

Combined Financial Statements of

**LONDON DOWNTOWN BUSINESS
ASSOCIATION**

And Independent Auditor's Report thereon

Year ended December 31, 2024



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of London Downtown Business Association

Opinion

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

- the combined statement of financial position as at December 31, 2024
- the combined statement of operations for the year then ended
- the combined statement of change in net financial assets for the year then ended
- the combined statement of cash flows for the year then ended
- and notes to the combined financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the combined financial position of the Entity as at December 31, 2024, and its combined results of operations, its combined change in net financial assets and its combined 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 auditors' 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.



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- 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.
- 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 Accountants, Licensed Public Accountants

London, Canada

May 1, 2025

LONDON DOWNTOWN BUSINESS ASSOCIATION

Combined Statement of Financial Position

December 31, 2024, with comparative information for 2023

	LDBA 2024	Main Street 2024	Total 2024	Total 2023
Financial assets				
Cash and cash equivalents	\$ 965,406	\$ 325,946	\$ 1,291,352	\$ 2,191,187
Accounts receivable	121,461	-	121,461	181,486
Due from the Hyde Park Business Improvement Association Board of Management (note 4)	-	-	-	2,490
	1,086,867	325,946	1,412,813	2,375,163
Financial liabilities				
Accounts payable and accrued liabilities (note 4)	108,279	6,006	114,285	233,218
Deferred revenue	-	-	-	2,490
Funds on deposit	-	100,352	100,352	144,517
	108,279	106,358	214,637	380,225
Net financial assets	978,588	219,588	1,198,176	1,994,938
Non-financial assets				
Tangible capital assets (note 3)	37,117	-	37,117	13,867
Prepaid expenses	-	-	-	9,940
	37,117	-	37,117	23,807
Commitments (note 6)				
Accumulated surplus (note 5)	\$ 1,015,705	\$ 219,588	\$ 1,235,293	\$ 2,018,745

See accompanying notes to combined financial statements.

On behalf of the Board:

Director

Director

LONDON DOWNTOWN BUSINESS ASSOCIATION

Combined Statement of Operations

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

	Budget	LDBA 2024	Main Street 2024	Total 2024	Total 2023
Revenue:					
Municipal levy from the City of London	\$ 1,940,227	\$ 2,038,688	\$ -	\$ 2,038,688	\$ 1,723,334
Grant income		86,624	-	86,624	1,194,400
Main Street London funding	1,065,000	-	650,000	650,000	240,000
Interest income	5,000	52,435	2,337	54,772	19,254
Miscellaneous income (note 4)	-	2,490	-	2,490	8,425
Total revenue	3,010,227	2,180,237	652,337	2,832,574	3,185,413
Expenses:					
Business development	1,731,377	664,021	-	664,021	705,158
Salaries and wages	592,000	591,540	-	591,540	577,264
Programs	232,500	-	603,330	603,330	118,491
Member services	189,200	1,533,956	-	1,533,956	354,873
Administration	123,150	129,453	-	129,453	92,821
Rent	142,000	86,260	-	86,260	80,513
Amortization	-	7,466	-	7,466	8,473
Business retention	-	-	-	-	63,000
Total expenses	3,010,227	3,012,696	603,330	3,616,026	2,000,593
Annual surplus (deficit)	-	(832,459)	49,007	(783,452)	1,184,820
Accumulated surplus, beginning of year	2,018,745	1,848,164	170,581	2,018,745	833,925
Accumulated surplus, end of year	\$ 2,018,745	\$ 1,015,705	\$ 219,588	\$ 1,235,293	\$ 2,018,745

See accompanying notes to combined financial statements.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Combined Statement of Change in Net Financial Assets

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

	Budget	LDBA 2024	Main Street 2024	Total 2024	Total 2023
Annual surplus (deficit) \$	-	\$ (832,459)	\$ 49,007	\$ (783,452)	\$ 1,184,820
Acquisition of tangible capital assets	-	(30,718)	-	(30,718)	-
Amortization of tangible capital assets	-	7,466	-	7,466	8,473
	-	(855,711)	49,007	(806,704)	1,193,293
Change in prepaid expenses	-	9,942	-	9,942	(2,004)
Change in net financial assets	-	(845,769)	49,007	(796,762)	1,191,289
Net financial assets, beginning of year	1,994,938	1,824,357	170,581	1,994,938	803,649
Net financial assets, end of year	\$ 1,994,938	\$ 978,588	\$ 219,588	\$ 1,198,176	\$ 1,994,938

See accompanying notes to combined financial statements.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Combined Statement of Cash Flows

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

	2024	2023
Cash and cash equivalents provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (783,452)	\$ 1,184,820
Item not involving cash:		
Amortization	7,466	8,473
Changes in non-cash operating working capital:		
Accounts receivable	60,025	(16,179)
Due from related party	2,490	8,558
Prepaid expenses	9,942	1,556
Accounts payable and accrued liabilities	(118,933)	(66,499)
Deferred revenue	(2,490)	(8,558)
	(824,952)	1,112,171
Financing activities:		
Funds on deposit	(44,165)	(188)
Capital activities:		
Acquisition of tangible capital assets	(30,718)	(3,560)
Increase (decrease) in cash and cash equivalents	(899,835)	1,108,423
Cash and cash equivalents, beginning of year	2,191,187	1,082,764
Cash and cash equivalents, end of year	\$ 1,291,352	\$ 2,191,187
Supplemental cash flow information:		
Cash	\$ 1,225,151	\$ 2,130,390
Cash equivalents	66,201	60,797
	\$ 1,291,352	\$ 2,191,187

See accompanying notes to combined financial statements.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements

Year ended December 31, 2024

1. Significant accounting policies:

The combined financial statements of the London Downtown Business Association (the "Association") are prepared in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants Canada Public Sector Handbook - Accounting.

