

Financial Statements of

**DOWNTOWN GUELPH  
BUSINESS ASSOCIATION**

And Independent Auditor's Report thereon

Year ended December 31, 2025



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Downtown Guelph Business Association

### ***Opinion***

We have audited the financial statements of Downtown Guelph Business Association (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations and changes in 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, 2025 and its results of operations, its changes 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.



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- 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

Kitchener, Canada

May 1, 2026

# DOWNTOWN GUELPH BUSINESS ASSOCIATION

## Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 615,791	\$ 198,531
Receivables (note 2)	129,845	53,760
Investments (note 3)	-	425,000
	<u>745,636</u>	<u>677,291</u>
Financial liabilities:		
Accounts payable and accrued liabilities	49,364	38,725
Deferred revenue (note 7)	56,070	58,350
Gift certificates payable	116,725	109,855
Asset retirement obligation (note 5)	129,623	93,450
	<u>351,782</u>	<u>300,380</u>
Net financial assets	393,854	376,911
Non financial assets:		
Tangible capital assets (note 4)	600,590	576,621
Prepaid expense	14,015	6,352
	<u>614,605</u>	<u>582,973</u>
Related party transactions (note 7)		
Commitments (note 9)		
Accumulated surplus (note 6)	<u>\$ 1,008,459</u>	<u>\$ 959,884</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# DOWNTOWN GUELPH BUSINESS ASSOCIATION

## Statement of Operations and Changes in Accumulated Surplus

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
City of Guelph:		
Tax levies (note 7)	\$ 722,643	\$ 702,004
Revitalization (note 7)	94,200	28,000
Other (note 7)	28,913	13,500
Grants and sponsorships	69,250	86,250
Events	58,628	27,635
Interest and other	12,182	(683)
	<u>985,816</u>	<u>856,706</u>
Expenses:		
Amortization of tangible capital assets	195,509	171,913
Special events	182,385	135,258
Salaries and benefits	138,263	124,365
Advertising	113,938	97,609
Revitalization	97,314	66,078
Office and general	69,288	65,453
Professional fees	16,932	18,721
Training and development	9,148	5,068
Miscellaneous	8,864	4,550
Bank charges	2,113	1,409
Member communication	389	911
Special project contributions	-	42,035
	<u>834,143</u>	<u>733,370</u>
Annual surplus before net assessment write-offs	151,673	123,336
Net assessment write-offs	103,098	4,562
Annual surplus	48,575	118,774
Accumulated surplus, beginning of year	959,884	841,110
Accumulated surplus, end of year	<u>\$ 1,008,459</u>	<u>\$ 959,884</u>

See accompanying notes to financial statements.

# DOWNTOWN GUELPH BUSINESS ASSOCIATION

## Statement of Changes in Net Financial Assets

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Annual surplus	\$ 48,575	\$ 118,774
Acquisition of tangible capital assets	(189,478)	(37,193)
Amortization of tangible capital assets	195,509	171,913
Change in prepaid expenses	(7,663)	(1,853)
Asset retirement obligation	(30,000)	-
Change in net financial assets	16,943	251,641
Net financial assets, beginning of year	376,911	125,270
Net financial assets, end of year	\$ 393,854	\$ 376,911

See accompanying notes to financial statements.

# DOWNTOWN GUELPH BUSINESS ASSOCIATION

## Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 48,575	\$ 118,774
Items not involving cash:		
Amortization of tangible capital assets	195,509	171,913
Accretion expense - asset retirement obligation	6,173	4,450
Changes in non-cash operating working capital:		
Receivables	(76,085)	151,745
Prepaid expenses	(7,663)	(1,853)
Accounts payable and accrued liabilities	10,639	2,420
Deferred revenue	(2,280)	-
Gift certificates payable	6,870	(4,500)
Amounts paid to the City of Guelph	-	(1,549)
	<u>181,738</u>	<u>441,400</u>
Capital and investing:		
Purchase of investments	-	(400,000)
Sale of investments	425,000	-
Purchase of tangible capital assets	(189,478)	(37,193)
	<u>235,522</u>	<u>(437,193)</u>
Increase in cash and cash equivalents	417,260	4,207
Cash and cash equivalents, beginning of year	198,531	194,324
Cash and cash equivalents, end of year	<u>\$ 615,791</u>	<u>\$ 198,531</u>

See accompanying notes to financial statements.

# DOWNTOWN GUELPH BUSINESS ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2025

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Downtown Guelph Business Association (the "Association") was created by the City of Guelph to promote the downtown businesses to the public in order to allow the downtown area to thrive. The Association acts on behalf of its members, who are the various businesses that are located in the downtown area of Guelph. The Association is exempt from income taxes under the Income Tax Act.

## 1. Significant accounting policies:

These financial statements are prepared in accordance with local government accounting standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. The Association's significant accounting policies are as follows:

### (a) Cash and cash equivalents:

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from the date of acquisition.

### (b) Tangible capital assets:

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful lives as follows:

Asset	Rate
Furniture and fixtures	5 years
Computer equipment	3 years
Lights and fixtures	6 years

One half of the annual amortization is applied to assets purchased within the year.

### (c) Gift certificates payable:

The Association issues gift certificates throughout the community, which are recorded as a liability until redeemed.

