2022 Audited Tourism Mississauga Financial Statements

For the year ended December 31, 2022

Prepared by: Finance Division
Corporate Services Department
City of Mississauga

Management's Responsibility for Financial Reporting

For the year ended December 31, 2022

The accompanying financial statements of Tourism Mississauga (the "Corporation") are the responsibility of the City of Mississauga's (the "City") management and have been prepared in accordance with Canadian Generally Accepted Accounting Principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The City's Finance Division is responsible for the preparation of the Corporation's financial statements and accompanying notes, and include certain amounts based on estimates and judgements. Such amounts have been determined on a reasonable basis to ensure that the Corporation's financial statements are presented fairly in all material respects.

There are four required financial statements: the statement of financial position, the statement of operations, the statement of change in net financial assets, and the statement of cash flows. These Corporation's financial statements provide information on the cost of all the Tourism Mississauga activities, how they were financed, investing activities and the assets and liabilities. The financial statements are reviewed and approved by the Director of Finance and Treasurer.

The City maintains a system of internal and financial controls designed to ensure that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Audit Committee of the City meets with management and the external auditors to review the Corporation's financial statements and discuss any significant financial reporting or internal control matters.

The Corporation's financial statements have been audited by KPMG LLP, independent external auditors appointed by the City's Audit Committee. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's financial statements.

Marisa Chiu
Director of Finance and Treasurer

Victoria Clarke
Director, Tourism Mississauga

Mississauga, Ontario
April 14, 2023

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INDEPENDENT AUDITOR'S 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, 2022
- 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, 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.
KPMG Canada provides services to KPMG LLP.

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

April 14, 2023

Tourism Mississauga
Statement of Financial Position

as at December 31, 2022 with comparatives for 2021
(All dollar amounts are in $000)

	2022 $	2021 $
Financial Assets		
Due from the City of Mississauga (Note 2)	17,066	12,848
Funding receivable	18	717
Total Financial Assets	**17,084**	**13,565**
Financial Liabilities		
Accounts payable and accrued liabilities	334	219
Employee vacation liability	31	18
Total Financial Liabilities	**365**	**237**
Net Financial Assets	**16,719**	**13,328**
Non-Financial Assets		
Prepaid expenses	65	30
Total Non-Financial Assets	**65**	**30**
Accumulated Surplus (Note 5)	**16,784**	**13,358**

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

Tourism Mississauga
Statement of Operations

for the year ended December 31, 2022 with comparatives for 2021
(All dollar amounts are in $000)

	Budget 2022 $ (Note 3)	Actual 2022 $	Actual 2021 $
Revenues			
Municipal Accommodation Tax (Note 4)	4,835	6,093	2,909
External funding	-	553	717
Total Revenues	**4,835**	**6,646**	**3,626**
Expenses			
Purchased services from the City of Mississauga	1,399	1,202	1,001
Event hosting and partnerships	950	792	182
Advertising and promotion	1,120	606	454
Professional services	712	304	17
Administrative support charged by the City of Mississauga	23	115	23
Staff development	132	110	34
Equipment maintenance and licencing	55	47	41
Miscellaneous	-	16	8
Materials and supplies	87	15	2
Transportation	8	8	6
Communication	2	5	11
Total Expenses	**4,488**	**3,220**	**1,779**
Annual surplus	**347**	**3,426**	**1,847**
Accumulated surplus, beginning of year	13,358	13,358	11,511
Accumulated surplus, end of year (Note 5)	**13,705**	**16,784**	**13,358**

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

Tourism Mississauga
Statement of Change in Net Financial Assets

for the year ended December 31, 2022 with comparatives for 2021
(All dollar amounts are in $000)

	2022 Actual $	2021 Actual $
Annual surplus	3,426	1,847
Acquisition of prepaid expenses	(65)	(30)
Use of prepaid expenses	30	1
Increase in Net Financial Assets	**3,391**	**1,818**
Net Financial Assets, beginning of year	13,328	11,510
Net Financial Assets, end of year	**16,719**	**13,328**

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

Tourism Mississauga
Statement of Cash Flows

for the year ended December 31, 2022 with comparatives for 2021
(All dollar amounts are in $000)

	2022 $	2021 $
Cash provided by (used in): Operating activities:		
Annual surplus	3,426	1,847
Items not involving cash:		
Change in non-cash working capital:		
Due from the City of Mississauga	(4,218)	(1,290)
Funding receivable	699	(717)
Accounts payable and accrued liabilities	115	171
Employee vacation liabilities	13	18
Prepaid expenses	(35)	(29)
Net change in cash, beginning of year, end of year	-	-

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

Tourism Mississauga
Notes to the Financial Statements

For the Year Ended December 31, 2022
(All dollar amounts are in $000)

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

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 used 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 expensed are incurred.

e) Employee Vacation Liability

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

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 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 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).

(vi) 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).

(vii) 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 accumulated 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 2022 budget was adopted by the Corporation on November 15, 2021, and subsequently approved by City Council on December 8, 2021.

4. Municipal Accommodation Tax

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

5. Accumulated Surplus

Accumulated surplus consists of surplus and reserves as follows:

	2022 $	2021 $
Reserves Set Aside by Council:		
Tourism Mississauga	16,815	13,376
Surplus:		
Unfunded vacation liability	(31)	(18)
Total Accumulated Surplus	**16,784**	**13,358**