

Financial Statements of

**DOWNTOWN VICTORIA  
BUSINESS ASSOCIATION**

And Independent Auditor's Report thereon

Year ended December 31, 2025



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## **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, 2025
- 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, 2025 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.

### ***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.
- 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.



Page 3

- 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' in a cursive, slanted font. A horizontal line is drawn underneath the signature, extending to the right.

Chartered Professional Accountants

Victoria, Canada  
May 20, 2026

# DOWNTOWN VICTORIA BUSINESS ASSOCIATION

## Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
<b>Assets</b>		
Current assets:		
Cash	\$ 183,493	\$ 180,445
Accounts receivable	95,263	6,824
Goods and service tax receivable	16,398	24,802
Prepaid expenses	5,775	5,949
	<u>300,929</u>	<u>218,020</u>
Capital assets (note 4)	49,337	64,928
Security deposits	5,095	5,095
	<u>\$ 355,361</u>	<u>\$ 288,043</u>

## Liabilities

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 137,132	\$ 340,486
Deferred revenue (note 6)	53,719	10,551
	<u>190,851</u>	<u>351,037</u>

## Net Assets

Unrestricted	115,173	(127,922)
Invested in capital assets	49,337	64,928
	<u>164,510</u>	<u>(62,994)</u>

Commitments (note 9)

	<u>\$ 355,361</u>	<u>\$ 288,043</u>
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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, 2025, with comparative information for 2024

	2025	2024
<b>Revenue:</b>		
City of Victoria Business Improvement Area Levy	\$ 1,832,936	\$ 1,762,438
Sponsorship	98,594	132,600
Grants	272,900	51,785
Interest income	11,093	21,296
Clean Team recoveries	4,714	3,970
Event revenue	-	2,400
Associate membership fees	250	-
	<u>2,220,487</u>	<u>1,974,489</u>
<b>Expenses:</b>		
<b>Administration:</b>		
Wages and benefits - Administration	259,315	268,924
Rent	48,954	48,533
Amortization	17,086	34,846
Professional fees	35,217	34,556
Conferences	363	24,436
Computer and software	8,616	19,876
Research	12,191	19,213
Networking and partnerships	2,968	18,498
Office	16,481	17,413
Insurance	16,100	12,744
AGM expense	11,231	12,351
Interest and bank charges	3,982	12,094
Telephone and communications	11,770	7,583
Memberships, dues and subscriptions	8,387	7,491
Training	877	6,170
Parking and auto	3,129	3,112
Hospitality	1,935	2,476
Strategic planning	251	-
Database	7,871	-
	<u>466,724</u>	<u>550,316</u>
<b>Clean, Safe and beautiful:</b>		
Wages and benefits - Clean Team	453,695	445,676
Capital investment and improvements	124,798	214,327
Clean Team expenses	54,052	56,675
Policing Initiatives	513	-
	<u>633,058</u>	<u>716,678</u>
<b>Events and marketing:</b>		
Festivals and events	386,476	577,140
Wages and benefits - events	172,248	151,877
Street activation	848	43,596
	<u>559,572</u>	<u>772,613</u>

# DOWNTOWN VICTORIA BUSINESS ASSOCIATION

Statement of Revenues and Expenses (continued)

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

	2025	2024
Marketing:		
Advertising and media	118,251	135,377
Branding and promotional	25,268	133,190
Gift card program	31,281	30,749
Operations and web management	18,488	19,403
Wages and benefits - Marketing	140,341	94,208
	<u>333,629</u>	<u>412,927</u>
Total expenses	1,992,983	2,452,534
Excess (deficiency) of revenues over expenses	\$ 227,504	\$ (478,045)

See accompanying notes to financial statements.