# DOWNTOWN GUELPH BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 1. Significant accounting policies (continued):

### (d) Revenue recognition:

Revenues are reported on the accrual basis of accounting which recognizes revenues in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are recognized as they are incurred and measurable as a result of a receipt of goods or services and the creation of a legal obligation to pay.

Where funding has been received in advance of expenses for a specific program, the amount has been recorded as deferred revenue and will be recognized as revenue in a future period when related expenses are incurred.

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations and accumulated surplus.

# DOWNTOWN GUELPH BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 1. Significant accounting policies (continued):

### (f) Asset retirement obligation:

An asset retirement obligation ("ARO") is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for removal of light installations has been recognized based on estimated future expenses.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in Note 1 (b).

### (g) Use of estimates:

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Significant estimates used within these financial statements include the liability for unclaimed gift certificates and the useful lives of tangible capital assets. Actual results could differ from those estimates and assumptions.

In addition, the Association's implementation of PS 3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

# DOWNTOWN GUELPH BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 2. Receivables:

	2025	2024
Accounts Receivables	\$ 80,823	\$ 53,643
HST	49,022	117
	<u>\$ 129,845</u>	<u>\$ 53,760</u>

## 3. Investments:

The Association held two investments that came due during the year. A \$400,000 GIC with RBC which attracted interest at a rate of 3.17% and matured in November 2025 and a \$25,000 bond which attracted interest at a rate of 3.00% and matured in July 2025.

# DOWNTOWN GUELPH BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 4. Tangible capital assets:

Cost		December 31, 2024		Additions		December 31, 2025
Furniture and fixtures\$	-	\$ 89,282	\$	-	\$ 34,517	\$ 123,799
Computer equipment	-	13,765	-	-	-	13,765
Lights and fixtures	-	888,310	-	184,961	-	1,073,271
	\$	-	\$	991,357	\$	-
				219,478		1,210,835

Accumulated amortization		December 31, 2024		Amortization expense		December 31, 2025
Furniture and fixtures\$	-	\$ 72,860	\$	-	\$ 6,128	\$ 78,988
Computer equipment	-	12,219	-	963	-	13,182
Lights and fixtures	-	329,657	-	188,418	-	518,075
	\$	-	\$	414,736	\$	-
				195,509		610,245

Net book value		December 31, 2024		December 31, 2025
Furniture and fixtures	\$	16,422	\$	44,811
Computer equipment		1,546		583
Lights and fixtures		558,653		555,196
	\$	576,621	\$	600,590

# DOWNTOWN GUELPH BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 5. Asset retirement obligation:

The Association's asset retirement obligation consists of the following obligation:

The Association has a number of light installations which have been installed on the building facades of businesses in downtown Guelph. The liability for the removal of the light installations has been recognized under PS 3280 - Asset Retirement Obligations. The costs were based upon the presently known obligations that will exist at the estimated year of removal of the lights. The lights have an estimated useful life of 10 years. These costs were discounted to December 31, 2025 using a discount rate of 5.00% per annum.

Changes to the asset retirement obligation in the year are as follows:

	2025	2024
Opening balance	\$ 93,450	\$ 89,000
Accretion expense	6,173	4,450
ARO additions	30,000	-
Closing balance	\$ 129,623	\$ 93,450

During 2025 an additional ARO was recorded related to lights acquired and installed during the year. Accretion expense is recorded within miscellaneous expenses on the statement of operations.

## 6. Accumulated surplus:

	2025	2024
Accumulated surplus from operations	\$ 367,869	\$ 343,263
Investment in tangible capital assets	600,590	576,621
Internally restricted reserve fund	40,000	40,000
	\$ 1,008,459	\$ 959,884

The reserve fund is internally restricted by the Board of Directors for the purpose of funding future projects.

# DOWNTOWN GUELPH BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 7. Related party transactions:

During the year, the Association in its normal course of operations had the following transactions with the City of Guelph:

	2025	2024
Tax levy income	\$ 722,643	\$ 702,004
Revitalization revenue	94,200	28,000
Events revenue	28,913	13,500
	<u>\$ 845,756</u>	<u>\$ 743,504</u>
Flowers expense	\$ 26,513	\$ 26,512
Road closure expense	24,265	14,125
Rentals and transportation expense	5,554	3,552
	<u>\$ 56,332</u>	<u>\$ 44,189</u>

As at December 31, 2025, the Association has received an advance of its levy amounting to \$56,070 (2024 - \$58,350). The advancement of levies is reflected as deferred revenue on the statement of financial position. The Association also has \$76,578 (\$28,049 in 2024) of accounts receivable with the City and \$5,210 (\$1,239 in 2024) of accounts payables.

## 8. Due from City of Guelph:

The Association was established as a board of management by the City of Guelph. The City is considered to be a related party. Refer to note 7 for further details.

## 9. Commitments:

The Association is committed to payments for premises and other financial commitments over the next year as follows:

2026	\$	23,523
2027		11,935
	<u>\$</u>	<u>35,458</u>

# DOWNTOWN GUELPH BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 10. Financial risks and concentration of risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. There has been no change to the risk exposure from 2024.

(b) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2024.