

Financial Statements of

**THE GRIMSBY DOWNTOWN
BUSINESS IMPROVEMENT
AREA**

Year ended December 31, 2025

THE GRIMSBY DOWNTOWN BUSINESS IMPROVEMENT AREA

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Year ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Members of Council, Inhabitants and Taxpayers of the Corporation of the Town of Grimsby

Opinion

We have audited the separate financial statements of The Grimsby Downtown Business Improvement Area (the BIA), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations and accumulated surplus for the years 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 BIA 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 BIA 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 BIA'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 BIA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the BIA'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 BIA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 BIA'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 BIA 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. Below the signature is a horizontal line that starts under the 'K' and extends to the right, ending under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

September 28, 2026

THE GRIMSBY DOWNTOWN BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial assets		
Cash and cash equivalents	\$ 63,689	\$ 150,599
HST receivable	9,355	2,088
Accounts Receivable	12,824	—
Due from Town of Grimsby (note 6)	13,756	13,756
	99,624	166,443
Financial Liabilities		
Accounts payable and accrued liabilities	19,755	6,225
Net financial assets	79,869	160,218
Non-financial assets		
Tangible capital assets (note 5)	279	1,916
Prepaid expenses	1,904	1,904
	2,183	3,820
Accumulated surplus (note 7)	\$ 82,052	\$ 164,038

See accompanying notes to financial statements.

On behalf of the Board:

_____ Mark Wood, Chair, GDBIA

_____ Daniel Vandersteen, Treasurer, GDBIA

THE GRIMSBY DOWNTOWN BUSINESS IMPROVEMENT AREA

Statement of Operations and Accumulated Surplus

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

	2025 Budget (note 4)	2025 Actual	2024 Actual
Revenue:			
Taxation	\$ 87,350	\$ 87,350	\$ 87,493
Tax (write-offs) supplementaries, net	—	(179)	(379)
Grants	163,000	55,239	—
Sponsorship	10,000	1,950	—
Interest	—	125	500
Total revenue	260,350	144,485	87,614
Expenses:			
Advertising and promotion	27,100	11,192	4,136
Amortization	1,637	1,637	1,637
Downtown beautification	68,000	23,228	14,407
Office	11,250	9,805	5,481
Professional fees	6,000	7,455	5,971
Salaries and benefits	101,520	108,561	37,569
Special events	134,000	64,593	43,726
Total expenses	349,507	226,471	112,927
Annual deficit	(89,157)	(81,986)	(25,313)
Accumulated surplus, beginning of year	164,038	164,038	189,351
Accumulated surplus, end of year (note 7)	\$ 74,881	\$ 82,052	\$ 164,038

See accompanying notes to financial statements.

THE GRIMSBY DOWNTOWN BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

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

	2025 Budget (note 4)	2025 Actual	2024 Actual
Annual deficit	\$ (89,157)	\$ (81,986)	\$ (25,313)
Amortization of tangible capital assets	1,637	1,637	1,637
	(87,520)	(80,349)	(23,676)
Increase in prepaid expenses	—	—	(1,904)
Change in net financial assets	(87,520)	(80,349)	(25,580)
Net financial assets, beginning of year	160,218	160,218	185,798
Net financial assets, end of year	\$ 72,698	\$ 79,869	\$ 160,218

See accompanying notes to financial statements.

THE GRIMSBY DOWNTOWN BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

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

	2025	2024
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (81,986)	\$ (25,313)
Items not involving cash:		
Amortization of tangible capital assets	1,637	1,637
Change in non-cash assets and liabilities:		
Decrease in due from Town of Grimsby	—	172,042
Increase in HST Receivable	(7,267)	(2,088)
Increase in Account receivable	(12,824)	—
Prepaid expenses	—	(1,904)
Increase in accounts payable and accrued liabilities	13,530	6,225
Net (decrease) increase in cash	(86,910)	150,599
Cash, beginning of year	150,599	—
Cash, end of year	\$ 63,689	\$ 150,599

See accompanying notes to financial statements.

THE GRIMSBY DOWNTOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2025

1. Purpose of The Grimsby Downtown Business Improvement Area:

The Grimsby Downtown Business Improvement Area (the BIA) was established by the Council of the Town of Grimsby and has been entrusted with the improvement, beautification and maintenance of the Municipality owned lands, buildings, and structures in the improvement area, beyond such expenditures by the Municipality. The BIA is also responsible for the promotion of this improvement for business and shopping.

The Board is financed by a special levy charged upon businesses in the improvement area.

2. Significant accounting policies:

The financial statements are the responsibility of and prepared by management in accordance with Canadian Public Sector Accounting Standards. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The significant accounting policies used are as follows:

(a) Basis of accounting:

Sources of revenue and expenses are reporting on the accrual basis of accounting. The accrual basis of accounting records revenues in the period in which they are earned and measurable and expenses in the period the goods and services are acquired and a liability is incurred. A statement of accumulated remeasurement gains/losses has not been presented as there are no items to report in the current or prior year.

(b) Reporting entity:

The financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus in the BIA.

(c) Tangible capital assets:

(i) Determination of costs:

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the assets required to install the asset at the location and in the condition necessary for its intended use. Contributed or donated tangible capital assets are recorded at fair value at the date of receipt.

