

Financial Statements of

**DOWNTOWN VICTORIA
BUSINESS ASSOCIATION**

Year ended December 31, 2024

DOWNTOWN VICTORIA BUSINESS ASSOCIATION

Table of Contents

	Page
Independent Auditor's Report	
Financial Statements of Downtown Victoria Business Association	
Statement of Financial Position	1
Statement of Revenues and Expenses	2
Statement of Net Assets	3
Statement of Cash Flows	5
Notes to Financial Statements	6 - 11



KPMG LLP
800-730 View Street
Victoria, BC V8W 3Y7
Canada
Telephone 250 480 3500
Fax 250 480 3539

INDEPENDENT AUDITOR'S REPORT

To the Members of Downtown Victoria Business Association

Opinion

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

- the statement of financial position as at December 31, 2024
- the statement of revenues and expenses for the year then ended
- the statement of net 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, 2024 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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.

Other Matter - Comparative Information

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 16, 2024.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

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.



Page 3

- 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

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 Professional Accountants

Victoria, Canada
May 7, 2025

DOWNTOWN VICTORIA BUSINESS ASSOCIATION

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 180,445	\$ 471,093
Accounts receivable	6,824	39,492
Goods and service tax receivable	24,802	19,146
Prepaid expenses	5,949	18,360
	218,020	548,091
Capital assets (note 4)	64,928	96,481
Security deposits	5,095	5,095
	\$ 288,043	\$ 649,667

Liabilities

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 340,486	\$ 134,616
Deferred revenue (note 6)	10,551	-
Demand loan (note 7)	-	100,000
	351,037	234,616

Net Assets


Unrestricted	(127,922)	418,570
Invested in capital assets	64,928	(3,519)
	(62,994)	415,051

Commitments (note 10)

	\$ 288,043	\$ 649,667
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See accompanying notes to financial statements.

On behalf of the Board:



DOWNTOWN VICTORIA BUSINESS ASSOCIATION

Statement of Revenues and Expenses

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

	2024	2023
Revenue:		
City of Victoria Business Improvement Area Levy	\$ 1,762,438	\$ 1,727,880
Sponsorship	132,600	180,913
Grants	51,785	128,220
Interest income	21,296	26,338
Clean Team recoveries	3,970	2,060
Event revenue	2,400	2,940
Membership fees	-	500
	1,974,489	2,068,851
Expenses:		
Administration:		
Wages and benefits - Administration	268,924	240,280
Rent	48,533	24,626
Amortization	34,846	184,027
Professional fees	34,556	28,002
Conferences	24,436	10,315
Computer and software	19,876	7,868
Research	19,213	18,058
Networking and partnerships	18,498	8,453
Office	17,413	19,058
Insurance	12,744	12,144
AGM expense	12,351	10,259
Interest and bank charges	12,094	15,425
Telephone and communications	7,583	5,920
Memberships, dues and subscriptions	7,491	5,155
Training	6,170	742
Parking and auto	3,112	3,191
Hospitality	2,476	2,801
Strategic planning	-	1,571
	550,316	597,895
Clean, Safe and beautiful:		
Wages and benefits - Clean Team	445,676	421,748
Capital investment and improvements	214,327	134,353
Clean Team expenses	56,675	55,128
	716,678	611,229
Events and marketing:		
Festivals and events	577,140	373,769
Wages and benefits - events	151,877	153,781
Street activation	43,596	30,840
	772,613	558,390

DOWNTOWN VICTORIA BUSINESS ASSOCIATION

Statement of Revenues and Expenses (continued)

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

	2024	2023
Marketing:		
Advertising and media	135,377	130,961
Branding and promotional	133,190	82,030
Gift card program	30,749	38,047
Operations and web management	19,403	13,202
Wages and benefits - Marketing	94,208	95,348
	412,927	359,588
Total expenses	2,452,534	2,127,102
Deficiency of revenues over expenses from operations	(478,045)	(58,251)
Other income (expense):		
Loss on disposal of capital assets	-	(593)
Deficiency of revenues over expenses	\$ (478,045)	\$ (58,844)

See accompanying notes to financial statements.

