



Year-end communication

Calgary Municipal Land Corporation



For the year ended December 31, 2014
Presented to the Audit Committee
April 17, 2015



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

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

April 10, 2015

To the Members of the Audit Committee of
Calgary Municipal Land Corporation

Dear Audit Committee Members:

Report on audited annual financial statements

As agreed in our engagement letter dated December 12, 2014, we have performed an audit of the financial statements of Calgary Municipal Land Corporation (“CMLC”) as at and for the year ended December 31, 2014, in accordance with Canadian generally accepted auditing standards (“GAAS”) and expect to issue our audit report thereon dated April 17, 2015.

This report summarizes our findings during the audit. Our audit has been conducted in accordance with the Audit Service Plan that was presented to the Audit Committee members at the meeting on December 12, 2014.

Use of our report

This report is intended solely for the information and use of the Audit Committee, management and others within CMLC and is not intended to be, and should not be, used by anyone other than these specified parties. Accordingly, we disclaim any responsibility to any other party who may rely on it.

We would like to express our appreciation for the cooperation we received from the officers and employees of CMLC with whom we worked to discharge our responsibilities.

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

Yours truly,

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Accountants

Table of contents

Audit scope matters 1

Audit findings..... 3

Audit risks..... 4

Appendix 1 – Draft version of our Auditor’s report..... 6

Appendix 2 – Independence 8

Appendix 3 – Draft management representation letter 10

Appendix 4 – Communication requirements 16

Audit scope matters

Canadian GAAS requires that we communicate to the Audit Committee on the following matters:

| | |
|---|---|
| Status of our audit | <p>We expect to be in a position to render our audit opinion dated April 17, 2015 on the financial statements of CMLC following approval of the financial statements by the Board of Directors and the completion of the following outstanding procedures:</p> <ul style="list-style-type: none">• Receipt of signed management representation letter and update of subsequent events to audit report date;• Finalization of financial statements;• Receipt of legal letters;• Minor documentation items; and• Review of the final version of the financial statements for changes, if any, following approval by the Board of Directors. |
| Audit strategy and scope | <p>The audit planning and the preliminary risk assessment activities we conduct enable us to set the scope of our audit and to design procedures tailored to that scope. Refer to our audit service plan communicated on December 12, 2014.</p> |
| Materiality | <p>Materiality is the magnitude of misstatements, including omissions, in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the financial statement users. Judgments about materiality are made in the light of surrounding circumstances, and are affected by our perception of the information needs of the financial statement users, and by the size or nature of a misstatement, or a combination of both. We are responsible for providing reasonable assurance that your financial statements as a whole are free from material misstatement.</p> <p>Canadian GAAS require that we determine performance materiality for the purposes of assessing the risks of material misstatement of the financial statements and determining the nature, timing and extent of our audit procedures. Planning the audit solely to detect individually material misstatements overlooks the fact that the aggregate of individually immaterial misstatements may cause the financial statements to be materially misstated, and leaves no margin for possible undetected misstatements. Performance materiality is set at a lower level than materiality, so that if misstatements are detected, we may nevertheless be able to conclude with reasonable assurance that the uncorrected misstatements both individually and in the aggregate do not exceed materiality.</p> <p>Materiality levels were determined on the basis of total assets. We used the materiality level of \$8,200,000 (2013, \$7,000,000) for the year ended December 31, 2014.</p> |
| Significant difficulties encountered in performing the audit | <p>We did not encounter any significant difficulties while performing the audit. There were no significant delays in receiving information from management required for the audit nor was there an unnecessarily brief timetable in which to complete the audit.</p> |
| Changes to the audit plan | <p>The audit was conducted in accordance with our audit service plan, which was communicated to the Audit Committee on December 12, 2014.</p> |

