

Financial Statements of

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

And Independent Auditors' Report thereon

Year ended December 31, 2020



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INDEPENDENT AUDITORS' 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, 2020
- the statement of operations and accumulated surplus for the year then ended
- the statement of change 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, 2020, 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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.



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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.

Auditors' 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 auditors' 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.



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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 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 auditors' 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 auditors' 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

March 29, 2021

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial Assets:		
Cash	\$ 227,286	\$ 133,554
Investment (note 2)	39,725	-
Accounts receivable	61,006	62,252
	<u>328,017</u>	<u>195,806</u>
Financial Liabilities:		
Accounts payable and accrued liabilities	\$ 41,874	\$ 31,244
Due to The Corporation of the City of Mississauga (note 3)	36,045	19,703
	<u>77,919</u>	<u>50,947</u>
Net financial assets	250,098	144,859
Prepaid expenses	26,161	5,985
Tangible capital assets (note 4)	127,859	88,453
Commitment (note 7)		
Accumulated surplus (note 5)	<u>\$ 404,118</u>	<u>\$ 239,297</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director _____ Director

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Statement of Operations and Accumulated Surplus

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget	2020	2019
Revenue:			
Special levy on business assessment	\$ 901,000	\$ 864,955	\$ 836,830
Fundraising	78,300	120,386	52,619
Interest income	-	2,110	3,111
	<u>979,300</u>	<u>987,451</u>	<u>892,560</u>
Expenses:			
Office and general (note 6)	287,600	264,270	273,328
Beautification and maintenance	346,000	301,339	206,219
Project expenses	105,800	111,632	133,790
Advertising and promotion	81,500	88,359	49,484
Sponsorships	80,000	10,500	80,500
Amortization of tangible capital assets	-	26,009	33,162
Business development (note 6)	20,000	1,364	18,052
Information technology	5,000	15,050	-
Repairs and maintenance	20,000	4,107	4,396
Loss on disposal	-	-	12,655
	<u>945,900</u>	<u>822,630</u>	<u>811,586</u>
Annual surplus	33,400	164,821	80,974
Accumulated surplus, beginning of year	239,297	239,297	158,323
Accumulated surplus, end of year (note 5)	<u>\$ 272,697</u>	<u>\$ 404,118</u>	<u>\$ 239,297</u>

See accompanying notes to financial statements.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Statement of Change in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 164,821	\$ 80,974
Additions to tangible capital assets	(65,415)	(94,244)
Amortization of tangible capital assets	26,009	33,162
Loss on disposal of tangible capital assets	-	12,655
Change in prepaid expenses	(20,176)	4,325
Change in net financial assets	105,239	36,892
Net financial assets, beginning of year	144,859	107,967
Net financial assets, end of year	\$ 250,098	\$ 144,859

See accompanying notes to financial statements.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 164,821	\$ 80,974
Items not involving cash:		
Amortization of tangible capital assets	26,009	33,162
Loss on disposal of tangible capital assets	-	12,655
Changes in non-cash operating working capital:		
Increase (decrease) in accounts receivable	1,246	(17,357)
Increase (decrease) in prepaid expenses	(20,176)	4,325
Increase (decrease) in accounts payable and accrued liabilities	10,630	(3,202)
Increase in due to The Corporation of the City of Mississauga	16,342	4,514
	198,872	(115,071)
Investing activities:		
Increase in investment	(39,725)	-
Capital activities:		
Additions to tangible capital assets	(65,415)	(94,224)
Increase in cash	93,732	20,847
Cash, beginning of year	133,554	112,707
Cash, end of year	\$ 227,286	\$ 133,554

See accompanying notes to financial statements.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

On December 20, 1984, the Council of the Corporation of the City of Mississauga 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 revenues as they become available and measurable. Expenses are the cost of goods or services acquired in the period, whether or not payment has been made or invoices received.

(b) Revenue:

The special levy on business assessment represents the amounts levied by The Corporation of the City of Mississauga on behalf of the Organization.

(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.

(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.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

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:

Asset	Basis	Rate
Machinery and equipment	Straight-line	4 years
Furniture and fixtures	Straight-line	4 years
Leasehold improvements	Straight-line	5 years

(e) Use of estimates:

The preparation of 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.

2. Investment:

Investment consists of a guaranteed investment certificate bearing interest at 0.75% (2019 - nil) with a maturity date of January 2022 (2019 - nil).

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

The amount due to The Corporation of the City of Mississauga includes the cumulative underlevy as at December 31, 2020. The amount is non-interest bearing and payable on demand.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Tangible capital assets:

			2020		2019	
	Cost	Accumulated amortization	Net book value	Net book value		
Machinery and equipment	\$ 214,093	\$ 106,724	\$ 107,369	\$ 64,583		
Furniture and fixtures	18,748	16,098	2,650	1,475		
Leasehold improvements	22,775	4,935	17,840	22,395		
	\$ 255,616	\$ 127,757	\$ 127,859	\$ 88,453		

5. Accumulated surplus:

The accumulated surplus at December 31 comprised the following:

	2020		2019	
Invested in tangible capital assets	\$	127,859	\$	88,453
Reserves for working capital needs		276,259		150,844
	\$	404,118	\$	239,297

6. Related party transactions:

Office and general and business development expenses includes \$1,140 (2019 - \$4,000) of services provided by a company owned by a member of the Board of Directors. There are nil (2019 - nil) amounts included in accounts payable and accrued liabilities in respect of these related party transactions.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

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 is as follows:

2021	\$	16,666
2022		17,166
2023		17,681
2024		10,492
	\$	62,005

8. Financial risk management:

It is management's opinion that the Association is not exposed to significant liquidity, interest rate, credit, market, or cash flow risk. There has been no change to the risk exposure from 2019, except as noted below.

General economic risk:

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have resulted in a decline in revenues due to the cancellation of events and lockdown measures.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time. These emergency measures and economic impacts could include potential future decreases in revenue and expenses.