
**Financial statements of
Calgary Municipal Land Corporation**

December 31, 2018

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Independent Auditor's Report

To the Shareholder of
Calgary Municipal Land Corporation

Opinion

We have audited the financial statements of Calgary Municipal Land Corporation ("CMLC"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CMLC as at December 31, 2018, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of CMLC in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing CMLC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate CMLC or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CMLC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CMLC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CMLC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
May 10, 2019

Calgary Municipal Land Corporation

Statement of financial position

As at December 31, 2018

	Notes	2018 \$	2017 \$
Financial assets			
Cash and cash equivalents	3	—	15,005,193
Accounts receivable	12 and 13a	11,115,182	10,621,077
Infrastructure development assets	6	174,864,632	416,951,068
Land inventory	7	120,151,197	113,104,510
		306,131,011	555,681,848
Financial liabilities			
Bank indebtedness	9	12,950,857	—
Accounts payable and accrued liabilities	4 and 13a	11,385,813	6,964,136
Holdbacks payable		1,055,576	13,903,418
Interest payable	13a	3,006,183	2,820,438
Developer deposits	5	121,085	3,339,935
Long-term debt	10	240,730,994	394,322,933
Share capital	11	1	1
		269,250,509	421,350,861
Net financial assets		36,880,502	134,330,987
Non-financial assets			
Prepaid expenses		101,447	128,333
Tangible capital assets	8	72,475,204	10,508,619
		72,576,651	10,636,952
Accumulated surplus		109,457,153	144,967,939

The accompanying notes are an integral part of the financial statements.

Calgary Municipal Land Corporation
Statement of operations and accumulated surplus
Year ended December 31, 2018

	Notes	Budget (Note 16)	2018 Actual	2017 Actual
		\$	\$	\$
Revenue				
Community revitalization levy		38,000,000	35,736,157	34,251,064
Interest		10,000	37,755	25,325
Rental		1,371,600	2,133,870	2,351,641
Project management fees		381,000	1,277,870	970,991
Miscellaneous		45,000	1,140,665	82,829
Insurance proceeds		—	—	1,839,205
		39,807,600	40,326,317	39,521,055
Expenses				
Salaries and employee benefits		2,800,000	2,783,199	2,706,038
Miscellaneous expenses		—	1,509,000	—
Site servicing and remediation		—	—	5,038,707
General administration		3,100,000	2,919,994	2,706,186
Repair and maintenance – East Village		1,350,000	1,531,296	1,236,822
Amortization expense	8	—	3,303,979	1,511,175
Interest – debentures		7,760,000	7,538,931	7,004,293
Loan administration fees		—	546,665	495,442
Financing charges		195,000	191,379	36,666
		15,205,000	20,324,443	20,735,329
Excess of revenues over expenses before donations and contributions		24,602,600	20,001,874	18,785,726
Donations and contributions	10	—	55,512,660	102,500
(Deficiency) excess of revenues over expenses after donations and contributions				
Accumulated surplus, beginning of year		24,602,600	(35,510,786)	18,683,226
Accumulated surplus, end of year		144,967,939	144,967,939	126,284,713
		169,570,539	109,457,153	144,967,939

The accompanying notes are an integral part of the financial statements.

