



Toronto Parking Authority

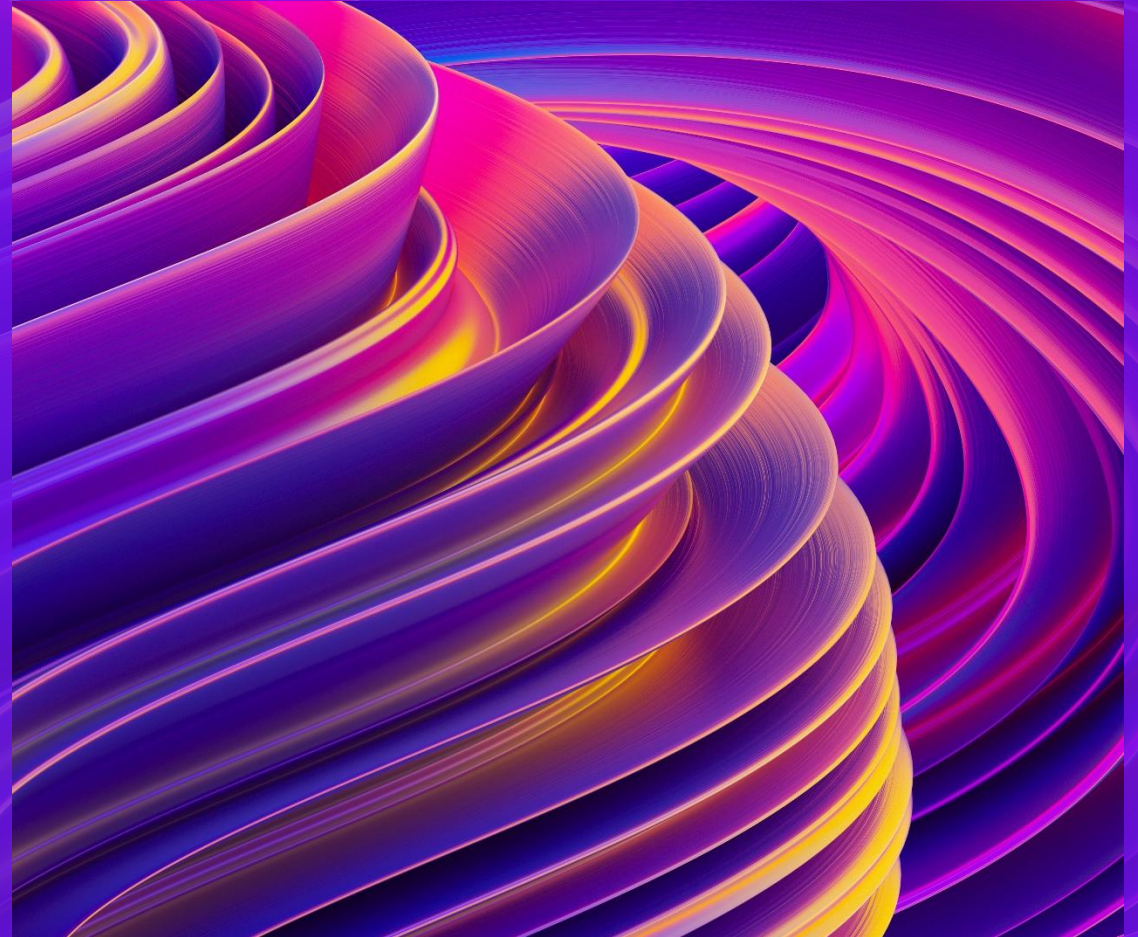
**Audit Findings Report
for the year ended December 31, 2024**



Licensed Public Accountants

Prepared as of April 7, 2025 for presentation to the Audit and Risk Management Committee on April 24, 2025

kpmg.ca/audit



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Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

4	Highlights	5	Status	6	Risks and Results	9	Control deficiencies
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The purpose of this report is to assist you, as a member of the Audit and Risk Management Committee, in your review of the results of our audit of the financial statements. This report is intended solely for the information and use of Management, the Audit and Risk Management Committee, and the Board of Directors and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



Audit highlights



No matters to report



Matters to report – see link for details

Status

We have completed the audit of the financial statements (“financial statements”), with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.



