Financial Statements of

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

And Independent Auditor's Report thereon

Year ended December 31, 2023

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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, 2023
- 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, 2023, 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.

- 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

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

May 29, 2024

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial Assets		
Cash	$ 321,163	$ 157,584
Investment (note 2)	268,514	267,849
Accounts receivable	52,212	39,137
	641,889	464,570
Financial Liabilities		
Accounts payable and accrued liabilities	66,857	91,232
Due to The Corporation of the City of Mississauga (note 3)	4,892	35,508
Deferred revenue	–	24,232
	71,749	150,972
Net financial assets	570,140	313,598
Non-Financial Assets		
Prepaid expenses	17,587	8,664
Tangible capital assets (note 4)	77,253	157,822
Commitment (note 7)		
Accumulated surplus (note 5)	$ 664,980	$ 480,084

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, 2023, with comparative information for 2022

	Budget 2023 (note 8)	Actual 2023	Actual 2022
Revenue:			
Special levy on business assessment	$ 930,061	$ 946,443	$ 796,482
Fundraising	122,028	38,633	49,924
Grant	83,940	40,902	21,697
Interest	7,000	36,968	9,527
	1,143,029	1,062,946	877,630
Expenses:			
Office and general (note 6)	380,217	295,338	295,748
Beautification and maintenance	290,350	235,926	238,532
Project expenses	221,962	170,925	159,317
Sponsorships	85,000	67,392	46,946
Amortization of tangible capital assets	95,000	67,399	67,088
Advertising and promotion	65,500	22,486	38,587
Loss on disposal of tangible capital assets	–	13,170	8,750
Business development (note 6)	5,000	4,798	10,264
Repairs and maintenance	–	616	4,530
	1,143,029	878,050	869,762
Annual surplus	–	184,896	7,868
Accumulated surplus, beginning of year	–	480,084	472,216
Accumulated surplus, end of year (note 5)	$ –	$ 664,980	$ 480,084

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, 2023, with comparative information for 2022

	2023	2022
Annual surplus	$ 184,896	$ 7,868
Additions to tangible capital assets	–	(82,214)
Amortization of tangible capital assets	67,399	67,088
Loss on disposal of tangible capital assets	13,170	8,750
Change in prepaid expenses	(8,923)	3,827
Change in net financial assets	256,542	5,319
Net financial assets, beginning of year	313,598	308,279
Net financial assets, end of year	$ 570,140	$ 313,598

See accompanying notes to financial statements.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 184,896	$ 7,868
Items not involving cash:		
Amortization of tangible capital assets	67,399	67,088
Loss on disposal of tangible capital assets	13,170	8,750
Change in non-cash operating working capital:		
Accounts receivable	(13,075)	43,845
Prepaid expenses	(8,923)	3,827
Accounts payable and accrued liabilities	(24,375)	60,151
Due to The Corporation of the City of Mississauga	(30,616)	27,794
Deferred revenue	(24,232)	24,232
	164,244	243,555
Investing activities:		
Additions to tangible capital assets	–	(82,214)
Change in investments	(665)	(228,124)
	(665)	(310,338)
Increase (decrease) in cash	163,579	(66,783)
Cash, beginning of year	157,584	224,367
Cash, end of year	$ 321,163	$ 157,584

See accompanying notes to financial statements.

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 ("PSAB") 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 City 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.

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:

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

(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.

1. Significant accounting policies (continued):

(f) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2023, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of these standards on the future financial statements.

(i) PS 3400, Revenue, establishes a single framework to categorize revenue of 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).

(ii) 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).

(iii) 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 P3s 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. The standard is effective for fiscal years beginning on or after April 1, 2023 (the Organization's December 31, 2024 year end).

1. Significant accounting policies (continued):

(g) Adoption of new accounting policies:

Effective January 1, 2023, the Organization adopted the following standards issued by the PSAB:

(i) PS 3450, Financial Instruments, establishes standards on how to account for and report types of financial instruments including derivatives.

(ii) PS 2601, Foreign Currency Translation, which replaces PS 2600, establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements.

(iii) PS 1201, Financial Statement Presentation, which replaces PS 1200, establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the statement of remeasurement gains and losses, which reports changes in the values of financial assets and financial liabilities arising from their remeasurement at current exchange rates and/or fair value.

(iv) PS 3041, Portfolio Investments, which replaces PS 3040, establishes standards on how to account for and report portfolio investments in government financial statements.

(v) PS 3280, Asset Retirement Obligations, establishes standards on how to account for and report a liability for asset retirement obligations.

PS 1201, Financial Statement Presentation, PS 3450, Financial Instruments, PS 2601, Foreign Currency Translation, and PS 3041, Portfolio Investments, required concurrent adoption and implementation. The Organization implemented the above standards and there was no significant impact on the financial statements.

2. Investments:

Investments consist of two (2022 - one) guaranteed investment certificates bearing interest at 4.6% and 5.2% (2022 - 0.75%) with maturity dates of April 29, 2024 and March 11, 2024 respectively.

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

The amount due to the City includes the cumulative underlevy as at December 31, 2023 (2022 - underlevy). The amount is non-interest bearing and payable on demand.

4. Tangible capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Machinery and equipment	$ 342,207	$ 270,571	$ 71,636	$ 146,198
Furniture and fixtures	21,838	20,396	1,442	2,894
Leasehold improvements	22,775	18,600	4,175	8,730
	$ 386,820	$ 309,567	$ 77,253	$ 157,822

5. Accumulated surplus:

Accumulated surplus at December 31 comprises the following:

	2023	2022
Invested in tangible capital assets	$ 77,253	$ 157,822
Reserve for working capital needs	587,727	322,262
	$ 664,980	$ 480,084

6. Related party transactions:

Office and general and business development expenses include $1,130 (2022 - $353) of services provided by a company owned by a member of the Board of Directors.

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:

2024	$ 10,492

8. Budget data:

The audited budget information presented in these financial statements is based on the budget approved by City Council on April 15,2023.

9. Risk management:

The Organization has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, and market risk (interest rate risk).

(a) Credit risk:

Credit risk is the risk of a financial loss to the Organization if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Organization consisting of accounts receivables and due from City of Mississauga balance. The Organization’s exposure to credit risk associated with accounts receivable and due from City of Mississauga is assessed as low because they are due largely from governments.

9. Risk management (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they become due. The Organization's objective is to have sufficient liquidity to meet these liabilities when due. The Organization monitors its cash balance and cash flows generated from operations to meet its liquidity requirements. The liquidity risk arises from the financial liabilities consisting of accounts payable and accrued liabilities.

(c) Market risk:

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Organization manages its interest rate risk by maintaining a fixed income investment that is not subject to fair valuation fluctuations.