(a) Basis of accounting:

Sources of financing and expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Cash equivalents:

Cash equivalents consist of guaranteed investment certificates due on demand.

(c) Investments:

Investments consist of guaranteed investment certificates. Interest income is recognized as it is earned.

(d) Government transfers:

Government transfer payments from the City of London are recognized in the combined financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(e) Deferred revenue:

Funds received for expenses of future periods are deferred and recognized as income when the costs for which the revenue is received are incurred.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(f) Tangible capital assets:

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

Asset	Rate
Furniture	5 years
Computer equipment	4 years

(g) Use of estimates:

The preparation of financial statements 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. Such estimates include valuation of accounts receivable, tenant improvement loans and other long-lived assets. Actual results could differ from those estimates.

(h) Budget amounts:

Budget figures have been provided for comparison purposes.

(i) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount. All other related party transactions are measured at the carrying amount.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(j) Financial instruments:

Financial Instruments are classified into three categories: fair value, amortized cost or cost. Portfolio investments reported at fair value consist of equity instruments, certain fixed income securities, and any other investments where the investments are managed and evaluated on a fair value basis and the fair value option is elected.

Other financial instruments, including cash and cash equivalents, accounts receivable, loans receivable, and accounts payable and accrued liabilities are initially recorded at their fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment.

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

Fair value category: 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 related balances reversed from the Statement of Remeasurement Gains and Losses. A Statement of Remeasurement Gains and Losses has not been included as there are no matters to report therein.

Amortized cost: Amounts are measured using the effective interest rate method. 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, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements (continued)

Year ended December 31, 2024

2. Change in accounting policy - adoption of new accounting standards:

The Association adopted the following standards concurrently beginning January 1, 2024 prospectively: PS 3160 *Public Private Partnerships*, PS 3400 *Revenue* and PSG-8 *Purchased Intangibles*.

- (a) PS 3160 *Public Private Partnerships* (P3s) provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. As a result of applying the Public Private Partnership accounting standard it was identified that this accounting standard did not affect the Association and therefore no adjusting entries occurred.
- (b) PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.
- (c) PSG-8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act. No such transactions were identified by the Association.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements (continued)

Year ended December 31, 2024

3. Tangible capital assets:

Cost	Balance at December 31, 2023	Additions	Disposals	Balance at December 31, 2024
Furniture	\$ 18,685	\$ 28,092	\$ -	\$ 46,777
Computer equipment	15,313	2,626	-	17,939
Leasehold improvements	124,272	-	(124,272)	-
Total	\$ 158,270	\$ 30,718	\$ (124,272)	\$ 64,716

Accumulated amortization	Balance at December 31, 2023	Disposals	Amortization expense	Balance at December 31, 2024
Furniture	\$ 7,785	\$ -	\$ 6,412	\$ 14,197
Computer equipment	12,348	-	1,054	13,402
Leasehold improvements	124,272	(124,272)	-	-
Total	\$ 144,405	\$ (124,272)	\$ 7,466	\$ 27,599

	Net book value December 31, 2023	Net book value December 31, 2024
Furniture	\$ 10,900	\$ 32,580
Computer equipment	2,967	4,537
Leasehold improvements	-	-
	\$ 13,867	\$ 37,117

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements (continued)

Year ended December 31, 2024

4. Related party transactions:

At year end, amounts owing to the Corporation of the City of London (the "City"), an organization that has control over the Association, were \$11,540 (2023 - \$220,009). This has been included in accounts payable and accrued liabilities on the Combined Statement of Financial Position. During the year, \$86,624 (2023 - \$1,160,000) was received from the City and recorded within grant income on the Combined Statement of Operations. Included in accounts receivable is \$nil owing from the City (2023 - \$12,047).

The Hyde Park Business Improvement Association Board of Management ("HPBIA") is an organization under common control. Through the shared Digital Main Street grant, HPBIA incurred expenses of \$nil (2023 - \$17,765) on behalf of the Association. This has been included in miscellaneous income and member services on the Combined Statement of Operations.

5. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserve funds as follows:

	2024	2023
Surplus:		
Invested in tangible capital assets	\$ 37,117	\$ 13,867
Operating surplus	1,097,824	1,860,361
	1,134,941	1,874,228
Restricted cash for Downtown Dollars	100,352	144,517
	\$ 1,235,293	\$ 2,018,745

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements (continued)

Year ended December 31, 2024

6. Commitments:

The Association is committed to payments under operating leases for their premises as well as furniture and equipment as follows:

2025	\$	85,302
2026		85,302
2027		85,302
2028		84,175
2029		83,799
Thereafter		118,715
	\$	542,595

7. Financial risks and concentration of risk:

As the valuation of all financial instruments held by the Association at fair value are derived from quoted prices in active markets, all would be in Level 1 of the fair value hierarchy.

Risks arising from financial instruments and risk management

The Association is exposed to a variety of financial risks including credit risks, and liquidity risk. The Association's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Association's financial performance.

(a) Credit risk:

The Association's principal financial assets that are subject to credit risk are cash and accounts receivable. The carrying amounts of financial assets on the Statement of Financial Position represent the Association's maximum credit exposure as at the Statement of Financial Position date.

(b) Liquidity risk:

The Association mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current. There have been no significant changes from the previous year in the Association's exposure to liquidity risk or policies, procedures and methods used to measure the risk. All accounts payable and accrued liabilities will be paid within six (6) months.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements (continued)

Year ended December 31, 2024

7. Financial risks and concentration of risk (continued):

The Association's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. It is the Association's opinion that the Association is not exposed to significant market, interest rate or currency risks arising from these financial instruments except as otherwise disclosed.