| | |
|--|---|
| Management judgment and accounting estimates | <p>Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. These judgments are normally based on knowledge and experience about past and current events, assumptions about future events and interpretations of the financial reporting standards.</p> <p>During the year ended December 31, 2014, management advised us that there were no significant changes in accounting estimates or in judgments relating to the application of the accounting policies.</p> <p>In our judgment, the significant accounting estimates made by management are, in all material respects, free of possible management bias and of material misstatement. The disclosure in the financial statements around estimation uncertainty is in accordance with Canadian public sector accounting standards ("PSAS") and is appropriate to the particular circumstances of CMLC.</p> |
| Disagreements with management | <p>In the course of our audit, we did not encounter any disagreements with management about matters that individually or in the aggregate could be significant to the financial statements.</p> |
| Consultation with other accountants | <p>Management has informed us that CMLC has not consulted with other accountants about auditing or accounting matters. CMLC did engage MNP LLP to undertake an IT evaluation in the year.</p> |
| Legal and regulatory compliance | <p>Management is responsible for ensuring that CMLC's operations are conducted in accordance with the laws and regulations applicable to CMLC in the jurisdictions in which it operates. The responsibility for preventing and detecting non-compliance rests with management.</p> <p>The auditor is not and cannot be held responsible for preventing non-compliance with laws and regulations.</p> <p>Our limited procedures did not identify any areas of material non-compliance with laws and regulations by CMLC.</p> |
| Post-statement of financial position financial events | <p>Management is responsible for assessing subsequent events up to the date of the release of the financial statements.</p> <p>No post-statement of financial position events have been identified during the course of our audit, with the exception of those disclosed in Note 18 to the financial statements. We will update subsequent events to the audit report date of April 17, 2015.</p> |
| Management representation letter | <p>A draft version of the management representation letter to be signed by management is included in Appendix 3.</p> |
| Independence | <p>We have developed appropriate safeguards and procedures to eliminate threats to our independence or to reduce them to an acceptable level.</p> <p>As required under Canadian GAAS, we have reported all relationships and other relevant matters that, in our professional judgment, may reasonably be thought to bear on our independence. We have provided a draft version of the independence letter we intend to use to confirm our independence for the year ended December 31, 2014 in Appendix 2.</p> |
| Quality control | <p>Our firm's quality control process embraces each of the elements identified in the Chartered Professional Accountants ("CPA") Canada Handbook sections covering Canadian standards of quality control for firms that perform audits and reviews of financial statements and other assurance engagements.</p> |
| Fees | <p>We communicated our proposed audit fees of \$36,000 (2013, \$35,000). We have no changes to these proposed fees.</p> |
| Communications | <p>As a part of our audit plan, we committed to communicate certain matters to the Audit Committee on a regular basis or as specified events occur.</p> <p>A summary of our communications is provided in Appendix 4.</p> |

Audit findings

This following summarizes the main findings arising from our audit

| | |
|---|---|
| Internal control | <p>We obtained an understanding of internal control relevant to the audit; however, not all controls are relevant to every audit. We evaluated the design of controls relevant to the audit and determined whether they have been implemented. We are not, however, required in a non-integrated audit to determine whether all relevant controls are operating effectively. Although not required by Canadian GAAS, we may decide that, for a particular engagement, it makes sense to rely on the effective operation of some controls to determine the planned substantive procedures we will perform.</p> <p>In such cases, we would go beyond evaluating the design of relevant controls and determining whether they have been implemented to also test whether the controls on which we intend to rely are operating effectively.</p> <p>In our audit of CMLC's financial statements, we applied a substantive audit approach to testing of account balances and, as such, we did not rely on internal controls, but tested the design and implementation of controls.</p> |
| Uncorrected misstatements | <p>In accordance with Canadian GAAS, we request that all misstatements be corrected. We are required to report all uncorrected misstatements greater than \$410,000 (2013, \$350,000), and those that are quantitatively insignificant but qualitatively significant, in the appendices attached to the management representation letter.</p> <p>Please refer to Appendix A of the draft management representation letter attached for uncorrected misstatements.</p> |
| Unadjusted disclosure deficiencies | <p>In accordance with Canadian GAAS, we request that all disclosure deficiencies be corrected.</p> <p>We have no unadjusted disclosure deficiencies to report to you.</p> |
| Conclusion | <p>In accordance with Canadian GAAS, our audit is designed to enable us to express an opinion on the fairness of the presentation of CMLC's annual financial statements prepared in accordance with PSAS.</p> <p>No restrictions have been placed on the scope of our audit. In performing the audit, we were given full and complete access to the accounting records, supporting documentation and other information requested.</p> <p>We intend to issue an unmodified audit report on the financial statements of CMLC as of and for the year ended December 31, 2014 once the financial statements are approved by the Board of Directors on April 17, 2015.</p> <p>A draft version of our Auditor's report is included in Appendix 1.</p> |

