

Financial Statements of

**CITY OF MISSISSAUGA  
PORT CREDIT BUSINESS  
IMPROVEMENT AREA**

And Independent Auditor's Report thereon

Year ended December 31, 2022



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## INDEPENDENT AUDITOR'S REPORT

To the Members of City of Mississauga Port Credit Business Improvement Area, Council, Inhabitants and Ratepayers of The Corporation of the City of Mississauga

### ***Opinion***

We have audited the financial statements of City of Mississauga Port Credit Business Improvement Area (the Entity), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its results of operations, its change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity 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 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, 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.



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- 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 Entity'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 the Entity'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 Entity 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.
- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 7, 2023

# CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
<b>Financial Assets</b>		
Cash	\$ 157,584	\$ 224,367
Investment (note 2)	267,849	39,725
Accounts receivable	39,137	82,982
	<u>464,570</u>	<u>347,074</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	91,232	38,071
Due to The Corporation of the City of Mississauga (note 3)	35,508	724
Deferred revenue	24,232	–
	<u>150,972</u>	<u>38,795</u>
Net financial assets	313,598	308,279
<b>Non-Financial Assets</b>		
Prepaid expenses	8,664	12,491
Tangible capital assets (note 4)	157,822	151,446
Commitment (note 7)		
Accumulated surplus (note 5)	<u>\$ 480,084</u>	<u>\$ 472,216</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Treasurer

# CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022 (note 8)	Actual 2022	Actual 2021
<b>Revenue:</b>			
Special levy on business assessment	\$ 785,000	\$ 796,482	\$ 800,276
Fundraising	246,700	49,924	46,847
Grant	32,000	21,697	42,934
Contributed tangible capital assets by the City of Mississauga	–	–	4,395
Interest	1,500	9,527	1,611
	<u>1,065,200</u>	<u>877,630</u>	<u>896,063</u>
<b>Expenses:</b>			
Office and general (note 6)	374,700	295,748	290,538
Beautification and maintenance	265,000	238,532	268,516
Project expenses	137,000	159,317	103,631
Sponsorships	77,000	46,946	58,000
Amortization of tangible capital assets	150,000	67,088	48,572
Advertising and promotion	56,500	38,587	46,597
Loss on disposal of tangible capital assets	–	8,750	8,161
Business development (note 6)	5,000	10,264	3,569
Repairs and maintenance	–	4,530	381
	<u>1,065,200</u>	<u>869,762</u>	<u>827,965</u>
Annual surplus	–	7,868	68,098
Accumulated surplus, beginning of year	–	472,216	404,118
<b>Accumulated surplus, end of year (note 5)</b>	<b>\$ –</b>	<b>\$ 480,084</b>	<b>\$ 472,216</b>

See accompanying notes to financial statements.

# CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

## Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Annual surplus	\$ 7,868	\$ 68,098
Additions to tangible capital assets	(82,214)	(80,320)
Amortization of tangible capital assets	67,088	48,572
Loss on disposal of tangible capital assets	8,750	8,161
Change in prepaid expenses	3,827	13,670
Change in net financial assets	5,319	58,181
Net financial assets, beginning of year	308,279	250,098
Net financial assets, end of year	\$ 313,598	\$ 308,279

See accompanying notes to financial statements.

# CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

## Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 7,868	\$ 68,098
Items not involving cash:		
Amortization of tangible capital assets	67,088	48,572
Contributed tangible capital assets by the City of Mississauga	–	(4,395)
Loss on disposal of tangible capital assets	8,750	8,161
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	43,845	(21,976)
Decrease in prepaid expenses	3,827	13,670
Increase (decrease) in accounts payable and accrued liabilities	60,151	(3,803)
Increase (decrease) in due to The Corporation of the City of Mississauga	27,794	(35,321)
Increase (decrease) in deferred revenue	24,232	–
	243,555	73,006
Capital activities:		
Additions to tangible capital assets	(82,214)	(75,925)
Investing activities:		
Increase in investment	(228,124)	–
Decrease in cash	(66,783)	(2,919)
Cash, beginning of year	224,367	227,286
Cash, end of year	\$ 157,584	\$ 224,367

See accompanying notes to financial statements.



# CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2022

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On December 20, 1984, the Council of The Corporation of the City of Mississauga (the "City") passed a by-law pursuant to the Municipal Act, to designate an area as an improvement area to be known as the Port Credit Business Improvement Area (the "Organization"). The Organization was entrusted with the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the area, beyond such improvement, beautification and maintenance as provided at the expense of the municipality at large, and with the promotion of the area as a business or shopping area.