DOWNTOWN VICTORIA BUSINESS ASSOCIATION

Statement of Net Assets

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

	Unrestricted	Invested in capital assets	Total 2024	Total 2023
Balance, beginning of year	\$ 418,570	\$ (3,519)	\$ 415,051	\$ 473,895
Deficiency of revenues over expenses	(443,199)	(34,846)	(478,045)	(58,844)
Purchase of capital assets	(3,293)	3,293	-	-
Demand loan repayment	(100,000)	100,000	-	-
Balance, end of year	\$ (127,922)	\$ 64,928	\$ (62,994)	\$ 415,051

See accompanying notes to financial statements.

DOWNTOWN VICTORIA BUSINESS ASSOCIATION

Statement of Cash Flows

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

	2024	2023
Cash provided by (used in):		
Operations:		
Deficiency of revenues over expenses	\$ (478,045)	\$ (58,844)
Items not involving cash:		
Amortization	34,846	184,027
Loss on disposal of capital assets	-	593
Changes in non-cash operating working capital:		
Decrease in accounts receivable	32,668	38,398
Increase in goods and services tax recoverable	(5,656)	(1,786)
Decrease in prepaid expenses	12,411	575
Decrease in security deposit	-	(5,095)
Decrease in accounts payable and accrued liabilities	205,870	(2,849)
Increase in deferred revenue	10,551	-
	(187,355)	155,019
Financing:		
Repayment of demand loan	(100,000)	(100,000)
Investing:		
Purchase of capital assets	(3,293)	(73,174)
Decrease in cash	(290,648)	(18,155)
Cash, beginning of year	471,093	489,248
Cash, end of year	\$ 180,445	\$ 471,093

See accompanying notes to financial statements.

DOWNTOWN VICTORIA BUSINESS ASSOCIATION

Notes to Financial Statements

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

1. Purpose of the Association:

The Downtown Victoria Business Association (the "Association") was incorporated under the Societies Act of British Columbia to enhance the Downtown Victoria Business Improvement Area. The Association is a not-for-profit organization under the Income Tax Act.

2. Significant accounting policies:

(a) Basis of accounting:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Revenue recognition:

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized as revenue when earned.

Revenue from events, membership fees and Clean Team recoveries are recognized when the services are provided or the goods are sold.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months.

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Asset		
<hr/>		
Computer equipment	30%	decling balance method
Equipment	20%	decling balance method
Furniture and fixtures	20%	decling balance method
Interactive light display	3 years	straight-line method
Leasehold improvements	5 years	straight-line method
Lights of Wonder	3-5 years	straight-line method
Website	4 years	straight-line method

DOWNTOWN VICTORIA BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

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

2. Significant accounting policies (continued):

(d) Capital assets (continued):

When a capital asset no longer contributes to the Association's ability to provide services, its carrying value is written down to its residual value.

(e) Contributed services:

The Association receives assistance from volunteers in carrying out its service delivery activities. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

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.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Use of estimates:

The preparation of the 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates..

DOWNTOWN VICTORIA BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

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

3. Government assistance:

Sponsorship and grants revenue include government assistance.

		2024		2023
City of Victoria	\$	39,449	\$	128,854
Government of British Columbia		35,800		35,000
	\$	75,249	\$	163,854

Included in accounts receivable at December 31, 2024 is \$nil (2023 - \$1,200) from the City of Victoria.

4. Capital assets:

				2024
	Cost	Accumulated amortization		Net book value
Computer equipment	\$ 31,746	\$ 27,089	\$	4,657
Website	10,911	10,911		-
Furniture and fixtures	30,963	15,007		15,956
Leasehold improvements	21,862	5,445		16,417
Equipment	69,381	57,282		12,099
Interactive light display	25,000	25,000		-
Lights of Wonder	858,153	842,354		15,799
	\$ 1,048,016	\$ 983,088	\$	64,928

				2023
	Cost	Accumulated amortization		Net book value
Computer equipment	\$ 30,421	\$ 25,374	\$	5,047
Website	10,911	10,911		-
Furniture and fixtures	30,963	11,018		19,945
Leasehold improvements	19,894	1,105		18,789
Equipment	69,381	54,258		15,123
Interactive light display	25,000	25,000		-
Lights of Wonder	858,153	820,576		37,577
	\$ 1,044,723	\$ 948,242	\$	96,481

DOWNTOWN VICTORIA BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

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

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$2,415 (2023 - \$1,761), which includes amounts payable for WorkSafeBC premiums.