Calgary Municipal Land Corporation

Statement of cash flows

Year ended December 31, 2018

	Notes	2018 Actual	2017 Actual
		\$	\$
Operating activities			
(Deficiency) excess of revenues over expenses after donations and contributions		(35,510,786)	18,683,226
Items not affecting cash			
Amortization expense	8	3,303,979	1,511,175
Transfer of assets from infrastructure development assets to tangible capital assets	8	(65,116,793)	(3,298,392)
		(97,323,600)	16,896,009
Change in non-cash working capital			
Accounts receivable		(494,105)	14,481,053
Infrastructure development assets		242,086,436	(73,170,803)
Acquisition of land inventory (net)		(7,046,687)	(24,014,255)
Accounts payable and accrued liabilities		4,421,677	(5,386,795)
Holdbacks payable		(12,847,842)	6,867,368
Interest payable		185,745	163,766
Prepaid expense		26,886	(43,905)
Developer deposits		(3,218,850)	200
		125,789,660	(64,207,362)
Capital activity			
Acquisition of tangible capital assets	8	(153,771)	(524,330)
Financing activites			
Change in bank indebtedness	9	12,950,857	—
Infrastructure debentures		26,000,000	26,500,000
Repayment of debenture principal		(13,953,690)	(11,366,346)
City of Calgary advance for the New Central Library		—	(10,000,000)
Repayment of mortgage		(194,996)	—
Fort Calgary advance		500,000	—
City of Calgary Loan for the New Central Library		(175,000,000)	64,408,934
Calgary Parking Authority loan for the 9th Avenue Parkade		3,247,223	841,859
Calgary Parking Authority advance for the 9th Avenue Parkade		5,000,000	—
Innovation Centre loan		809,524	—
		(140,641,082)	70,384,447
(Decrease) increase in cash and cash equivalents		(15,005,193)	5,652,755
Cash and cash equivalents, beginning of year		15,005,193	9,352,438
Cash and cash equivalents, end of year		—	15,005,193
Cash and Cash equivalents consist of			
Cash	3	—	1,505,193
Cash equivalents	3	—	13,500,000
		—	15,005,193

The accompanying notes are an integral part of the financial statements.

Calgary Municipal Land Corporation
Statement of changes in net financial assets
Year ended December 31, 2018

	Notes	Budget (Note 16)	2018 Actual	2017 Actual
		\$	\$	\$
(Deficiency) excess of revenues over expenses after donations and contributions		24,602,600	(35,510,786)	18,683,226
Amortization expense	8	—	3,303,979	1,511,175
Transfer of assets from infrastructure development assets to tangible capital assets	8	—	(65,116,793)	(3,298,392)
Acquisition of tangible capital assets	8	—	(153,771)	(524,330)
Use of Prepaid expenses		—	26,886	(43,905)
(Decrease) increase in net financial assets		24,602,600	(97,450,485)	16,327,774
Net financial assets, beginning of year		134,330,987	134,330,987	118,003,213
Net financial assets, end of year		158,933,587	36,880,502	134,330,987

The accompanying notes are an integral part of the financial statements.

Calgary Municipal Land Corporation

Notes to the financial statements

December 31, 2018

1. Description of business

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

The Corporation was formed to implement public infrastructure improvements that will be the catalyst for private and public sector real estate development.

2. Significant accounting policies

Basis of presentation

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

Basis of accounting

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

Cash and cash equivalents

Cash and cash equivalents consist of cash in the bank and cashable investments that are highly liquid and easily convertible to cash.

Land inventory

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

Infrastructure development assets

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

Non-financial assets

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

Calgary Municipal Land Corporation

Notes to the financial statements

December 31, 2018

2. Significant accounting policies (continued)

Accumulated surplus or deficit

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

Tangible capital assets

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

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

Amortization commences in the first full month of ownership.

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

Revenue recognition

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

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

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

Miscellaneous revenue includes Sales Centre management fees and advertising revenue on the East Village magazine. Sales Centre management fees and advertising revenues are recognized when service is completed. Miscellaneous revenue also includes revenue that does not fall into the other revenue categories.

Site servicing

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

Remediation

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

Calgary Municipal Land Corporation

Notes to the financial statements

December 31, 2018

2. Significant accounting policies (continued)

Use of estimate

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

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

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

Adoption of new accounting standards

CMLC has prospectively adopted the following standards effective January 1, 2018: PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights where applicable which are reflected in Notes 10, 13, 17, and 18.

When adopting these new accounting standards, certain balances in the notes to the financial statements were prospectively disclosed only.