Audit risks

Our audit plan identified certain areas that we refer to as significant risks. The results of our audit work on these risks are set out below:

Significant risks and areas of audit focus

| Areas of significant risk | Our audit response | Our conclusion |
|--|--|--|
| Management override of controls | <p>Professional auditing standards require us to presume management override of controls to be risks of material misstatement due to fraud.</p> <p>To test the risk of management override of controls, we engaged in fraud discussions with certain members of senior management and CMLC's Audit Committee.</p> <p>We considered the potential for bias in judgments and estimates, including performing retrospective analysis of significant accounting estimates.</p> <p>We evaluated the business rationale for any significant unusual transactions.</p> <p>We evaluated CMLC's fraud risk assessment and considered entity-level internal controls and internal controls over the closing and reporting process.</p> <p>We also tested journal entries that exhibit characteristics of possible management override of controls.</p> | <p>Overall, we conclude that there were no issues noted relating to management override of controls in the context of the financial statements taken as a whole.</p> |

| Areas of audit focus | Our audit response | Our conclusion |
|--|---|--|
| <p>Completeness of accounts payable and accrued liabilities</p> | <p>We reviewed and tested a sample of transactions recorded subsequent to year end to identify any unrecorded liabilities.</p> <p>We also reviewed Board of Directors and Audit Committee meeting minutes, unpaid invoices, sent legal confirmations, held discussions with management and relied on our knowledge of CMLC to identify any unrecorded liabilities.</p> | <p>Overall, we concluded that accounts payable and accrued liabilities are fairly stated, appropriately classified and properly disclosed in the context of the financial statements taken as a whole.</p> |
| <p>Recording, presentation and valuation of land inventory</p> | <p>We reviewed and tested a sample of transactions of purchase agreements and supporting documentation to verify proper recording and presentation of this account.</p> <p>We also reviewed the market value of land inventory in relation to book value to verify the balance was accurately valued at year end.</p> <p>In addition, we reviewed the disposition / transfer of land inventory to ensure that it has been appropriately accounted for in accordance with guidance under PSAS.</p> | <p>Overall, we concluded that land inventory is fairly stated, appropriately valued and properly disclosed in the context of the financial statements taken as a whole.</p> |

Appendix 1 – Draft version of our Auditor’s report

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
Calgary Municipal Land Corporation

We have audited the accompanying financial statements of Calgary Municipal Land Corporation, which comprise the statement of financial position as at December 31, 2014, and the statements of operations and accumulated surplus, cash flows and changes in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. 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.

In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Calgary Municipal Land Corporation as at December 31, 2014, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants
April 17, 2015
Calgary, Canada

Appendix 2 – Independence

April 17, 2015

Members of the Audit Committee and Board of Directors of
Calgary Municipal Land Corporation

Dear Members:

We have been engaged to audit the financial statements of Calgary Municipal Land Corporation (“CMLC”) for the year ended December 31, 2014.

Canadian generally accepted auditing standards (“GAAS”) require that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between CMLC, Deloitte and network firms that, in our professional judgment, may reasonably be thought to bear on our independence. We are also required to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute / ordre and applicable legislation, covering such matters as:

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

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

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since April 30, 2014, the date of our last letter.

We are not aware of any relationships between CMLC and Deloitte, including any network firms that, in our professional judgment, may reasonably be thought to bear on our independence, that have occurred from April 30, 2014 to April 17, 2015.

The total fees charged to CMLC for audit services were \$38,520, (2013, \$40,660, which included the additional \$3,000 related to work on flood-related financial reporting matters), during the period covered by the financial statements. We re-affirm that the performance of these services has not affected our independence as auditors of CMLC.

