

**PETERBOROUGH DOWNTOWN BUSINESS
IMPROVEMENT AREA**

FINANCIAL STATEMENTS

DECEMBER 31, 2024

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TABLE OF CONTENTS

	Page Number
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 10

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INDEPENDENT AUDITOR'S REPORT**To the Board of Management of the Peterborough
Downtown Business Improvement Area***Opinion*

We have audited the financial statements of the Peterborough Downtown Business Improvement Area (the Improvement Area), which comprise the statement of financial position as at December 31, 2024, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Improvement Area as at December 31, 2024, and the results of its operations 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 report. We are independent of the Improvement Area 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 Improvement Area'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 Improvement Area or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Improvement Area's financial reporting process.

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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 these 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 Improvement Area'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 Improvement Area'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 Improvement Area 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.

We 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
May 20, 2025

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

At December 31, 2024

	2024 \$	2023 \$
FINANCIAL ASSETS		
Cash	131,026	203,558
Accounts receivable	76,818	82,646
Due from City of Peterborough (note 6)	120,700	-
TOTAL FINANCIAL ASSETS	328,544	286,204
LIABILITIES		
Accounts payable and accrued liabilities	19,425	28,988
Gift cards payable	-	8,960
Deferred revenue	-	2,500
TOTAL LIABILITIES	19,425	40,448
NET FINANCIAL ASSETS	309,119	245,756
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	14,014	29,799
Prepaid expenses	3,633	-
TOTAL NON-FINANCIAL ASSETS	17,647	29,799
ACCUMULATED SURPLUS (note 5)	326,766	275,555

The accompanying notes are an integral part of these financial statements

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2024

	Budget 2024 \$	Actual 2024 \$	Actual 2023 \$
REVENUES			
Requisition from City of Peterborough (note 6)	351,500	351,500	341,181
Other grants from City of Peterborough (note 6)	282,950	282,950	283,500
City of Peterborough - beautification (note 6)	27,500	9,178	15,096
City of Peterborough - community watch party (note 6)	-	-	31,154
Special events	25,000	25,000	25,000
Other	15,000	9,094	24,135
TOTAL REVENUES	701,950	677,722	720,066
EXPENSES			
Administration	360,180	337,617	360,868
Promotion	64,000	39,209	110,493
Communications	22,500	21,851	25,649
Streetscape	188,770	176,427	197,337
Special events	66,500	32,886	93,391
Amortization	-	18,521	21,142
TOTAL EXPENSES	701,950	626,511	808,880
ANNUAL SURPLUS/(DEFICIT)	-	51,211	(88,814)
ACCUMULATED SURPLUS - beginning of year		275,555	364,369
ACCUMULATED SURPLUS - end of year		326,766	275,555

The accompanying notes are an integral part of these financial statements

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2024

	Budget 2024 \$	Actual 2024 \$	Actual 2023 \$
ANNUAL SURPLUS/(DEFICIT)	-	51,211	(88,814)
Amortization of tangible capital assets	-	18,521	21,142
Purchase of tangible capital assets	-	(2,736)	(4,046)
Change in prepaid expenses	-	(3,633)	-
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	-	63,363	(71,718)
NET FINANCIAL ASSETS - beginning of year	245,756	245,756	317,474
NET FINANCIAL ASSETS - end of year	245,756	309,119	245,756

The accompanying notes are an integral part of these financial statements

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024

	2024	2023
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	51,211	(88,814)
Items not involving cash		
Amortization of tangible capital assets	18,521	21,142
Change in non-cash assets and liabilities		
Accounts receivable	5,828	6,430
Due from City of Peterborough	(120,700)	-
Prepaid expenses	(3,633)	-
Accounts payable and accrued liabilities	(9,563)	2,287
Gift cards payable	(8,960)	2,876
Deferred revenue	(2,500)	(2,600)
Net change in cash from operating activities	(69,796)	(58,679)
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,736)	(4,046)
INVESTING ACTIVITIES		
Short-term investments matured	-	5,709
NET CHANGE IN CASH	(72,532)	(57,016)
CASH - beginning of year	203,558	260,574
CASH - end of year	131,026	203,558

The accompanying notes are an integral part of these financial statements

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

The Peterborough Downtown Business Improvement Area is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) 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, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Pole Banners	5 years
Decorations	5 years
Equipment	5-7 years

Amortization is recorded at one half of the above rate in the year of acquisition.