Future accounting pronouncements

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

Standards effective beginning on or after April 1, 2018

(a) Restructuring Transactions (effective January 1, 2019)

Restructuring Transactions ("PS 3430") establishes how to record assets, liabilities, revenues, and expenses related to restructuring transactions as well as disclosure requirements for the recipient and transferor.

(b) Asset Retirement Obligations (effective January 1, 2022)

Asset Retirement Obligations ("PS 3280") provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

(c) Revenue (effective January 1, 2023)

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

Calgary Municipal Land Corporation**Notes to the financial statements**

December 31, 2018

3. Cash and cash equivalents

	2018 \$	2017 \$
Cash	—	1,505,193
Cash equivalents	—	13,500,000
	—	15,005,193

4. Accounts payable and accrued liabilities

	2018 \$	2017 \$
Accounts payable	4,751,558	4,773,234
Vacation pay accrual	67,567	59,735
Accrued liabilities	6,566,688	2,131,167
	11,385,813	6,964,136

5. Developer deposits

	2018 \$	2017 \$
Developer deposits	121,085	3,339,935

Developer deposits of \$121,085 (\$3,339,935 in 2017) are for land purchases and sales agreements and tenant security deposits.

6. Infrastructure development assets

	2018 \$	2017 \$
East Village	84,078,750	112,944,758
New Central Library	—	190,062,699
RiverWalk	24,418,719	24,008,781
4th Street Underpass	55,184,084	54,805,921
The City of Calgary recovery	(28,000,000)	(28,000,000)
St. Patrick's Bridge	—	30,015,512
St. Patrick's Island	20,885,611	20,727,521
West Village	2,919,278	2,907,137
Environmental	5,932,073	6,004,684
Victoria Park	2,594,604	1,884,756
9th Avenue Parkade	5,958,762	1,180,551
Arts Commons	250,314	228,502
David D. Oughton	176,339	165,688
Fifth Street Underpass	453,297	10,430
Fort Calgary	—	4,128
BMO Expansion	12,801	—
	174,864,632	416,951,068

Calgary Municipal Land Corporation**Notes to the financial statements**December 31, 2018

6. Infrastructure development assets (continued)

In 2010 and 2011, CMLC recovered a total of \$28,000,000 from The City for work performed on the 4th Street Underpass as per a cost sharing agreement with The City.

7. Land inventory

	2018 \$	2017 \$
Balance, beginning of year	113,104,510	89,090,255
Additions	7,046,687	24,483,992
Dispositions/transfers	—	(469,737)
Balance, end of year	120,151,197	113,104,510

Calgary Municipal Land Corporation
Notes to the financial statements
December 31, 2018

8. Tangible capital assets

	General tangible capital assets						Infrastructure development assets transferred into tangible capital assets				2018 Total	2017 Total
	Building improvements	Office furniture and equipment	Computer infrastructure	Leasehold improvements	computer software	Sub total	Elbow River Traverse	East Village Infrastructure	St Patrick's Bridge	Sub total		
	Indefinite	5 years	3 years	10 years	3 years	\$	50 years	25 years	50 years	\$	\$	\$
Estimated useful life												
Historical cost												
Beginning of year	8,009,744	359,118	404,524	2,270,279	140,967	11,184,632	3,298,392	—	—	3,298,392	14,483,024	10,660,302
Additions	—	1,044	9,860	24,782	118,085	153,771	—	34,978,948	30,137,845	65,116,793	65,270,564	3,822,722
	8,009,744	360,162	414,384	2,295,061	259,052	11,338,403	3,298,392	34,978,948	30,137,845	68,415,185	79,753,588	14,483,024
Accumulated												
Beginning of year	2,186,862	212,039	302,021	1,086,108	121,407	3,908,437	65,968	—	—	65,968	3,974,405	2,463,230
Amortization expense	776,384	42,539	54,405	323,911	19,560	1,216,799	65,968	816,175	1,205,037	2,087,180	3,303,979	1,511,175
	2,963,246	254,578	356,426	1,410,019	140,967	5,125,236	131,936	816,175	1,205,037	2,153,148	7,278,384	3,974,405
Net book value												
at December 31, 2018	5,046,498	105,584	57,958	885,042	118,085	6,213,167	3,166,456	34,162,773	28,932,808	66,262,037	72,475,204	
Net book value												
at December 31, 2017	5,822,882	147,079	102,503	1,184,171	19,560	7,276,195	3,232,424	—	—	3,232,424		10,508,619

