

DIGITAL MAINSTREET INC.

**Financial Statements
For the Year Ended December 31, 2024**

DIGITAL MAINSTREET INC.
FINANCIAL STATEMENTS

DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of the
Digital Mainstreet Inc,

Opinion

I have audited the accompanying financial statements of the Digital Mainstreet Inc., which comprise the statement of financial position as at December 31, 2024, and the statement of operations and accumulated retained earnings, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Digital Mainstreet Inc. as at December 31, 2024, and the statement of operations, accumulated retained earnings, and statement of cash flows for the year then ended in accordance with Canadian Accounting Standards for Private Enterprises (ASPE).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of Association in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my all-other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 accounting standards for private enterprises, 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 Company'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Association'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 Association's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Association A 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.

I 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 I identify during my audit.

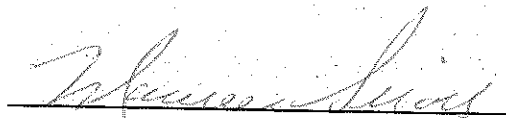
Toronto, Canada
April 15, 2025

Chartered Professional Accountant
Licensed Public Accountant

DIGITAL MAINSTREET INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

| | 2024 \$ | 2023 \$ |
|--|------------------|------------------|
| Financial Assets | | |
| Current | | |
| Cash | 9,993 | 9,993 |
| Short term investments (note 3) | <u>2,223,259</u> | <u>2,116,412</u> |
| | 2,233,252 | 2,126,405 |
| Intangible | | |
| Incorporation cost (net of amortization) | <u>605</u> | <u>672</u> |
| | 2,233,857 | 2,127,077 |
| Liabilities | | |
| Accounts payable and accrued charges | 2,048 | 702 |
| Payable to TABIA (Note 6) | 497,503 | 496,243 |
| Corporation tax payable | <u>92,860</u> | <u>42,122</u> |
| | 592,411 | 539,067 |
| Shareholder's equity | | |
| Share capital issued (note 5) | 100 | 100 |
| Retained earnings | <u>1,641,346</u> | <u>1,587,910</u> |
| | 1,641,446 | 1,588,010 |
| | <u>2,233,857</u> | <u>2,127,077</u> |

Approved on behalf of the Board of Management:



Chair



Treasurer

DIGITAL MAINSTREET INC.
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2024

| | 2024 | 2023 |
|---|------------------|------------------|
| | \$ | \$ |
| REVENUE | | |
| Interest | 106,847 | |
| | <u>106,847</u> | <u>85,508</u> |
| EXPENSES | | |
| Professional fee | 1,048 | 800 |
| Interest | 4,405 | - |
| Bank charges | - | 30 |
| Amortization – incorporation cost | 67 | 75 |
| | <u>5,520</u> | <u>905</u> |
| EARNINGS BEFORE CORPORATION TAX | 101,327 | 84,603 |
| Corporation Tax | <u>47,891</u> | <u>42,122</u> |
| EARNINGS FOR THE YEAR | <u>53,436</u> | <u>42,481</u> |
| RETAINED EARNINGS, BEGINNING OF YEAR | <u>1,587,910</u> | <u>1,545,429</u> |
| RETAINED EARNINGS, END OF YEAR | <u>1,641,346</u> | <u>1,587,910</u> |

DIGITAL MAINSTREET INC.
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2024

| | 2024 | 2023 |
|---|----------------|---------------|
| | \$ | \$ |
| Cash flows from operating activities | | |
| Net earnings for the period | 53,436 | 42,481 |
| Expenses not requiring a cash outlay | 67 | 75 |
| Non-cash changes to operations | | |
| Increase (decrease) resulting from changes in | | |
| Payable to TABIA | 1,260 | 496,243 |
| Accounts payable and accrued charges | 1,346 | (698) |
| Corporation tax payable | 50,738 | (442,600) |
| Cash Provided By Operations | 106,847 | 95,501 |
| Investing activities | - | - |
| Incorporation cost | (106,847) | (85,508) |
| Decrease (Increase) in short-term deposits | | |
| Financing activities | | |
| Issue of Common shares | - | - |
| Cash, Beginning of year | 9,993 | - |
| Cash, End of end | 9,993 | 9,993 |

DIGITAL MAINSTREET INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. ESTABLISHMENT AND OPERATIONS

The Digital Mainstreet Inc. (Company) was incorporated on April 4, 2024 under the laws of Ontario. Its main objectives are hold license of Digital Mainstreet program and conduct either directly or with Toronto Association of Business Improvement Areas (TABIA) research in various activities for the benefits of the TABIA members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with Canadian accounting standards for private enterprises. The following summary of significant accounting policies is set forth to facilitate the understanding of these financial statements:

Revenue Recognition

The Company follows the deferral method of accounting for license fees. License fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed materials and services

Volunteers contribute significant time every year to assist the Company in carrying out its governance activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Capital assets

Capital assets are stated at cost. Capital assets are amortized on the diminishing balance basis over the estimated useful lives of the assets using the following annual rates:

| | |
|-----------------------------------|-----|
| Furniture, fixtures and equipment | 20% |
| Computers | 30% |
| Office equipment | 20% |

Incorporation cost is amortized at the rate of 10% per annum.

Income taxes

The company has elected to account for income taxes using the taxes payable method under which the Company reports as expenses of the year only the cost of current income taxes for the year, determined in accordance with the rules established by taxation authorities.

DIGITAL MAINSTREET INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates' and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates. The most significant areas requiring the use of management estimates include determining of fair values of financial instruments, allowance for doubtful accounts, estimated useful life of capital assets and accrued liabilities.

Financial instruments

The company's financial instruments are initially measured at fair value. Financial instruments are subsequently measured at amortized cost.

3. SHORT-TERM INVESTMENT

Short-term investment consists of a guaranteed investment certificate with Scotiabank. This investment bears interest at the rate of ranging from 5 to 5.3% per annum and will be maturing in 2025..

4. FINANCIAL INSTRUMENTS

Cash and short-term investment, accounts payable and accrued liabilities and corporation tax payable approximate fair value.

5. SHARE CAPITAL

Authorized and issued
Common shares

100

6. PAYABLE TO TABIA

Payable to TABIA is payable on demand and non-interest bearing.