MARDA LOOP BUSINESS IMPROVEMENT AREA

Non-Consolidated Financial Statements

Year Ended December 31, 2025

tax. accounting.
assurance. advisory *

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INDEPENDENT AUDITOR'S REPORT

To the Members of Marda Loop Business Improvement Area

Opinion
We have audited the non-consolidated financial statements of Marda Loop Business Improvement Area (the Organization) which comprise the non-consolidated statement of financial position as at December 31, 2025, and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with Accounting standards for not-for-profit organizations (ASNPO).

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 Organization 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 ASNPO 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization’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 Organization'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 Organization'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 Organization 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.



Calgary, Alberta
May 6, 2026

Chartered Professional Accountants

MARDA LOOP BUSINESS IMPROVEMENT AREA
Non-Consolidated Statement of Financial Position
December 31, 2025

	2025	2024
ASSETS		
CURRENT		
Cash	**$ 46,491**	$ 967
Guaranteed investment certificates *(Note 3)*	**42,341**	136,296
Accounts receivable *(Note 4)*	**15,360**	13,772
GST recoverable	**12,777**	7,210
Prepaid expenses	**6,397**	4,605
Due from Festival Society of Marda Loop *(Note 5)*	**100**	100
	123,466	162,950
EQUIPMENT *(Note 6)*	**13,686**	4,983
	$ 137,152	$ 167,933
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 16,735**	$ 16,020
Vacation payable	**1,946**	-
Employee deductions payable	**4,663**	4,543
Deferred funding *(Note 7)*	**10,000**	-
	33,344	20,563
NET ASSETS		
INVESTED IN EQUIPMENT	**13,686**	4,983
UNRESTRICTED NET ASSETS	**90,122**	142,387
	103,808	147,370
	$ 137,152	$ 167,933

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See notes to financial statements

MARDA LOOP BUSINESS IMPROVEMENT AREA
Non-Consolidated Statement of Changes in Net Assets
Year Ended December 31, 2025

	Invested in Equipment	Unrestricted Net Assets	**2025**	2024
NET ASSETS - BEGINNING OF YEAR	$ 4,983	$ 142,387	**$ 147,370**	$ 202,588
(Deficiency) Excess of revenues over expenditures	(4,228)	(39,334)	**(43,562)**	(55,218)
Net investment in capital assets	12,931	(12,931)	**-**	-
NET ASSETS - END OF YEAR	$ 13,686	$ 90,122	**$ 103,808**	$ 147,370

See notes to financial statements

MARDA LOOP BUSINESS IMPROVEMENT AREA
Non-Consolidated Statement of Operations
Year Ended December 31, 2025

	2025	2024
REVENUES		
Business tax levy	**$ 220,000**	$ 220,000
Marda Gras	**100,996**	79,962
Grants	**31,550**	12,498
Sponsorships	**1,200**	-
	353,746	312,460
EXPENDITURES		
Contract wages and benefits	**113,740**	108,181
Marketing	**108,540**	113,281
Marda Gras	**88,000**	89,266
Streetscape maintenance	**39,905**	17,359
Office and administration	**17,672**	13,543
Website and advertising	**8,108**	9,764
Insurance	**7,288**	7,290
Rent	**6,730**	8,100
Professional fees	**5,800**	5,800
Amortization	**4,228**	3,665
Telecommunications	**503**	502
Bank charges	**312**	298
	400,826	377,049
DEFICIENCY OF REVENUES OVER EXPENDITURES FROM OPERATIONS	**(47,080)**	(64,589)
OTHER INCOME		
Interest income	**3,518**	9,371
DEFICIENCY OF REVENUES OVER EXPENDITURES	**$ (43,562)**	$ (55,218)

See notes to financial statements

MARDA LOOP BUSINESS IMPROVEMENT AREA
Non-Consolidated Statement of Cash Flows
Year Ended December 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	**$ (43,562)**	$ (55,218)
Item not affecting cash:		
Amortization	**4,228**	3,665
	(39,334)	(51,553)
Changes in non-cash working capital:		
Accounts receivable	**(1,588)**	11,763
GST recoverable	**(5,567)**	(779)
Deferred funding	**10,000**	-
Prepaid expenses	**(1,792)**	(600)
Accounts payable and accrued liabilities	**715**	(8,133)
Vacation payable	**1,946**	(1,971)
Employee deductions payable	**120**	409
	3,834	689
Cash flow used by operating activities	**(35,500)**	(50,864)
INVESTING ACTIVITIES		
Purchase of equipment	**(12,931)**	-
Withdrawal from guaranteed investment certificates	**93,955**	43,955
Cash flow from investing activities	**81,024**	43,955
INCREASE (DECREASE) IN CASH	**45,524**	(6,909)
CASH - BEGINNING OF YEAR	**967**	7,876
CASH - END OF YEAR	**$ 46,491**	$ 967

See notes to financial statements

1. NATURE OF OPERATIONS

The Marda Loop Business Improvement Area (the "Organization") is a non-profit organization established under the Municipal Government Act of the Province of Alberta.