Uncorrected misstatements



Uncorrected misstatements

- No matters to report

Risks and results



Significant risks



- Management override of controls. Refer to slide 6



Other areas of focus



- Refer to slides 7 and 8



Going concern matters



Corrected misstatements



Corrected misstatements



- No matters to report

Policies and practices & Specific topics



Significant unusual transactions



Accounting policies and practices



Other financial reporting matters



Control deficiencies



Significant deficiencies



- No matters to report



Status

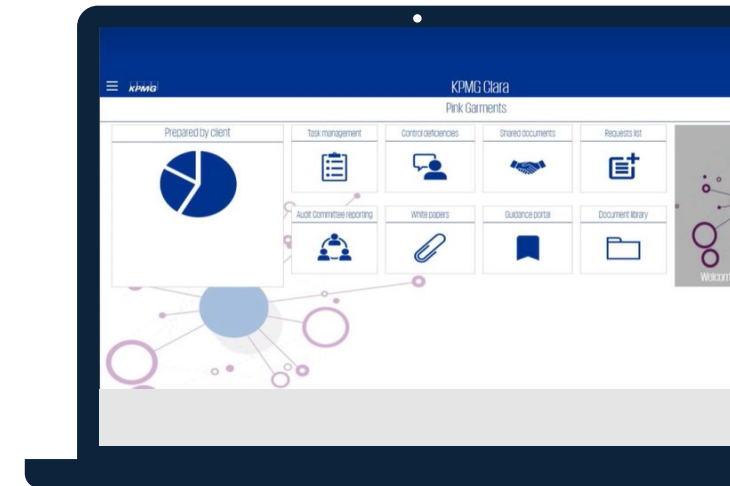
As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with the Audit and Risk Management Committee
- Obtaining evidence of the Board of Director's approval of the financial statements
- Receipt of the signed management representation letter (dated upon Board approval of the financial statements)
- Completion of subsequent events procedures, up to the date of approval of the financial statements

We will update the Audit Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

Our auditor's report, will be dated upon the completion of any remaining procedures.

KPMG Clara for Clients (KCfc)



Real-time collaboration and transparency

We leveraged **KCfc** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCfc to coordinate requests from management.



Learn more



Significant risks and results



Presumption of the risk of fraud resulting from management override of controls

RISK OF
FRAUD

Significant risk	Estimate?	Key audit matter?
Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities	No	No

Our response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- testing of journal entries and other adjustments,
- performing a retrospective review of estimates
- evaluating the business rationale of significant unusual transactions.




Significant findings

- We did not note any significant control deficiencies in our evaluation of the design and implementation and test operating effectiveness of selected relevant controls over financial reporting.
- We tested manual and automated journal entries and other adjustments by using Data & Analytics routines. Using extractions from the complete general ledger, we selected a sample of journal entries meeting pre-determined high-risk criteria and verified if they were supported by proper documentation and appropriately recorded in the general ledger. We also followed the journal entry initiation and approval controls and process in place.
- We did not identify any issues or concerns after performing our review of estimates.
- We did not identify any significant unusual transactions or any specific additional risks of management override during our audit.



Other Areas of Focus

We highlight our significant findings in respect of other areas of focus as well as any additional areas of focus identified

Area of Focus	Audit Procedures
1 Cash	 <ul style="list-style-type: none">• Obtained confirmations of the year-end cash and saving balances from third parties.• Reviewed bank reconciliations and vouched significant reconciliation items to supporting documentation.• Reviewed financial statements disclosures.
2 Due to/from related parties	 <ul style="list-style-type: none">• Obtained confirmation from City of Toronto to ensure existence, accuracy and completeness of the intercompany receivable/payable balance and revenue received.• Reviewed financial statements note disclosures.
3 Property and equipment, and Amortization	 <ul style="list-style-type: none">• Selected a sample of additions and agreed to original invoices to ensure proper accounting treatment.• Assessed the reasonableness of amortization expense.• All useful lives are based on corporate policies and did not change from prior year. KPMG reviewed the useful lives used in amortization calculation and ensured that all were in line with the Authority's policy. The estimation uncertainty related to useful lives does not result in a risk of material misstatement.



