

Financial Statements of

**DOWNTOWN GUELPH
BUSINESS ASSOCIATION**

And Independent Auditor's Report thereon

Year ended December 31, 2024



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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, 2024
- 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, 2024 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

May 14, 2025

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 198,531	\$ 194,324
Trade receivable	53,760	205,505
Investments (note 2)	425,000	25,000
	677,291	424,829
Financial liabilities:		
Accounts payable and accrued liabilities	38,725	36,305
Deferred revenue (note 7)	58,350	58,350
Gift certificates payable	109,855	114,355
Due to City of Guelph (note 6)	-	1,549
Asset retirement obligation (note 4)	93,450	89,000
	300,380	299,559
Net financial assets	376,911	125,270
Non financial assets:		
Tangible capital assets (note 3)	576,621	711,341
Prepaid expense	6,352	4,499
	582,973	715,840
Commitments (note 8)		
Accumulated surplus (note 5)	\$ 959,884	\$ 841,110

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, 2024, with comparative information for 2023

	2024	2023
Revenue:		
City of Guelph:		
Tax levies (note 7)	\$ 702,004	\$ 683,022
Revitalization (note 7)	28,000	26,187
Other (note 7)	13,500	18,500
Grants and sponsorships	86,250	498,690
Events	27,635	13,393
Interest and other	(683)	7,587
	856,706	1,247,379
Expenses:		
Amortization of tangible capital assets	171,913	115,384
Salaries and benefits	124,365	107,618
Special events	135,258	90,740
Advertising	97,609	83,442
Professional fees	18,721	65,876
Office and general	65,453	64,363
Revitalization	66,078	57,308
Special project contributions	42,035	4,782
Miscellaneous	4,550	3,194
Bank charges	1,409	1,235
Training and development	5,068	1,147
Member communication	911	12
	733,370	595,101
Annual surplus before net assessment write-offs	123,336	652,278
Net assessment write-offs	4,562	4,771
Annual surplus	118,774	647,507
Accumulated surplus, beginning of year	841,110	193,603
Accumulated surplus, end of year	\$ 959,884	\$ 841,110

See accompanying notes to financial statements.

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Statement of Changes in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Annual surplus	\$ 118,774	\$ 647,507
Acquisition of tangible capital assets	(37,193)	(557,948)
Amortization of tangible capital assets	171,913	115,384
Change in prepaid expenses	(1,853)	2,230
Asset retirement obligation	-	(86,000)
Change in net financial assets	251,641	121,173
Net financial assets, beginning of year	125,270	4,097
Net financial assets, end of year	\$ 376,911	\$ 125,270

See accompanying notes to financial statements.

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 118,774	\$ 647,507
Items not involving cash:		
Amortization of tangible capital assets	171,913	115,384
Accretion expense - asset retirement obligation	4,450	3,000
Changes in non-cash operating working capital:		
Trade receivable	151,745	(180,211)
Prepaid expenses	(1,853)	2,230
Accounts payable and accrued liabilities	2,420	(77,510)
Deferred revenue	-	(60,948)
Gift certificates payable	(4,500)	(7,680)
Amounts paid to City of Guelph	(1,549)	(5,674)
	441,400	436,098
Capital and investing:		
Investments	(400,000)	75,000
Purchase of tangible capital assets	(37,193)	(557,948)
	(437,193)	(482,948)
Increase (decrease) in cash and cash equivalents	4,207	(46,850)
Cash and cash equivalents, beginning of year	194,324	241,174
Cash and cash equivalents, end of year	\$ 198,531	\$ 194,324

See accompanying notes to financial statements.

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2024

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, 2024

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, 2024

1. Significant accounting policies (continued):

(f) Asset retirement obligation:

An asset retirement obligation 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 Associations 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.

2. Investments:

The Association holds two investments, a \$400,000 GIC with RBC which attracts interest at a rate of 3.17% maturing in November 2025 and a \$25,000 bond which attracts interest at a rate of 3% maturing in July 2025. Both investments are recorded at cost.

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

3. Tangible capital assets:

Cost	December 31, 2023	Additions	December 31, 2024
Furniture and fixtures	\$ 88,890	\$ 392	\$ 89,282
Computer equipment	12,047	1,718	13,765
Lights and fixtures	853,227	35,083	888,310
	\$ 954,164	\$ 37,193	\$ 991,357
Accumulated amortization	December 31, 2023	Amortization expense	December 31, 2024
Furniture and fixtures	\$ 67,177	\$ 5,683	\$ 72,860
Computer equipment	11,543	676	12,219
Lights and fixtures	164,103	165,554	329,657
	\$ 242,823	\$ 171,913	\$ 414,736
Net book value	December 31, 2023		December 31, 2024
Furniture and fixtures	\$ 21,713		\$ 16,422
Computer equipment	504		1,546
Lights and fixtures	689,124		558,653
	\$ 711,341		\$ 576,621

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

4. Asset retirement obligation:

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

The Downtown Guelph Business 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 Obligation. 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, 2024 using a discount rate of 5.00% per annum.

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

	2024	2023
Opening balance	\$ 89,000	\$ 86,000
Accretion expense	4,450	3,000
Closing balance	\$ 93,450	\$ 89,000

5. Accumulated surplus:

	2024	2023
Accumulated surplus from operations	\$ 343,263	\$ 89,769
Investment in tangible capital assets	576,621	711,341
Internally restricted reserve fund	40,000	40,000
	\$ 959,884	\$ 841,110

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

6. 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.

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

7. Related party transactions:

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

	2024	2023
Tax levy income	\$ 702,004	\$ 683,022
Revitalization revenue	28,000	26,187
Events revenue	13,500	18,500
	<u>\$ 743,504</u>	<u>\$ 727,709</u>

As at December 31, 2024, the Association has received an advancement of its levy amounting to \$58,350 (2023 - \$58,350). The advancement of levies is reflected as deferred revenue on the statement of financial position.

8. Commitments:

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

2025	\$ 27,837
2026	23,523
2027	11,935
	<u>\$ 63,295</u>

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

9. 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 2023.

(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 2023.