Calgary Municipal Land Corporation

Notes to the financial statements

December 31, 2018

9. Bank indebtedness

As at December 31, 2018, the Corporation had cheques issued in excess of deposits on hand of \$867,549 (nil in 2017).

The Corporation has an approved operating facility with a maximum amount of \$15,000,000, which bears interest, payable monthly, at ATB Financials' prime interest rate plus 0.25% per annum. This facility is secured by a general security agreement pledging all assets and obligations of the Corporation. As at December 31, 2018, the operating facility had a balance owing of \$12,083,308 (nil in 2017).

The total bank indebtedness as at December 31, 2018 was \$12,950,857 (nil in 2017).

10. Long-term debt

	2018 \$	2017 \$
Debentures	193,821,816	193,084,052
Mortgages	8,307,052	8,502,048
Calgary Parking Authority advance for the 9th Avenue Parkade	5,000,000	—
Calgary Parking Authority loan for the 9th Avenue Parkade	4,089,082	841,859
Innovation Centre loan	809,524	—
Fort Calgary Advance	500,000	—
City of Calgary loan for the New Central Library	—	175,000,000
Add: current portion	212,527,474	377,427,959
	28,203,520	16,894,974
	240,730,994	394,322,933

As of December 31, 2018, the Corporation issued \$26 million (\$26.5 million in 2017) in debentures from The City through arrangements with Alberta Capital Finance Authority ("ACFA"). Total debentures outstanding including current portion at December 31, 2018 were \$222,025,336 (\$209,979,026 in 2017).

Calgary Municipal Land Corporation

Notes to the financial statements

December 31, 2018

10. Long-term debt (continued)

Debenture details are as follows:

Debenture no.	Interest rate %	Maturity date	2018 \$	2017 \$
D20080001	4.660	16/06/2028	14,402,677	15,000,000
D20080009	4.791	16/06/2028	14,000,000	14,000,000
D20080016	4.736	15/09/2028	11,000,000	11,000,000
D20090005	5.222	16/03/2029	8,000,000	8,000,000
D20090012	5.125	15/06/2029	10,000,000	10,000,000
D20090019	4.880	15/09/2029	8,000,000	8,000,000
D20100003	4.390	15/03/2025	4,691,051	5,000,000
D20100004	4.362	15/06/2025	15,000,000	15,000,000
D20100015	3.947	15/09/2025	13,000,000	13,000,000
D20110006	3.569	15/06/2026	8,380,364	9,270,822
D20110010	3.013	15/09/2026	5,886,482	6,528,138
D20120002	2.769	15/03/2027	4,933,400	5,441,586
D20120008	2.599	17/09/2027	6,457,441	7,086,629
D20130003	2.229	15/03/2023	3,342,533	4,041,117
D20140006	2.512	16/06/2024	9,445,060	10,886,223
D20140012	2.404	15/09/2024	6,284,153	7,246,673
D20140015	2.314	15/12/2024	4,055,063	4,626,831
D20150008	1.835	15/09/2025	3,594,676	4,071,700
D20160007	1.782	15/09/2026	13,836,900	15,432,479
D20160009	2.299	15/12/2026	9,505,939	10,507,661
D20170001	1.660	15/03/2022	3,543,151	4,518,392
D20170002	2.277	15/03/2027	3,456,181	3,820,775
D20170008	2.671	15/09/2027	7,747,833	8,500,000
D20170009	2.270	15/09/2022	1,617,851	2,000,000
D20170013	2.532	15/12/2027	6,690,243	7,000,000
D20180003	2.716	15/03/2026	14,154,338	—
D20180009	2.685	15/06/2026	7,000,000	—
D20180010	2.870	17/09/2026	4,000,000	—
			222,025,336	209,979,026