Other Areas of Focus

We highlight our significant findings in respect of other areas of focus as well as any additional areas of focus identified

Area of Focus

Audit Procedures

4

Accounts payable and accrued liabilities, and Direct Expenses



- For certain accrued liabilities, management performs their best estimate based on the available information prior to year end closing. KPMG reviewed large accruals to ensure the estimate is reasonable. The estimation uncertainty related to liabilities does not result in a risk of material misstatement.
- Performed a search for unrecorded liabilities by extracting lists of subsequent payments and accounts payable details and selected samples for testing.
- Selected a sample of expense transactions and agree to original invoices to ensure the proper classification of expenses.
- Reviewed supporting documentation for significant accruals.

5

Revenue and Accounts receivable



- Allowance for doubtful accounts (AFDA) within accounts receivable is an estimate. We performed steps, as listed below, to evaluate the reasonability of management's estimate. The estimation uncertainty related to AFDA does not result in a risk of material misstatement.
- Obtained an understanding over the revenue and accounts receivable process, obtained the accounts receivable aging subledger and sampled subsequent receipt of payment to ensure management's assessment over the collectability is appropriate.
- Assessed management's approach in identifying customers at risk of non-payment and ensuring the sufficiency of the provision to net against accounts receivable
- Selected samples of parking and bike share revenue, agreed to supporting documentation and ensured revenue recognition was appropriate.



Control deficiencies

Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.



Accounting policies and practices



Initial selection

Adoption of IFRS standards effective January 1, 2024 did not have material impact on the financial statements. The following new standards or amendments were adopted effective January 1, 2024:

- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 *Leases*
- Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 *Presentation of Financial Statements*
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* – *Supplier Finance Arrangements*



Revised

No changes have been made to material accounting policies and practices that would have an impact on the financial statements.



Significant qualitative aspects

Discussion about qualitative aspects of material accounting policies and practices

- *Appropriateness*: Toronto Parking Authority's accounting policies and practices are considered appropriate. The financial statements have been prepared on a going concern basis and comply with all the requirements of IFRS Accounting Standards.
- *Management bias*: We did not identified bias in management's judgments about the amounts and disclosures in the financial statements.



Other financial reporting matters

We also highlight the following:



Financial statement presentation - form, arrangement, and content



No matters to report



Concerns regarding application of new accounting pronouncements



No matters to report



Significant qualitative aspects of financial statement presentation and disclosure



No matters to report



Specific topics

We have highlighted the following that we would like to bring to your attention:

Matter	Finding
Illegal acts, including noncompliance with laws and regulations, or fraud	No matters to report
Other information in documents containing the audited financial statements	No matters to report
Significant difficulties encountered during the audit	No matters to report
Difficult or contentious matters for which the auditor consulted	No matters to report
Management's consultation with other accountants	No matters to report
Disagreements with management	No matters to report
Related parties	No matters to report
Significant issues in connection with our appointment or retention	No matters to report
Other matters that are relevant matters of governance interest	No matters to report



Independence

As a firm, we are committed to being and being seen to be independent. We have strict rules and protocols to maintain our independence that meet or exceed those of the IESBA Code¹ and CPA Code. The following are the actions or safeguards applied to reduce or eliminate threats to an acceptable level:



Dedicated ethics & independence partners



Process for reporting breaches of professional standards and policy, and documented disciplinary policy



Ethics, independence and integrity training for all staff



International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest



Operating policies, procedures and guidance contained in our quality & risk management manual



Mandated procedures for evaluating independence of prospective audit clients



Restricted investments and relationships



Annual ethics and independence confirmation for staff

Statement of compliance

We confirm that, as of the date of this communication, **we are independent** of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.



¹ International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)

Appendices

A

Required
communications

B

Audit quality

C

New accounting
standards

D

New auditing
standards

E

Insights

F

Environmental, social
and governance (ESG)

G

Technology





Appendix A: Other required communications



Engagement terms

A copy of the engagement letter and any subsequent amendments has been provided to the Audit Committee.



CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Audit Quality Insights Report: 2022 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2023 Interim Inspections Results](#)
- [CPAB Regulatory Oversight Report: 2023 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2024 Interim Inspections Results](#)



Appendix B: Audit quality - How do we deliver audit quality?

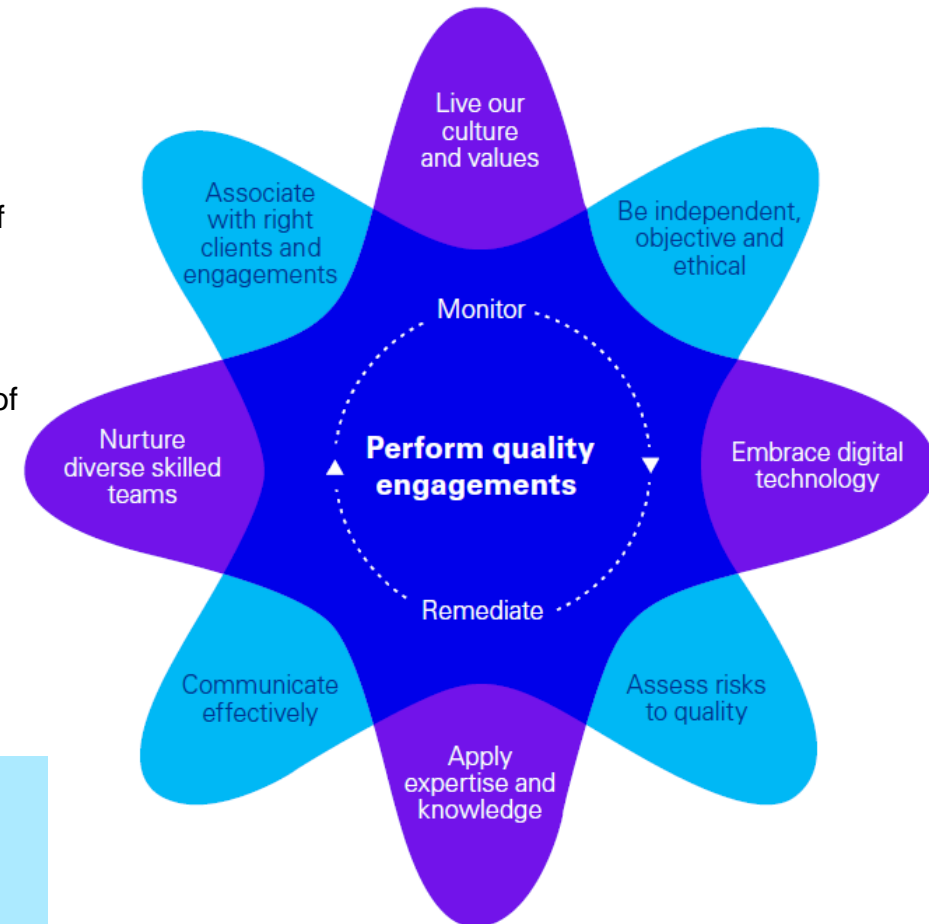
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Our Transparency Report includes our firm's Statement on the Effectiveness of our SoQM.

 [KPMG 2024 Audit Quality and Transparency Report](#)

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



Doing the right thing. Always.



Appendix C: Newly effective and forthcoming requirements

New IFRS® Accounting Standards or amendments	Effective date	Early adoption permitted	KPMG guidance
Lack of Exchangeability – Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>	01 Jan 2025	✓	Article
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>	01 Jan 2026*	✓	Financial assets with ESG-linked features article Settlement of financial liabilities by electronic payments article
Annual Improvements to IFRS Accounting Standards – Amendments to: <ul style="list-style-type: none"> • IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>; • IFRS 7 <i>Financial Instruments: Disclosures</i> and its accompanying <i>Guidance on implementing IFRS 7</i>; • IFRS 9 <i>Financial Instruments</i>; • IFRS 10 <i>Consolidated Financial Statements</i>; and • IAS 7 <i>Statement of Cash flows</i> 	01 Jan 2026	✓	Article
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	01 Jan 2027	✓	Article Talkbook First Impressions
IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	01 Jan 2027	✓	Article
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i>)	TBD**	✓	n/a

* New amendments are not yet included in Part I of the CPA Handbook

** The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted.



Appendix C: Preparing to adopt IFRS 18

Presentation and disclosure in the financial statements



What's the issue?

