Calgary Funds Held in Trust ("FHIT") as at December 31, 2024, and the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "FHIT financial statements").

In our opinion, the accompanying FHIT financial statements are prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

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 FHIT in accordance with the ethical requirements that are relevant to our audit of the FHIT 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the FHIT financial statements, which describes the basis of accounting. The FHIT financial statements are prepared to assist Administration of The City of Calgary to meet the requirements of the trust arrangements in place with third parties of the FHIT. As a result, the FHIT financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Administration for the FHIT Financial Statements

Administration is responsible for the preparation of the FHIT financial statements in accordance with the basis of accounting described in Note 2; this includes determining that the basis of accounting described in Note 2 is an acceptable basis for the preparation of the financial statement in the circumstances, and for such internal control as Administration determines is necessary to enable the preparation of the FHIT financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the FHIT financial statements, Administration is responsible for assessing FHIT'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 Administration either intends to liquidate FHIT or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the FHIT Financial Statements

Our objectives are to obtain reasonable assurance about whether the FHIT 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 FHIT 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 FHIT 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 FHIT's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by Administration.
- Conclude on the appropriateness of Administration'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 FHIT'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 FHIT 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 FHIT to cease to continue as a going concern.

We communicate with Administration 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
Date