As of December 31, 2018, mortgages of \$8,307,052 (\$8,502,048 in 2017) held by The City relate to developable land parcels transferred to CMLC. The mortgages are due on the earlier of December 31, 2019 or when CMLC closes a sale of the related land to a third party. The mortgages are secured by land and are non-interest bearing.

CMLC and the City of Calgary signed a Credit Agreement to fund the construction of the 9th Avenue Parkade on behalf of Calgary Parking Authority. The Credit Agreement is for a maximum loan amount of \$57,500,000 which is interest free, secured by a mortgage on title. As of December 31, 2018, an amount of \$5,000,000 of The City of Calgary's contribution to the 9th Avenue Parkade project budget was received on behalf of Calgary Parking Authority as an advance to CMLC to fund working capital for the 9th Avenue Parkade project. The City of Calgary has also funded \$4,089,082 (\$841,859 in 2017) to the 9th Avenue Parkade project on behalf of Calgary Parking Authority by the end of December 2018.

Calgary Municipal Land Corporation

Notes to the financial statements

December 31, 2018

10. Long-term debt (continued)

The New Central Library project was substantially completed in September 2018 and officially opened to the public on November 1, 2018. As of December 31, 2018, CMLC has transferred \$230,346,720 of the New Central Library asset to The City of this amount, \$175,000,000 was removed from the New Central Library loan, which represented The City's full contribution to the New Central Library project. As of December 31, 2018, CMLC also contributed \$55,346,720 of the CMLC committed amount of \$70,000,000. The \$55,346,720 was recognized as a donation expense and it represented 99.7% of the total donation expense of \$55,512,660 (\$102,500 in 2017) recognized for the year.

Long-term debt is repayable as follows:

	\$
2019	37,010,573
2020	36,037,820
2021	26,998,451
2022	27,366,169
Thereafter	<u>113,317,981</u>
	<u>240,730,994</u>

11. Share capital

Authorized, unlimited number

Common shares

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

12. Accounts receivable

	2018 \$	2017 \$
The City of Calgary	9,072,203	8,408,324
Canada Revenue Agency	210,774	195,821
Calgary Parking Authority	1,395,200	1,654,780
Calgary Public Library	18,410	227,590
Other receivables	418,595	134,562
	11,115,182	10,621,077

13. Transactions with The City and City entities

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

Calgary Municipal Land Corporation**Notes to the financial statements**

December 31, 2018

13. Transactions with The City and City entities (continued)(a) *Transactions with The City and City entities*

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

	2018	2017
	\$	\$
ENMAX	320,984	539,925
The City of Calgary	3,457,159	9,050,668
Calgary Public Library	1,356,436	114,364
Calgary Arts Development	950	—
Calgary Economic Development	130,000	—
Calgary Parking Authority	303,250	—
	5,568,779	9,704,957

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

During the year, principal in the amount of \$13,953,688 (\$11,366,346 in 2017), interest in the amount of \$7,353,186 (\$6,840,526 in 2017), and administrative fees of \$519,384 (\$469,990 in 2017) relating to ACFA debentures was paid to The City.

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

	2018	2017
	\$	\$
ENMAX	1,335,228	852,689
The City of Calgary	555,829	327,279
Calgary Public Library	776,798	—
Calgary Housing Company	2,362	—
	2,670,217	1,179,968

Amounts payable to ENMAX are for infrastructure and energy related goods and services. Amounts payable to The City include interest of \$3,006,183 (\$2,820,438 in 2017) infrastructure upgrade work, application fees and property taxes.