THE GRIMSBY DOWNTOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Significant accounting policies (continued):

(c) Tangible capital assets (continued):

(ii) Amortization:

Amortization is recorded to reflect the cost, net of anticipated salvage value, associated with the use of asset in providing government services over the estimated useful life of the asset. Amortization expense is calculated on a straight-line basis over the assets' estimated useful lives.

Asset	Useful life - years
Equipment	3 - 15

Assets under construction are not amortized until the assets are available for use and put in service.

(d) Revenue recognition:

Government transfers, which include municipal contributions and provincial and federal grants, are recognized in the year in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria or stipulations have been met, and reasonable estimates of the amounts can be made. Government transfers that meet the definition of liability are recognized as revenue as the liability is extinguished.

Investment income is reported as revenue in the period earned. Other revenues are recognized when the services are performed, or goods are delivered and there is reasonable assurance of collection

(e) Financial instruments:

The BIA initially measures its financial assets and financial liabilities at fair value. The BIA subsequently measures all its financial assets and financial liabilities at amortized cost. Financial liabilities are removed from the Statement of Financial Position upon discharge, cancellation, or expiration.

Financial assets measured at amortized cost include the due from the Town of Grimsby.

THE GRIMSBY DOWNTOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Areas in which management make estimates are with regard to the useful lives of tangible capital assets

(g) Related party transactions:

Transactions with related parties are measured at the carrying amount. The amounts due to/from the Town of Grimsby, a related party, are non-interest bearing with no specified repayment term.

3. Adoption of new guidance:

Effective January 1, 2024, the BIA adopted new public sector accounting standards sections retroactively with restatement: PS 3160 *Public Private Partnerships*, PS 3400 *Revenue* and adopted PSG-8 *Purchased Intangibles* prospectively.

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.

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.

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.

The adoption of the new standards had no impact on the BIA.

THE GRIMSBY DOWNTOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2025

4. Budget information:

The budget was not prepared on a basis consistent with that used to report actual results in accordance with Canadian Public Sector Accounting Standards. The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards require a full accrual basis. As a result, the budget figures presented in the Statement of Operations and Accumulated Surplus and Statement of Changes in Net Financial Assets represent the budget adopted with the following adjustments:

Approved budgeted annual surplus	\$	–
Less: transfer from reserve		(87,520)
Less: amortization of tangible capital assets		(1,637)
Budgeted deficit per Statement of Operations and Accumulated Surplus	\$	(89,157)

5. Tangible capital assets:

Cost	Balance at December 31, 2024	Additions	Disposals	Balance at December 31, 2025
Equipment	\$ 20,900	\$ –	\$ –	\$ 20,900

Accumulated amortization	Balance at December 31, 2024	Amortization expense	Disposals	Balance at December 31, 2025
Equipment	\$ 18,984	\$ 1,637	\$ –	\$ 20,621

Net book value	December 31, 2024	December 31, 2025
Equipment	\$ 1,916	\$ 279

THE GRIMSBY DOWNTOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2025

6. Related party transactions:

During the year, the Business Improvement Area recorded Member levies that were collected on behalf of the Business Improvement Area totaling \$87,350 (2024 - \$87,493). The Town also incurred expenses on the behalf of the Business Improvement Area.

7. Accumulated surplus:

Accumulated surplus consists of the following:

	2025	2024
Operating surplus (note 8)	\$ 13,648	\$ 13,648
BIA projects and stabilization reserve	68,125	148,474
Investment in tangible capital assets	279	1,916
	\$ 82,052	\$ 164,038

8. Operating surplus:

	2025	2024
Annual surplus for the year	\$ (81,986)	\$ (25,313)
Add: amortization for the year	1,637	1,637
Less: transfer from reserve	80,349	23,676
	—	—
Operating surplus, beginning of year	13,648	13,648
Operating surplus, end of year	\$ 13,648	\$ 13,648

THE GRIMSBY DOWNTOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2025

9. Financial instruments:

The BIA is exposed to various risks through its financial instruments. The following analysis provides a measure of the BIA's risk exposures as at December 31, 2025:

(a) Credit risk:

Credit risk is the risk of financial loss to the BIA if a debtor fails to pay the amounts owing to the BIA. The BIA is exposed to this risk arising from its due from Town of Grimsby.

Receivables are primarily due from government, corporations and individuals. Credit risk is mitigated by the highly diversified nature of the debtors and other customers. The BIA measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up for specific accounts deemed to be possibly uncollectible. In the current and prior year, no impairment allowance was recorded. There were no changes in exposures to credit risk during the period. The amounts outstanding at year-end were as follows:

2025	Current	31-60 days	61-90 days	91-120 days	Over 120 days	Total
Government receivables	\$ 13,756	\$ —	\$ —	\$ —	\$ —	\$ 13,756
HST receivable	9,355	—	—	—	—	9,355
Accounts receivable	12,824	—	—	—	—	12,824

2024	Current	31-60 days	61-90 days	91-120 days	Over 120 days	Total
Government receivables	\$ 13,756	\$ —	\$ —	\$ —	\$ —	\$ 13,756
HST receivable	2,088	—	—	—	—	2,088

(b) Liquidity risk:

Liquidity risk is the risk that the BIA will not be able to meet all cash outflow obligations as they come due. The BIA mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining adequate cash levels.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.