The way companies communicate their financial performance is set to change.

In response to investors' calls for more relevant, transparent and comparable information, IFRS 18* requires all companies to:

- report a newly defined subtotal, '**operating profit**';
- disclose certain '**non-GAAP**' measures – such as management-defined performance measures (MPMs) – in the financial statements, meaning that they will now be subject to audit, e.g. 'adjusted' EBITDA; and
- improve how they group information.



What's the impact?

IFRS 18 will enable companies to tell their story better through their financial statements. Investors will benefit from greater consistency of presentation in the income and cash flow statements, and more disaggregated information.

Making certain 'non-GAAP' measures part of the audited financial statements will bring more credibility to management's key performance indicators.

Companies' net profit will not change. What is changing is how they:

- present their results on the face of the **income statement**; and
- disclose information in the **notes**.

IFRS 18 marks a step towards more connected reporting.



What's next?

IFRS 18 is effective from 1 January 2027 and applies retrospectively. Early adoption is permitted. Now is the time to get ready.

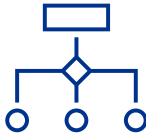
- Assess the impacts on your financial statements.
- Communicate the impacts with investors.
- Consider how the new requirements impact financial reporting systems and processes.
- Monitor any changes in the local reporting landscape.

* IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements.



Appendix C: Preparing to adopt IFRS 18

What are the key changes?



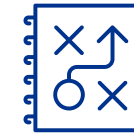
More structured income statement

- New subtotals including 'operating profit'
- Income and expenses classified into three categories – operating, investing, financing
- Main business activities drive the classification of income and expenses



Disclosed and audited MPMs

- MPMs* are now disclosed in the financial statements and subject to audit
- MPMs capture some but not all 'non-GAAP' measures
- New disclosures may involve additional effort



Greater disaggregation of information

- New disclosures for items labelled as 'other'
- Enhanced guidance on how to group information within the financial statements
- Remains a judgement area

* Management-defined performance measures



Appendix D: Newly effective and upcoming changes to auditing standards

For more information on newly effective and upcoming changes to auditing standards – see Current Developments

Effective for periods beginning on or after December 15, 2023

ISA 600/CAS 600

.....

Revised special considerations – Audits of group financial statements

Effective for periods beginning on or after December 15, 2024

ISA 260/CAS 260

.....

Communications with those charged with governance

ISA 700/CAS 700

.....

Forming an opinion and reporting on the financial statements



Appendix E: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

KPMG Audit & Assurance Insights

Curated research and insights for audit committees and boards.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

Accelerate - The key issues driving the audit committee agenda

Discover the most pressing risks and opportunities that face audit committees, boards and management teams.