## 1. Significant accounting policies:

The financial statements of City of Mississauga Port Credit Business Improvement Area are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

### (a) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable. Expenses are the cost of goods or services acquired in the year, whether or not payment has been made or invoices received.

### (b) Revenue:

The special levy on business assessment represents the amounts levied by the on behalf of the Organization. Fundraising and interest revenue is recognized on an accrual basis.

### (c) Investment:

Investment consists of a guaranteed investment certificate with original date to maturity of 91 days or longer and is recorded at amortized cost.

# CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (d) Tangible capital assets:

Tangible capital 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 ordinary course of operations.

Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt and are recorded as contributed assets in the statement of operations and accumulated surplus.

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization of tangible capital assets is provided on a straight-line basis as follows:

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Machinery and equipment	4 years
Furniture and fixtures	4 years
Leasehold improvements	5 years

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### (e) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

# CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (f) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2022, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

- (i) PS 1201, Financial Statement Presentation, was issued in June 2011. This standard requires entities to present a new statement of remeasurement gains and losses separate from the statement of operations and accumulated surplus. This new standard includes unrealized gains and losses arising from remeasurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is effective for fiscal years beginning on or after April 1, 2022 and applies when PS 3450, Financial Instruments, and PS 2601, Foreign Currency Translation, are adopted (the Organization's December 31, 2023 year-end).
- (ii) PS 3450, Financial Instruments, establishes the standards on accounting for and reporting all types of financial instruments including derivatives. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Organization's December 31, 2023 year-end).
- (iii) PS 2601, Foreign Currency Translation, establishes the standards on accounting for and reporting transactions that are denominated in a foreign currency. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Organization's December 31, 2023 year-end). Earlier adoption is permitted. A public sector entity adopting this standard must also adopt the new financial instruments standard.
- (iv) PS 3041, Portfolio Investments, replaces PS 3040 - Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of portfolio investments to conform to PS 3450 - Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030, Temporary Investments, will no longer apply. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Organization's December 31, 2023 year-end).

# CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

- (v) PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets either in productive use or no longer in productive use. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Organization's December 31, 2023 year-end).
- (vi) PS 3160, Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Organization's December 31, 2023 year-end).
- (vii) PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Organization's December 31, 2024 year-end).
- (viii) Public Sector Guideline 8 Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the Organization's December 31, 2024 year-end).

## 2. Investment:

Investment consists of a guaranteed investment certificate bearing interest at 0.75% with a maturity date of February 2023.

# CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2022

### 3. Due to The Corporation of the City of Mississauga:

The amount due to the City includes the cumulative underlevy as at December 31, 2022 and an invoice in the amount of \$6,990 for an event hosted in October 2022. The amount is non-interest bearing and payable on demand.

### 4. Tangible capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Machinery and equipment	\$ 355,377	\$ 209,179	\$ 146,198	\$ 133,651
Furniture and fixtures	21,838	18,944	2,894	4,510
Leasehold improvements	22,775	14,045	8,730	13,285
	<b>\$ 399,990</b>	<b>\$ 242,168</b>	<b>\$ 157,822</b>	<b>\$ 151,446</b>

Included in tangible capital assets are contributed assets donated from the City of Mississauga for street banners during the year with an amount of nil (2021 - \$4,395).

### 5. Accumulated surplus:

Accumulated surplus at December 31 comprises the following:

	2022	2021
Invested in tangible capital assets	\$ 157,822	\$ 151,446
Reserve for working capital needs	322,262	320,770
	<b>\$ 480,084</b>	<b>\$ 472,216</b>

### 6. Related party transactions:

Office and general and business development expenses include \$353 (2021 - \$394) of services provided by a company owned by a member of the Board of Directors.

# CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2022

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**6. Related party transactions (continued):**

The Organization recorded nil of special event - Art at the Port funding revenue (2021 - \$7,500), and nil other grants revenue (2021 - \$1,000) received from the City.

**7. Commitment:**

The Organization has an operating lease arrangement with the City for its office premises, expiring July 31, 2024.

Amounts payable under this lease are as follows:

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2023	\$ 17,681
2024	10,492
	<hr/> <b>\$ 28,173</b> <hr/>

**8. Budget data:**

The audited budget information presented in these financial statements is based on the budget approved by City Council on December 8, 2021.