6. Deferred revenue:

Deferred revenue consists of funds received from the City of Victoria in connection with business facade grants which have yet to be approved for distribution businesses.

7. Demand loan:

The demand loan consisted of a multi-draw non-revolving demand instalment loan with maximum borrowing allowed of \$500,000 to assist with the purchase of the Lights of Wonder display. The loan required interest at 0.50% over the bank's prime lending rate. The outstanding loan balance as at December 31, 2023 was \$100,000. The loan was fully repaid during the year.

8. Line of credit

The Association has a \$500,000 operating line of credit bearing interest at the bank's prime rate. As at December 31, 2024, no amounts had been drawn (2023 - nil).

9. 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 Association is exposed to credit risk with respect to its accounts receivable. The Association assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The balance in the allowance for doubtful accounts was \$nil as at December 31, 2024 and 2023. There has been no change to the risk exposures from 2023.

(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 Association 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 2023.

DOWNTOWN VICTORIA BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

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

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

(c) Interest rate risk:

Interest rate risk arises because of fluctuations in interest rates. The Association is exposed to interest rate risk on its loans and bank indebtedness. There has been no change to the risk exposures from 2023.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other price risks arising from these financial instruments.

10. Commitments:

(a) The City of Victoria Business Improvement Bylaw:

The City of Victoria Business Improvement Area Bylaw, 2024 (24-082) was adopted on December 5, 2024 and extends the previous bylaw for five years until December 31, 2029. Any unspent funds at the earlier of the expiry of the Bylaw, December 31, 2029, or the dissolution of the Association, must be returned to the City of Victoria after payment of any debts lawfully incurred by the Association in relation to a "business promotion scheme". If the Downtown Victoria Business Improvement Area Service is renewed or extended beyond the term provided for under this Bylaw, and if the Association continues to comply with the conditions set out in the Bylaw, the Association may request of the Council that any unexpended portion of a grant be retained by the Association to use for a business promotion scheme after the expiry of this Bylaw, subject to any terms and conditions Council may impose.

(b) Premises Lease:

The Association entered into a premises lease for a two year term commencing November 1, 2023 and ending October 31, 2025, with an option to renew for an additional one year term. The Association is committed to make lease payments of \$3,900 before GST per month during the lease term.

(c) Storage Lease:

The Association entered into a storage lease for a two year term commencing October 1, 2023 and ending September 30, 2025. The Association is committed to make lease payments of \$1,290 before GST per month during the lease term.

Future minimum lease payments (including GST) of these lease agreements are as follows:

2025	\$	53,140
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DOWNTOWN VICTORIA BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

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

11. Economic dependence:

The Association receives the majority of its revenues pursuant to a funding arrangement with the City of Victoria. The contract with the City was renewed on December 5, 2024 for five years ending December 31, 2029. Without continued support of the downtown property and business owners through a levy collected by the City of Victoria, the Association would not be able to continue its operations.

12. Employee remuneration

The British Columbia Societies Act includes a requirement for the Association to disclose the remuneration, inclusive of salaries and benefits, paid to its directors, and certain employees and contractors who are paid at least \$75,000. For the fiscal year ending December 31, 2024, the Association paid total remuneration of nil (2023 - nil) to directors. The Association paid remuneration of \$318,850 (2023 - \$148,760) to three employees (2023 - one). No contractors were paid a total annual remuneration of \$75,000 or greater in either 2024 or 2023.

13. Comparative information:

Certain 2023 comparative information have been reclassified to conform with the presentation adopted in the current year.