(b) Non-Financial Assets

Non-financial assets are accounted for as assets by the Improvement Area because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Improvement Area unless they are sold.

(c) Use of Estimates

The preparation of 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 at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include:

The amounts recorded for amortization of tangible capital assets are based on estimates of useful life, residual values and valuation rates; and

The allowance for doubtful accounts which is based on management's estimate of the collectability of the accounts receivable.

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Requisition from City of Peterborough

Revenue is raised for the Improvement Area by City Council through special levy upon designated ratepayers. The Board of Management for the Improvement Area requisitions funds from the City from time to time and accounts for these revenues on the accrual basis.

Special events revenue is earned once the event has taken place.

Grants and other revenue are recognized in the financial statements as revenue in the period in which the transactions or events occurred that give rise to the revenue.

(e) Inter-Entity Transactions

The Improvement Area is a Board of the City of Peterborough and is consolidated with the City financial statements.

Allocated costs and recovery costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the City.

(f) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Accounts receivable	Amortized Cost
Due from City of Peterborough	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost

Fair value category: The Improvement Area manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

2. COMMITMENT

In 2020, the Improvement Area entered into an agreement for the maintenance of public spaces in downtown Peterborough for 5 years ending March 31, 2025. Expected payments, net of HST rebate, over the remaining term of the contract are as follows:

2025	\$46,685
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3. CONTRACTUAL RIGHTS

The Improvement Area has an agreement with the City of Peterborough to receive funding of \$150,000 annually. This agreement will expire in 2036. This funding is included in other grants from City of Peterborough on the Statement of Operations and Accumulated Surplus and is in addition to the requisition received from the City through a special levy from designated ratepayers.

4. TANGIBLE CAPITAL ASSETS

The net book value of the Improvement Area's tangible capital assets are:

	Pole Banners \$	Decorations \$	Equipment \$	2024 Totals \$	2023 Totals \$
COST					
Balance, beginning of year	13,315	71,805	67,304	152,424	148,378
Add: additions during the year	-	-	2,736	2,736	4,046
Balance, end of year	13,315	71,805	70,040	155,160	152,424
ACCUMULATED AMORTIZATION					
Balance, beginning of year	13,315	50,262	59,048	122,625	101,483
Add: additions during the year	-	14,361	4,160	18,521	21,142
Balance, end of year	13,315	64,623	63,208	141,146	122,625
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	-	7,182	6,832	14,014	29,799

During the year there were no write-downs of assets (2023 - \$Nil), no interest capitalized (2023 - \$Nil) and no contributed assets (2023 - \$Nil).

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

5. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2024	2023
	\$	\$
Surplus/(Deficit)		
Operating fund	151,941	82,068
Invested In Capital Assets		
Net book value of tangible capital assets	14,014	29,799
Surplus	165,955	111,867
Reserves		
Casino settlement	160,811	163,688
	326,766	275,555

6. INTER-ENTITY TRANSACTIONS

All funding received from the City of Peterborough has been identified on the Statement of Operations and Accumulated Surplus. All balances with the City of Peterborough have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest.

7. CHANGES IN ACCOUNTING POLICIES

The Improvement Area has implemented the following sections and guidelines which are now effective under the PSA Handbook: 3160 Public Private Partnerships, 3400 Revenue, and PSG-8 Purchased Intangibles.

Section 3160 establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The adoption of this standard did not have an impact on the Improvement Area's financial statements.

Section 3400 establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as 'exchange transactions', and transactions that do not have performance obligations, referred to as 'non-exchange transactions'. The adoption of this standard did not have an impact on the Improvement Area's financial statements.

Under PSG-8, an entity may recognize purchased intangibles as an asset in its consolidated financial statements if the intangible meets the asset definition and the general recognition criteria. The adoption of this standard did not have an impact on the Improvement Area's financial statements.

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

8. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Improvement Area assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Improvement Area is exposed to the following risks in respect of certain of the financial instruments held:

(a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

The Improvement Area reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The Improvement Area monitors and assesses the collectability of accounts receivable based on past experience to derive a net realizable value.

In the opinion of management, the Improvement Area is not exposed to any significant interest rate, liquidity, market or currency risk.