Canadian GAAS require that we confirm our independence to those charged with governance in the context of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta. Accordingly, we hereby confirm that we are independent with respect to CMLC within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta as of April 17, 2015.

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

Yours truly,

Chartered Accountants

Appendix 3 – Draft management representation letter

[Client letterhead]

April 17, 2015

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

Dear Sirs:

Subject: Financial statements of Calgary Municipal Land Corporation for the year ended December 31, 2014

This representation letter is provided in connection with the audit by Deloitte LLP (“Deloitte” or “you”) of the financial statements of Calgary Municipal Land Corporation (the “Corporation” or “we” or “us”) as at and for the year ended December 31, 2014, and a summary of significant accounting policies and other explanatory information (the “Financial Statements”) for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, net financial assets and cash flows of the Corporation in accordance with Canadian public sector accounting standards (“PSAS”).

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

Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the engagement letter between the Corporation and Deloitte dated December 12, 2014 for the preparation of the Financial Statements in accordance with PSAS. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the Corporation as at December 31, 2014 and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with PSAS.
2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

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

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with PSAS and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to December 31, 2014 that require adjustment to the estimates and disclosures included in the Financial Statements.

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

3. We have determined that the Financial Statements are complete as of the date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. All final adjusting journal entries have been reflected in the Financial Statements and the Financial Statements have been approved in accordance with our process to finalize financial statements.
4. We have completed our review of events after December 31, 2014 and up to the date of this letter. All events subsequent to the date of the Financial Statements and for which PSAS require adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
5. The Financial Statements are free of material errors and omissions.
6. The Corporation has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.

Information provided

7. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters. All financial statements and other financial information provided to you accurately reflect the activities and expenses of the Corporation and do not reflect any activities or expenses of any other person or entity;
 - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
8. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
9. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.

10. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the Financial Statements.
11. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's Financial Statements and all knowledge of concerns or allegations of potential errors in the selection of accounting policies or the recording of transactions affecting the Corporation that have been communicated by employees, former employees or others, whether written or oral.
12. We have disclosed to you all communications from regulatory agencies and all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Financial Statements.
13. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration and participation in a defined benefit plan that shares risks between group entities.
14. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
15. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with PSAS.
16. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
17. We have disclosed to you, and the Corporation has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

Independence matters

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

18. Prior to the Corporation having any substantive employment conversations with a former or current Deloitte engagement team member, the Corporation has held discussions with Deloitte and obtained approval from management.

Accounting policies

19. The accounting policies selected and the application of those policies are appropriate.
20. The Corporation's accounting policies and their method of application have been applied on a basis consistent with that of the audited Financial Statements as of and for the year ended December 31, 2013.

Fair value

21. With regard to the fair value measurements and disclosures of certain assets and liabilities, such as financial instruments, we believe that:
 - a. The completeness and adequacy of the disclosures related to fair values are in accordance with PSAS;
 - b. No events have occurred subsequent to December 31, 2014 that require adjustment to the fair value measurements and disclosures included in the Financial Statements; and
 - c. They appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the Corporation when relevant to the use of fair value measurements or disclosures.

Management's responsibilities

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

Receivables

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

Government transfers

24. We have disclosed to you all correspondence relating to government transfers that the Corporation has had with the funding body.
25. We have assessed the eligibility criteria and determined that the Corporation is an eligible recipient for the government transfers received.
26. We have assessed the stipulations attached with the funding and have recognized the revenue in accordance with meeting the stipulations required.
27. All government transfers that have been recorded as unearned revenue give rise to an obligation that meets the definition of a liability. Those liabilities have been properly recorded and presented in the Financial Statements.

Tangible capital assets

28. Tangible capital assets have been recorded properly and consistently according to the standards in Section PS 3150 - *Tangible Capital Assets*.
29. We have assessed the useful lives of tangible capital assets and have determined all tangible capital assets contribute to the Corporation's ability to provide goods and services and therefore do not require a write down.

