

Financial Statements of

**TOURISM VAUGHAN  
CORPORATION**

And Independent Auditors' Report thereon

Period from May 15, 2019 to December 31, 2019



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## INDEPENDENT AUDITORS' REPORT

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

### ***Opinion***

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

- the balance sheet as at December 31, 2019
- the statement of revenue and expenses and net assets for the period from May 15, 2019 to December 31, 2019
- the statement of cash flows for the period from May 15, 2019 to December 31, 2019
- 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, 2019, and its results of operations and its cash flows for the period from May 15, 2019 to December 31, 2019 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.



### ***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.



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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 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

September 29, 2020

# TOURISM VAUGHAN CORPORATION

Balance Sheet

December 31, 2019

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## Assets

Current assets:

    Due from the City of Vaughan (note 2) \$ 891,624

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**\$ 891,624**

## Liabilities and Net Assets

Current liabilities:

    Accounts payable and accrued liabilities \$ 5,000

Net assets (note 3):

    Unrestricted 886,624

Subsequent event (note 5)

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**\$ 891,624**

See accompanying notes to financial statements.

# TOURISM VAUGHAN CORPORATION

## Statement of Revenue and Expenses and Net Assets

Period from May 15, 2019 to December 31, 2019

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Revenue:	
Municipal accommodation tax	\$ 1,058,570
Expenses:	
General operating expenses	2,579
Administration fees	16,062
Professional fees	135,439
Salaries and benefits	17,866
	<hr/> 171,946
Excess of revenue over expenses, being unrestricted net assets, end of period	<hr/> \$ 886,624

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See accompanying notes to financial statements.

# TOURISM VAUGHAN CORPORATION

## Statement of Cash Flows

Period from May 15, 2019 to December 31, 2019

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Cash provided by (used in):

Operations:

Excess of revenue over expenses	\$ 886,624
Change in non-cash operating working capital:	
Due from the City of Vaughan	(891,624)
Accounts payable and accrued liabilities	5,000

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Increase in cash and cash equivalents, being cash and cash equivalents, end of period	\$ —
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See accompanying notes to financial statements.

# TOURISM VAUGHAN CORPORATION

## Notes to Financial Statements

Period from May 15, 2019 to December 31, 2019

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Tourism Vaughan Corporation (the "Corporation") is a municipal services corporation incorporated pursuant to Ontario Regulation 599/06 - Municipal Services Corporations, a regulation under the Municipal Act, 2001.

The Corporation was established to promote and market the city of Vaughan as a leading destination for tourism, leisure and business travel.

The Corporation of the City of Vaughan (the "City of Vaughan") passed a by-law effective April 1, 2019 charging a 4% municipal accommodation tax levy on the purchase of transient accommodation such as hotels, motels and bed and breakfast establishments.

By regulation, 50% of this levy must be transferred from the City of Vaughan to the Corporation to expend for the purposes of expanding tourism in the city of Vaughan.

The Corporation's operations shall be conducted without the purpose of gain for its sole member, the City of Vaughan. Any profits will be used in promoting the objective of enhancing tourism in the city of Vaughan.

### 1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Corporation are as follows:

(a) Basis of accounting:

The Corporation follows the accrual method of accounting for revenue and expenses. Revenue is recognized in the period in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

Cash and cash equivalents consist of deposits in banks, certificates of deposits and investments with original maturities of three months or less.



# TOURISM VAUGHAN CORPORATION

Notes to Financial Statements (continued)

Period from May 15, 2019 to December 31, 2019

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## 1. Significant accounting policies (continued):

### (c) Government transfers:

Government transfers are recognized in the financial statements as revenue in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

### (d) Financial instruments:

Financial instruments except freestanding derivatives, are initially recorded at fair value. Equity instruments are thereafter carried at cost. Interest bearing assets and liabilities are subsequently accounted for at amortized cost using the effective interest method.

When there is a loss in value of a financial asset that is other than temporary, the asset is written down and the loss is recorded in the statement of revenue and expenses and net assets. The write-down is not reversed if there is a subsequent increase in value.

Freestanding derivatives are recorded at fair value with changes in fair value being recorded in the statement of revenue and expenses and net assets.

Derivative financial instruments in an effective hedging relationship are accounted for using the accrual method.

No financial statement recognition is given to embedded derivatives or non-financial contracts with derivative characteristics.

### (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 period. Actual results could differ from those estimates.

# TOURISM VAUGHAN CORPORATION

Notes to Financial Statements (continued)

Period from May 15, 2019 to December 31, 2019

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## 2. Due from the City of Vaughan:

The amount due from the City of Vaughan is as follows:

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Municipal accommodation tax revenue	\$ 1,058,570
Less cumulative amount of the Corporation's expenses paid by the City of Vaughan	166,946
	<hr/> \$ 891,624 <hr/>

## 3. Share capital:

The Corporation was incorporated without share capital. The Corporation of the City of Vaughan is the only member. The Corporation is limited to providing services to owners or members of the Corporation on behalf of the City of Vaughan in lieu of the municipality providing those services itself.

## 4. Fair value of financial assets and financial liabilities:

The fair value of the Corporation's accounts payable and accrued liabilities approximates its carrying amount due to the relatively short period to maturity of this financial instrument.

The fair value of the amounts due from the City of Vaughan are determinable and are transacted at fair market value.

## 5. Subsequent event:

Subsequent to year end, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The COVID-19 pandemic is currently impacting many organizations, as all levels of government are advising individuals to self-isolate or to practice social-distancing.

It is currently not known how long or to what extent the pandemic will impact the Corporation. Currently, an estimate of the financial effect to the Corporation cannot be made as the pandemic's impact is changing daily.