

**The Corporation of the City of Mississauga - Tourism Mississauga**  
**Financial Statements**  
**Year Ended December 31, 2021**



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## INDEPENDENT AUDITORS' REPORT

To the Members of City of Council, Inhabitants and Ratepayers of  
 The Corporation of the City of Mississauga

### **Opinion**

We have audited the financial statements of Tourism Mississauga (the Entity), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations 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, 2021, and its results of operations 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.



Page 2

### ***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.

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.



Page 3

- 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

May 3, 2022

	2021	2020
	\$	\$
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<b>Financial Assets</b>		
Due from the City of Mississauga (Note 2)	12,848	11,558
Funding receivable	717	-
<b>Total Financial Assets</b>	<b>13,565</b>	<b>11,558</b>
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<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	219	48
Employee vacation liability	18	-
<b>Total Financial Liabilities</b>	<b>237</b>	<b>48</b>
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<b>Net Financial Assets</b>	<b>13,328</b>	<b>11,510</b>
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<b>Non-Financial Assets</b>		
Prepaid expenses	30	1
<b>Total Non-Financial Assets</b>	<b>30</b>	<b>1</b>
<hr/>		
<b>Accumulated Surplus (Note 6)</b>	<b>13,358</b>	<b>11,511</b>
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	Budget 2021 \$ (Note 3)	Actual 2021 \$	Actual 2020 \$
<b>Revenues</b>			
Municipal Accommodation Tax (Note 4)	4,837	2,909	1,868
External funding	-	717	-
<b>Total Revenues</b>	<b>4,837</b>	<b>3,626</b>	<b>1,868</b>
<b>Expenses</b>			
Purchased services from the City of Mississauga	1,026	1,001	531
Advertising and promotion	535	454	186
Event hosting and partnerships	-	182	-
Subscription and equipment purchases	55	41	31
Staff development	35	34	12
Administrative support charged by the City of Mississauga	23	23	13
Professional services	137	17	10
Communication	2	11	2
Miscellaneous	-	8	-
Transportation	9	6	1
Materials and supplies	69	2	59
External transfers to others	850	-	17
<b>Total Expenses</b>	<b>2,741</b>	<b>1,779</b>	<b>862</b>
<b>Annual surplus</b>	<b>2,096</b>	<b>1,847</b>	<b>1,006</b>
Accumulated surplus, beginning of year	11,511	11,511	10,505
<b>Accumulated surplus, end of year (Note 6)</b>	<b>13,607</b>	<b>13,358</b>	<b>11,511</b>

	2021 Actual \$	2020 Actual \$
<b>Annual surplus</b>	1,847	1,006
Acquisition of prepaid expenses	(30)	(1)
Use of prepaid expenses	1	-
<b>Increase in Net Financial Assets</b>	<b>1,818</b>	<b>1,005</b>
<b>Net Financial Assets, beginning of year</b>	11,510	10,505
<b>Net Financial Assets, end of year</b>	<b>13,328</b>	<b>11,510</b>

	2021 \$	2020 \$
<hr/>		
<b>Cash provided by (used in):</b>		
Operating activities:		
Annual surplus	1,847	1,006
<b>Items not involving cash:</b>		
<b>Change in non-cash working capital:</b>		
Due from the City of Mississauga	(1,290)	(1,053)
Funding receivable	(717)	-
Accounts payable and accrued liabilities	171	48
Employee vacation liabilities	18	-
Prepaid expenses	(29)	(1)
<hr/>		
<b>Net change in cash, beginning of year, end of year</b>	-	-

Tourism Mississauga (the “Corporation”), incorporated under Ontario Regulation 599/06, is a Municipal Services Corporation that was formed to promote tourism in The Corporation of the City of Mississauga (the “City”). The Corporation is owned 100% by the City.

In 2020, 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 include the implementation of travel bans, self-imposed quarantine periods and social distancing.

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.

## **1. Significant Accounting Policies**

The Corporation’s financial statements are prepared by management in accordance with generally accepted accounting principles (GAAP) for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada). Significant aspects of the accounting policies adopted by the Corporation are as follows:

### **a) Basis of accounting**

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become measurable; expenses are the cost of goods and services acquired in the period whether or not payment has been made on invoices received.

### **b) Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They are not intended for sale in the ordinary course of operations.

### **c) 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 revenues and expenses during the period.

Actual results could differ from those estimates.

### **d) External Funding**

Represents revenues recognized from the Corporation’s agreement with Destination Toronto for financial support for a number of projects, including Mississauga Marketing Initiatives, Mississauga Fall Campaign, Mississauga Festival Support, Marketing Study & Assessment and Subscriptions & Software. Revenues are recognized when the corresponding expenses are incurred.

### **e) Employee Vacation Liability**

Vacation entitlements are accrued for as earned by the employee. Values are derived by the employees current wage rate and vacation entitlement, unless specified otherwise in employment contracts or union agreements

**f) Future accounting pronouncements**

These standards and amendments were not yet effective for the year ended December 31, 2021, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated 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 City'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 City'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 City'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 City's December 31, 2023 year-end).

(v) PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. This standard is effective for fiscal years beginning on or after April 1, 2022 (the City'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 City'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 City'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 City's December 31, 2024 year-end).

## 2. Due from the City of Mississauga

This represents the municipal accommodation tax revenue, less net expenses paid by the City on behalf of the Corporation, due from the City. There are no specific terms of repayment and the amounts do not bear any interest due from the City.

## 3. Budget

The 2021 budget was adopted by the Corporation on October 26, 2020, and subsequently approved by City Council on November 25, 2020.

## 4. Municipal Accommodation Tax

This represents 50 percent of the City's net municipal accommodation tax revenue collected during the year.

## 5. Contractual Rights

The Corporation is involved with various contracts and agreements arising in the ordinary course of business. This results in contractual rights to economic resources, leading to both assets and revenue in the future.

The Corporation has a Provincial funding agreement with estimated future funding/recoveries as follows:

	2022	2023	2024	2025	2026	Total
	\$	\$	\$	\$	\$	\$
<b>Contractual Rights</b>						
Provincial Agreements	553	-	-	-	-	553
<b>Total</b>	<b>553</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>553</b>

## 6. Accumulated Surplus

Accumulated surplus consists of surplus and reserves as follows:

	2021	2020
	\$	\$
<b>Surplus:</b>		
Unfunded vacation liability	(18)	-
<b>Reserves Set Aside by Council:</b>		
Tourism Mississauga	13,376	11,510
<b>Total Accumulated Surplus</b>	<b>13,358</b>	<b>11,510</b>