Communicating a threshold amount

30. We understand that the threshold used for accumulating misstatements identified during the year was \$410,000 for purposes of Appendix A. Misstatements below this amount have been considered clearly trivial.

Land Inventory

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

32. Several parcels of land inventory were identified for potential impairment as their book value was in excess of their market value. Management asserts that certain properties are designated as Heritage properties by the City of Calgary and the value will be recovered through long term tenant agreements with or direct sales to third parties. For those parcels not sold to third parties, the land inventory will be transferred to the City of Calgary at cost. Therefore, management believes that no impairment of land inventory exists at December 31, 2014.
33. Management have declared the true intent for items classified as land inventory and have appropriately classified items as land inventory versus tangible capital assets.

Flood

34. Management asserts that through their analysis of the construction contract with Graham Construction for the St. Patrick's Bridge that all damages resulting from the June 2013 flood will be completed by Graham Construction. All costs associated with repairing the bridge to pre-June 2013 condition will be funded by Graham Construction through Graham Construction's Insurance provider.

Yours truly,

Calgary Municipal Land Corporation

Mr. Michael Brown, President and CEO

Mr. Kondwani Bwanali, Director, Finance and Administration

Appendix A

Calgary Municipal Land Corporation

Summary of corrected and uncorrected misstatements and disclosure deficiencies

Year ended December 31, 2014

Summary of corrected misstatements

None identified

Summary of uncorrected misstatements

None identified

Summary of disclosure deficiencies

None identified

Appendix 4 – Communication requirements

In our audit plan, we committed to communicate certain items to the Audit Committee on a regular basis or as specified events occur. These items are summarized below.

| Required communication | Refer to this report or document described below |
|---|--|
| 1. Our responsibilities under Canadian GAAS | Audit plan communicated on December 12, 2014 |
| 2. Our audit strategy and scope, including our approach to auditing financial information of components of the group audit and our planned involvement in work performed by component auditors | Audit plan communicated on December 12, 2014 |
| 3. Management judgment and accounting estimates | Management judgment and accounting estimates |
| 4. Audit adjustments | Uncorrected misstatements |
| 5. Uncorrected and corrected misstatements and disclosure deficiencies | Uncorrected misstatements and Unadjusted disclosure deficiencies |
| 6. Our views about significant qualitative aspects of CMLC's accounting practices, including accounting estimates | Management judgment and accounting estimates |
| 7. Disagreements with management | Disagreements with management |
| 8. Our views about significant matters that were the subject of consultation with other accountants | Consultation with other accountants |
| 9. Significant difficulties, if any, encountered during the audit | Significant difficulties encountered in performing the audit |
| 10. All deficiencies in internal control that existed as of the date of management's assessment that were concluded to be material weaknesses in internal control | Internal control |
| 11. Material written communications between management and us | Engagement letter and audit plan dated December 12, 2014 and this year-end report |
| 12. All relationships between CMLC and us that, in our professional judgment, may reasonably be thought to bear on independence | Independence – Appendix 2 |
| 13. A statement that, in our judgment, our engagement team and others in our Firm as appropriate, our Firm itself and, when applicable, network firms have complied with relevant ethical requirements regarding independence | Independence – Appendix 2 |
| 14. Illegal or possibly illegal acts | None identified based on audit procedures performed for the year ended December 31, 2014 |

| Required communication | Refer to this report or document described below |
|--|--|
| 15. Fraud or possible fraud identified through the audit process | None identified based on audit procedures performed for the year ended December 31, 2014 |
| 16. Non-compliance with laws and regulations that come to the auditor's attention | Legal and regulatory compliance |
| 17. Matters that are significant to the oversight of the financial reporting process | All matters are documented within this year end communication document |
| 18. Limitations placed on our scope | Audit strategy and scope |
| 19. Written management representations the auditor is requesting | Draft management representation letter – Appendix 3 |



www.deloitte.ca

Deloitte, one of Canada's leading professional services firms, provides audit, tax, consulting, and financial advisory services. Deloitte LLP, an Ontario limited liability partnership, is the Canadian member firm of Deloitte Touche Tohmatsu Limited. Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

© Deloitte LLP and affiliated entities.