Sustainability Reporting

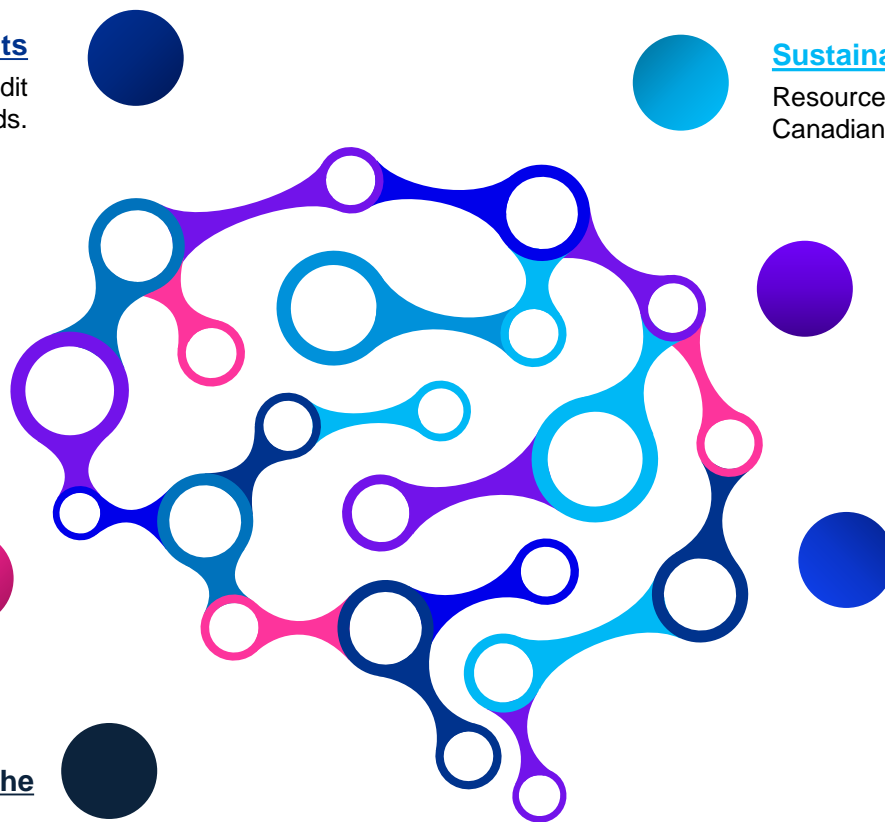
Resource centre on implementing the new Canadian reporting standards

IFRS Breaking News

A monthly Canadian newsletter that provides the latest insights on accounting, financial reporting and sustainability reporting.

Audit Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.





Appendix F: Canadian ESG reporting activities

What's here and what's coming?

There continues to be activity in the Canadian ESG reporting space along with regulations introduced in other jurisdictions that may impact Canadian companies, such as the Corporate Sustainability Reporting Directive (CSRD) and California Climate Laws.

UPDATE THIS QUARTER: CSSB released its first two final Canadian Sustainability Disclosure Standards

► Voluntary standards rollout

- In December 2024, the Canadian Sustainability Standards Board (CSSB) released its first two Canadian Sustainability Disclosure Standards (CSDS).
- The standards are aligned with the IFRS Sustainability Disclosure Standards, with the exception of a Canadian-specific effective date and incremental transition reliefs.
- The standards are effective, on a *voluntary basis* only, for annual reporting periods beginning on or after January 1, 2025.

► Road to mandatory application?

- Canada's regulators and legislators will determine if and when application of the standards should be mandated.
- The Canadian Securities Administrators (CSA) issued a statement that it is working towards a revised climate-related disclosure rule that will consider the Canadian Sustainability Disclosure Standards.

► Why should you prepare?

Momentum toward standardized, transparent and comparable sustainability reporting continues.

- Federally regulated financial institutions are already required to comply with OSFI B-15 which is broadly based on the ISSB standards.
- Despite the CSSB standards being voluntary, legislation and rules continue to evolve in other jurisdictions such as the CSRD and California Climate Laws.
- Canadian government anti-greenwashing regulations introduced (Bill C-59).

► What could you be doing now?

1 (Re) Establish reporting strategy

- Undertake a regulatory impact assessment to determine the sustainability reporting requirements that apply to your organization.
- Document your reporting strategy, including any planned voluntary reporting and assurance.
- Conduct a materiality assessment considering the frameworks you plan to comply with.

2 Assess current state

- Identify the differences between applicable regulations and/or standards and current reporting.
- Conduct a current state maturity analysis of processes, controls, people, technology and governance structures.
- Complete data gap assessment and develop plan to close gaps.

3 Design reporting policies & target operating model (TOM)

- Develop and/or adapt policies, regarding identified material risks and opportunities.
- Develop standard Key Performance Indicator (KPI) definitions and calculation methodologies.
- Determine TOM and solutions to support sustainability reporting and assurance.

4 Implement sustainability reporting roadmap

- Develop roadmap for delivery, identify milestones, interim and final targets.
- Design future reports.
- Rollout of TOM, including implementation and training required.



Appendix G: Continuous evolution

Our investment:

We are in the midst of a five-year investment to develop our people, digital capabilities, and advanced technology.

Responsive delivery model

Tailored to you to drive impactful outcomes around the quality and effectiveness of our audits.