# DOWNTOWN VICTORIA BUSINESS ASSOCIATION

## Statement of Net Assets

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

	Unrestricted	Invested in capital assets	Total 2025	Total 2024
Balance, beginning of year	\$ (127,922)	\$ 64,928	\$ (62,994)	\$ 415,051
Excess (deficiency) of revenues over expenses	244,590	(17,086)	227,504	(478,045)
Purchase of capital assets	(1,495)	1,495	-	-
Balance, end of year	\$ 115,173	\$ 49,337	\$ 164,510	\$ (62,994)

See accompanying notes to financial statements.

# DOWNTOWN VICTORIA BUSINESS ASSOCIATION

## Statement of Cash Flows

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

	2025	2024
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenses	\$ 227,504	\$ (478,045)
Item not involving cash:		
Amortization	17,086	34,846
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(88,439)	32,668
Increase in goods and services tax recoverable	8,404	(5,656)
Decrease in prepaid expenses	174	12,411
Decrease in accounts payable and accrued liabilities	(203,354)	205,870
Increase in deferred revenue	43,168	10,551
	4,543	(187,355)
Financing:		
Repayment of demand loan	-	(100,000)
Investing:		
Purchase of capital assets	(1,495)	(3,293)
Increase (decrease) in cash	3,048	(290,648)
Cash, beginning of year	180,445	471,093
Cash, end of year	\$ 183,493	\$ 180,445

See accompanying notes to financial statements.

# DOWNTOWN VICTORIA BUSINESS ASSOCIATION

## Notes to Financial Statements

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

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### 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.

# DOWNTOWN VICTORIA BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

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

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## 2. Significant accounting policies (continued):

### (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:

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Asset		
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

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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.

# DOWNTOWN VICTORIA BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

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

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## 2. Significant accounting policies (continued):

### (f) Financial instruments (continued):

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.

## 3. Government assistance:

Sponsorship and grants revenue include government assistance.

	2025	2024
City of Victoria	\$ 258,532	\$ 39,449
Government of British Columbia	30,860	35,800
Service Canada	11,265	-
	\$ 300,657	\$ 75,249

Included in accounts receivable at December 31, 2025 is \$40,000 (2024 - nil) from the City of Victoria.

# DOWNTOWN VICTORIA BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

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

## 4. Capital assets:

	2025		
	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 33,241	\$ 29,452	\$ 3,789
Website	10,911	10,911	-
Furniture and fixtures	30,963	18,198	12,765
Leasehold improvements	21,862	9,817	12,045
Equipment	69,381	59,702	9,679
Interactive light display	25,000	25,000	-
Lights of Wonder	858,153	847,094	11,059
	<u>\$ 1,049,511</u>	<u>\$ 1,000,174</u>	<u>\$ 49,337</u>
	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
	<u>\$ 1,048,016</u>	<u>\$ 983,088</u>	<u>\$ 64,928</u>

## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$1,456 (2024 - \$2,415), which includes amounts payable for WorkSafeBC premiums, and payroll related remittances.

# DOWNTOWN VICTORIA BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

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

## 6. Deferred revenue:

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

	2025	2024
Balance, beginning of year	\$ 10,551	\$ -
Contributions	100,000	50,000
Revenue recognized	56,832	39,449
Balance, end of year	\$ 53,719	\$ 10,551

## 7. 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, 2025, no amounts had been drawn (2024 - nil).

## 8. 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, 2025 and 2024. There has been no change to the risk exposures 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 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 2024.

# DOWNTOWN VICTORIA BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

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

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## 8. 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 cash balances. There has been no change to the risk exposures from 2024.

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

## 9. 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, and renewed the lease for an additional two year term ending October 31, 2027. The Association is committed to make lease payments of \$3,980 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, and renewed the lease for an additional one year term ending September 30, 2026. 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:

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2026	\$ 62,336
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# DOWNTOWN VICTORIA BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

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

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## 10. 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.

## 11. 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, 2025, the Association paid total remuneration of nil (2024 - nil) to directors. The Association paid remuneration of \$396,064 (2024 - \$318,850) to four employees (2024 - three). No contractors were paid a total annual remuneration of \$75,000 or greater in either 2025 or 2024.