Calgary Municipal Land Corporation**Notes to the financial statements**

December 31, 2018

13. Transactions with The City and City entities (continued)(a) *Transactions with The City and City entities (continued)*

Revenue from The City and City entities was as follows:

	2018 \$	2017 \$
Community Revitalization Levy	35,736,157	34,251,064
Calgary Parking Authority	1,301,678	2,577,167
Calgary Public Library	102,500	307,040
The City of Calgary	1,210,416	1,163,020
Calgary Housing Company	3,563	—
Calgary Economic Development	600	—
	38,354,914	38,298,291

Revenues from Calgary Parking Authority are related to profits from CMLC land that are managed by Calgary Parking Authority as parking lots. Revenue from the Calgary Public Library related to rent from the Hillier building lease which is a donation expense to CMLC.

Receivables from The City and City entities were as follows:

	2018 \$	2017 \$
The City of Calgary	9,072,203	8,408,324
Calgary Parking Authority	1,395,200	1,654,780
Calgary Public Library	18,410	—
Calgary Economic Development	630	—
	10,486,443	10,063,104

Receivables from The City are mainly related to the fourth quarter of 2018 CRL payment.

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

As of December 31, 2018, there were no significant transactions and no non-arm's length transactions between CMLC and key management personnel, their close family members, and other entities that they or their close family members have influence over the decision-making process.

14. Letters of credit

In the normal course of operations, letters of credit are issued to The City to facilitate the issuance of development permits necessary to undertake infrastructure work. The Corporation issued letters of credit in the amount of \$1,668,500 which is secured under a general security agreement with ATB Financial as at December 31, 2018 (\$1,643,500 in 2017).

Calgary Municipal Land Corporation

Notes to the financial statements

December 31, 2018

15. Financial instruments

Credit risk

The Corporation's credit risk is primarily attributable to its accounts receivables.

The Corporation's credit risk is limited as 94% (97% in 2017) of the Corporation's accounts receivable balance at December 31, 2018 is due from The City, with the remaining balance comprising Goods and Services Tax receivable, insurance proceeds and chargebacks.

Fair value

The fair values of cash and cash equivalents, accounts receivable, term deposit, mortgages receivable, accounts payable and accrued liabilities, holdbacks payable and interest payable approximate their carrying values due to their short-term maturity. The estimated fair value of the debentures is \$194,973,980 (\$173,961,541 in 2017). The estimated fair value is based on current lending rates with similar maturities obtainable from AFCA.

16. 2018 budget

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

17. Contractual obligations and commitments

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

	Obligations under operating leases and contracts	Obligations under capital projects	Total
	\$	\$	\$
2019	331,010	23,059,727	23,390,737
2020	—	17,759,231	17,759,231
2021	—	15,783,095	15,783,095
2022	—	75,497,843	75,497,843
2023	—	163,130,661	163,130,661
Thereafter	—	38,813,443	38,813,443
	331,010	334,044,000	334,375,010

Major commitments included in the above figures are commitments for the development management and funding of the BMO Convention Centre.

Capital commitments of \$21,514,551 are not reflected in the financial statements. This amount represents uncompleted portions of contracts, as at December 31, 2018, on major projects and estimated obligations under other various agreements.

Calgary Municipal Land Corporation**Notes to the financial statements**December 31, 2018

18. Contractual rights

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

	Rights under operating leases and contracts	Rights under project management	Total
	\$	\$	\$
2019	252,340	1,944,765	2,197,105
2020	292,794	1,944,765	2,237,559
2021	307,152	1,290,879	1,598,031
2022	307,152	1,290,879	1,598,031
2023	307,152	1,290,879	1,598,031
Thereafter	460,728	1,613,599	2,074,327
	1,927,318	9,375,766	11,303,084

19. Comparative figures

Certain comparative figures have been reclassified to conform to current year's presentation.