Financial Statements of

THE THORNBURY BUSINESS IMPROVEMENT AREA

Year ended December 31, 2025

Thornbury Business Improvement Area

Financial Statements
Year ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Thornbury Business Improvement Area

Opinion

We have audited the financial statements of The Thornbury Business Improvement Area (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations and 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, 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 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 11, 2026

Thornbury Business Improvement Area

Statement of Financial Position

As at December 31, 2025, with comparative information for 2024

		Actual 2025		Actual 2024
Financial assets				
Cash	$	192,121	$	185,065
Net financial assets		192,121		185,065
Non-financial assets				
Tangible capital assets (note 2)		14,759		45,952
Accumulated surplus (note 3)	$	206,880	$	231,017

See accompanying notes to financial statements.

Thornbury Business Improvement Area

Statement of Operations and Accumulated Surplus
Year ended December 31, 2025, with comparative information for 2024

	Budget 2025 (note 5)	Actual 2025	Actual 2024
Revenue:			
BIA Levy	$ 89,300	$ 89,300	$ 89,300
Grants from Town (note 4)	10,609	5,000	21,360
Federal grants	–	8,394	–
Other	–	7,232	2,000
	99,909	109,926	112,660
Expenses:			
Administration	50,305	36,734	18,498
Amortization of tangible capital assets	–	31,193	43,171
Beautification	3,000	6,126	1,376
Conferences & memberships	2,550	2,272	281
Professional fees	5,600	6,549	5,406
Promotion - special Events	56,500	51,188	42,011
	117,955	134,062	110,743
Annual surplus (deficit)	(18,046)	(24,137)	1,917
Accumulated surplus, beginning of the year	231,017	231,017	229,100
Accumulated surplus, end of the year	$ 212,971	$ 206,880	$ 231,017

See accompanying notes to financial statements.

Thornbury Business Improvement Area

Statement of Changes in Net Financial Assets

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

	Budget 2025 (note 5)	Actual 2025	Actual 2024
Annual surplus(deficit)	$ (18,046)	$ (24,137)	$ 1,917
Amortization of tangible capital assets	–	31,193	43,171
	–	31,193	43,171
Change in net financial assets	(18,046)	7,056	45,088
Net financial assets, beginning of year	185,065	185,065	139,977
Net financial assets, end of year	$ 167,019	$ 92,121	$ 185,065

See accompanying notes to financial statements.

Thornbury Business Improvement Area

Statement of Cash Flows

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

		Actual 2025		Actual 2024
Increase (decrease) in cash				
Operating Activities				
Annual surplus (deficit)	$	(24,137)	$	1,917
Amortization of tangible capital assets		31,193		43,171
Net increase in cash		7,056		45,088
Cash, beginning of year		185,065		139,977
Cash, end of year	$	192,121	$	185,065

See accompanying notes to financial statements.

Thornbury Business Improvement Area

Notes to the Financial Statements
Year ended December 31, 2025

1. Significant accounting policies:

The Thornbury Business Improvement Area Board of Management (the Board or the BIA) was established and approved by the Corporation of The Town of The Blue Mountains By-law No. 25-1981 on December 14, 1981. The Board's mandate is to improve and beautify the Thornbury business area.

(a) Basis of accounting:

The financial statements of the Board are the representations of management. They have been prepared in accordance with the Canadian Public Sector Accounting Board of the Chartered Professional Accountants Canada.

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses 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) Use of estimates:

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items such as tangible capital assets. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

(c) Cash and cash equivalents:

Cash and cash equivalents include all cash balances and short-term, highly liquid investments that are readily convertible into cash. This also includes the cash balance held in a reserve account with the Corporation of the Town of Blue Mountains.

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by the BIA. The following rates are used:

Amortization is charged in the year of acquisition and in the year of disposal.

Asset	Useful Life - Years
Fixtures	3 to 5

1. Significant accounting policies (continued)

(e) Revenue recognition:

Revenues are recognized as follows:

a. The BIA Levy revenue is recorded on an annual basis using the proportionate share of the total number of businesses for the year and an annually established rate per business. Revenue is recognized when levied.

b. Grant revenues are recognized in the year the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated. Grants are recognized when approved to the extent that the related expenses have been incurred and collection can be reasonably assured.

c. Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.

(f) 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.

As there were no remeasurement gains or losses, the statement of remeasurement gains and losses have been excluded from these financial statements.

2. Tangible capital assets:

	2025 Fixtures	2024 Fixtures
Cost		
Balance, beginning of year	$ 188,081	$ 188,081
Additions	–	–
Balance, end of year	188,081	188,081
Accumulated amortization		
Balance, beginning of year	142,129	98,958
Amortization	31,193	43,171
Balance, end of year	173,322	142,129
Net Book Value	$ 14,759	$ 45,952

3. Accumulated surplus:

	2025	2024
Investment in tangible capital assets	$ 14,759	$ 45,952
Reserves	192,121	185,065
Balance, end of year	$ 206,880	$ 231,017

The investment in tangible capital assets represents amounts already spent and invested in fixtures. Reserves represent funds set aside by by-law or resolution for specific purposes.

4. Related party transaction

The BIA was established as a board of management by the Town. The Town is considered to be a related party.

During the year, the BIA in its normal course of operations had the following transactions with the Town:

	2025	2024
Grants From Town	$ 5,000	$ 21,360

5. Budget

Membership levies are collected from businesses operating within designated areas of the Town. Budgeted membership levies for 2025 of $89,300 reflect the total levies expected to be collected for the year 2025.

5. Budget (continued)

The Budget adopted by Council of the Town on June 23, 2025 (and approved by the membership on June 11, 2025), was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards requires the full accrual basis. The budget expenses all tangible capital expenditures rather than capitalising additions and including amortization expense. Amortization was not contemplated on development of the BIA budget and, as such, has not been included. As a result, the budget figures presented in the Statement of Operations represent the Financial Plan adopted by Council on June 23, 2025.

6. 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 Business Improvement Area deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. There has been no change to the risk exposure from 2024.

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 Business Improvement Area 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 2024.