

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

FINANCIAL STATEMENTS

DECEMBER 31, 2025

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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, 2025, 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, 2025, 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.

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 28, 2026

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

At December 31, 2025

	2025	2024
	\$	\$
FINANCIAL ASSETS		
Cash	335,560	131,026
Accounts receivable	58,174	76,818
Due from City of Peterborough (note 5)	-	120,700
TOTAL FINANCIAL ASSETS	393,734	328,544
LIABILITIES		
Accounts payable and accrued liabilities	14,538	19,425
NET FINANCIAL ASSETS	379,196	309,119
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	7,030	14,014
Prepaid expenses	5,912	3,633
TOTAL NON-FINANCIAL ASSETS	12,942	17,647
ACCUMULATED SURPLUS (note 4)	392,138	326,766

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, 2025

	Budget 2025 \$	Actual 2025 \$	Actual 2024 \$
REVENUES			
Requisition from City of Peterborough (note 5)	362,045	362,045	351,500
Other grants from City of Peterborough (note 5)	185,692	188,669	282,950
City of Peterborough - special events (note 5)	-	21,765	9,178
Special events	25,000	25,000	25,000
Associate memberships	8,000	29,133	2,792
Other	22,800	15,089	6,302
TOTAL REVENUES	603,537	641,701	677,722
EXPENSES			
Administration	366,225	336,583	337,617
Promotion	74,000	63,642	39,209
Communications	39,000	36,796	21,851
Streetscape	50,692	50,060	176,427
Special events (note 5)	73,620	78,829	32,886
Amortization	-	10,419	18,521
TOTAL EXPENSES	603,537	576,329	626,511
ANNUAL SURPLUS	-	65,372	51,211
ACCUMULATED SURPLUS - beginning of year		326,766	275,555
ACCUMULATED SURPLUS - end of year		392,138	326,766

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, 2025

	Budget 2025 \$	Actual 2025 \$	Actual 2024 \$
ANNUAL SURPLUS	-	65,372	51,211
Amortization of tangible capital assets	-	10,419	18,521
Purchase of tangible capital assets	-	(3,435)	(2,736)
Change in prepaid expenses	-	(2,279)	(3,633)
INCREASE IN NET FINANCIAL ASSETS	-	70,077	63,363
NET FINANCIAL ASSETS - beginning of year	309,119	309,119	245,756
NET FINANCIAL ASSETS - end of year	309,119	379,196	309,119

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, 2025

	2025 \$	2024 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	65,372	51,211
Items not involving cash		
Amortization of tangible capital assets	10,419	18,521
Change in non-cash assets and liabilities		
Accounts receivable	18,644	5,828
Due from City of Peterborough	120,700	(120,700)
Prepaid expenses	(2,279)	(3,633)
Accounts payable and accrued liabilities	(4,887)	(9,563)
Gift cards payable	-	(8,960)
Deferred revenue	-	(2,500)
Net change in cash from operating activities	207,969	(69,796)
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(3,435)	(2,736)
NET CHANGE IN CASH	204,534	(72,532)
CASH - beginning of year	131,026	203,558
CASH - end of year	335,560	131,026

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, 2025

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, 2025

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, 2025

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, 2025

2. 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.

3. TANGIBLE CAPITAL ASSETS

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

	Pole Banners \$	Decorations \$	Equipment \$	2025 Totals \$	2024 Totals \$
COST					
Balance, beginning of year	13,315	71,805	70,040	155,160	152,424
Add: additions during the year	-	-	3,435	3,435	2,736
Less: disposals during the year	-	-	1,354	1,354	-
Balance, end of year	13,315	71,805	72,121	157,241	155,160
ACCUMULATED AMORTIZATION					
Balance, beginning of year	13,315	64,623	63,208	141,146	122,625
Add: additions during the year	-	7,182	3,237	10,419	18,521
Less: disposals during the year	-	-	1,354	1,354	-
Balance, end of year	13,315	71,805	65,091	150,211	141,146
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	-	-	7,030	7,030	14,014

During the year there were no write-downs of assets (2024 - \$Nil), no interest capitalized (2024 - \$Nil) and no contributed assets (2024 - \$Nil).

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2025 \$	2024 \$
Surplus/(Deficit)		
Operating fund	171,533	151,941
Invested In Capital Assets		
Net book value of tangible capital assets	7,030	14,014
Surplus	178,563	165,955
Reserves		
Casino settlement	213,575	160,811
	392,138	326,766

5. 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.

Expenses paid by the City of Peterborough are recorded as revenue in the amount of \$21,765 (2024 - \$9,178) with an expense in the same amount in special events expenses.

6. 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.