Result: A better experience

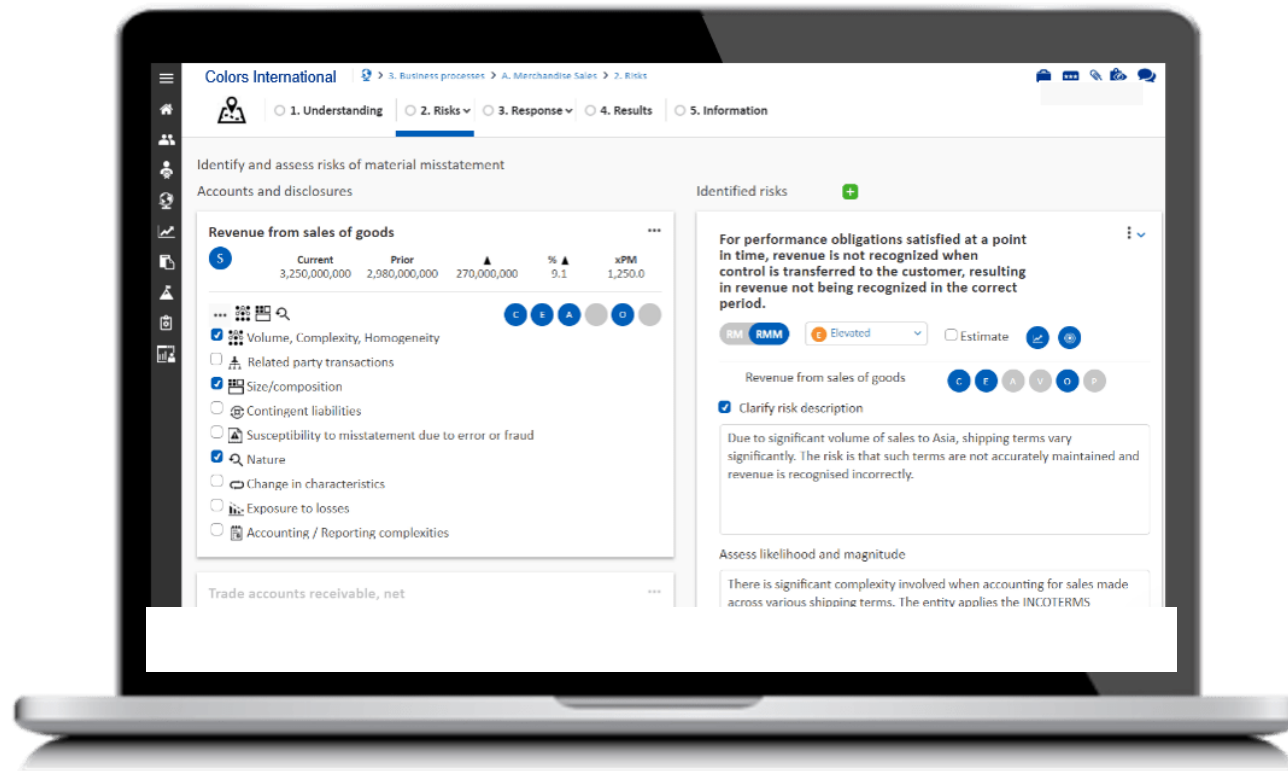
Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.





Appendix G: KPMG Clara Generative AI

With our global alliance partner Microsoft, we have embarked on a journey to embed Generative AI into our smart audit platform—KPMG Clara. This will make our auditors more productive and give them the tools to provide quicker feedback, make more insightful connections, and deliver a better audit experience.



AI done right

Although early adoption is key, we are focused on avoiding reliance on a 'black box' so we're building 'explainability' and 'traceability' at the core.



Bolstered productivity

Focused on removing time-consuming low value tasks, we'll apply our skills in other, more judgmental areas or in order to give insights to you.



Quality at our fingertips

We are teaching our model with our knowledge databases to capture our vast experience. This means quality information accessible in seconds.



Secure integration

KPMG Clara has been built on a solid and secure Azure Cloud backbone, allowing us to easily integrate Generative AI in partnership with Microsoft.



<https://kpmg.com/ca/en/home.html>

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