The main purpose of the Business Improvement Area is to improve the appearance of the area and promote the zone as a business and shopping area. The majority of the funds are derived from the incremental business tax being levied by the City of Calgary on all businesses in the above mentioned area. Continued operation of the Organization is dependent on this ongoing financial support. The Organization is a tax exempt non-profit organization under section 149 of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook and includes the significant accounting policies summarized below:

a) Deferral Method of Accounting – Revenue Recognition

The Organization follows the deferral method of accounting for revenues. Restricted revenues are recognized as revenue in the period in which related expenses are incurred. Unrestricted revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

b) Financial Instruments

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments and other securities that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the non-consolidated statement of operations.

Financial assets measured at amortized cost include cash, guaranteed investment certificates and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the non-consolidated statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the non-consolidated statement of operations.

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Transaction costs

The Organization recognizes its transaction costs in the non-consolidated statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their obligation, issuance or assumption.

c) Contributed Materials and Services

Contributed materials are recognized as items of both revenue and expense when their fair market value can reasonably be estimated.

When volunteers contribute their time to assist the Organization in carrying out its events and promotions, the contributed services are not recognized in the non-consolidated financial statements due to the difficulty in determining their fair value.

d) Equipment

Purchased equipment is recorded at cost. Contributed equipment is recorded at fair market value at the date of contribution. Amortization is provided over the assets' estimated useful lives, as follows:

Equipment/Banners	5 Years	Straight line
Streetscape	5 Years	Straight line
Computer equipment	55%	Declining balance

e) Presentation of the Controlled Society

The Festival Society of Marda Loop (Note 5), which is controlled by the Organization, is not consolidated in these non-consolidated financial statements.

f) Management uncertainty

The preparation of non-consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. GUARANTEED INVESTMENT CERTIFICATES

Two guaranteed investment certificates totaling $42,341 (2024 - four totaling $136,296) with principal balances of $5,244 and $37,097 and bearing interest at 2.00% and 3.00% per annum. Both mature in 2026.

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of:

	2025	2024
Bell Media overpayment	**$ -**	$ 13,772
City of Calgary - grants	**14,550**	-
Other	**810**	-
	$ 15,360	$ 13,772

5. RELATED PARTY TRANSACTIONS

The Festival Society of Marda Loop (the "Society") is a non-profit organization incorporated on December 6, 2016 under the Societies Act of Alberta. The Society is currently inactive. The main purpose of the Society was to deliver socially vibrant, community-oriented festivals, notably the annual Marda Gras Street Festival, events and other programming in the Marda Loop Business Improvement Area and environs. The Society is a tax exempt non-profit organization under section 149 of the Income Tax Act.

The Board of Directors of the Organization serve as the Board of the Directors of the Society. Accordingly, the Organization controls the Society.

Transactions with the Society are considered to be in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to between the Organization and Society.

The advance due from the Society of $100 (2024 - $100) is non interest bearing and has no fixed terms of repayment.

The Society had less than $100 in total assets and less than $100 in expenditures for the year ending December 31, 2025.

6. EQUIPMENT

	Cost	Accumulated amortization	**2025 Net book value**	2024 Net book value
Streetscape equipment	$ 12,875	$ 11,631	**$ 1,244**	$ 1,555
Streetscape decorations	14,141	7,605	**6,536**	1,711
Computer equipment	1,464	1,368	**96**	215
Equipment and banners	9,093	3,283	**5,810**	1,502
	$ 37,573	$ 23,887	**$ 13,686**	$ 4,983

7. DEFERRED FUNDING

The Organization received a $10,000 grant from the City of Calgary for the 2026 Marda Gras Street Festival. The grant will be recognized as revenue in the 2026 year.

8. ECONOMIC DEPENDENCE

In common with other Business Improvement Areas, Marda Loop Business Improvement Area's primary source of revenue is from a business tax levy collected by the City of Calgary. The Organization's ability to continue viable operations is dependent on this funding.

9. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Organization has exposure to liquidity and credit risk from its use of financial instruments.

a) Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they become due. The Organization's approach to managing liquidity risk is to prepare and follow annual budgets, as well as ensuring there are sufficient revenues to cover expenses. The Organization's liquidity risk is considered to be low as the Organization aims to retain sufficient cash positions to manage liquidity risk.

b) Credit Risk

Credit risk is the risk that the Organization will incur a financial loss because a contributor or counterparty has failed to discharge an obligation. This risk is mitigated due to the fact that accounts receivable are minimal and revenue is largely derived from the municipal government. The Organization is also exposed to credit risk as the Organization's cash and guaranteed investment certificates are held at one chartered bank.