

**Downtown Vancouver
Business Improvement Association
Financial Statements
For the year ended March 31, 2026**

Draft

**Downtown Vancouver
Business Improvement Association
Financial Statements
For the year ended March 31, 2026**

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Independent Auditor's Report

To the Members of Downtown Vancouver Business Improvement Association,

We have audited the accompanying financial statements of the Downtown Vancouver Business Improvement Association (the "Association") which comprise the Statement of Financial Position as at March 31, 2026, and the Statements of Changes in Net Assets, Operations, 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 Association as at March 31, 2026, and its results of operations, changes in net assets and 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 report. We are independent of the Association 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 these 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility 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 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 the Association'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 Association 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis with that of the preceding year.

Chartered Professional Accountants

Vancouver, British Columbia
July X, 2026

Downtown Vancouver Business Improvement Association

Statement of Financial Position

March 31	2026	2025
Assets		
Current		
Cash and cash equivalents	\$ 316,336	\$ 495,490
Term deposits and GICs (Note 3)	142,178	146,000
Accounts and interest receivable	32,708	91,344
GST receivable	86,630	81,541
Prepaid expenses and deposits	435,810	278,535
	<u>1,013,662</u>	<u>1,092,910</u>
Tangible capital assets (Note 4)	<u>210,068</u>	<u>263,024</u>
	<u>\$ 1,223,730</u>	<u>\$ 1,355,934</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 94,973	\$ 137,824
Accrued vacation and payroll liabilities	118,503	85,415
Deferred revenue	15,000	-
	<u>228,476</u>	<u>223,239</u>
Net assets		
Invested in tangible capital assets	210,068	263,024
Legal defence reserve (Note 5)	213,686	180,397
Unrestricted	571,500	689,274
	<u>995,254</u>	<u>1,132,695</u>
	<u>\$ 1,223,730</u>	<u>\$ 1,355,934</u>

Approved on behalf of the Board:

_____ Director

_____ Director

Downtown Vancouver Business Improvement Association
Statement of Changes in Net Assets

For the years ended March 31, 2026 and 2025

	Invested in Capital Assets	Legal Defense Reserve (Note 5)	Unrestricted	Total
Balance, April 1, 2024	\$ 201,563	\$ 147,920	\$ 1,218,599	\$ 1,568,082
Excess (deficiency) of revenues over expenses	(58,830)	32,477	(409,034)	(435,387)
Investment in capital assets	120,291	-	(120,291)	-
Balance, March 31, 2025	263,024	180,397	689,274	1,132,695
Excess (deficiency) of revenues over expenses	(73,472)	33,289	(97,258)	(137,441)
Investment in capital assets	20,516	-	(20,516)	-
Balance, March 31, 2026	\$ 210,068	\$ 213,686	\$ 571,500	\$ 995,254

The accompany notes are an integral part of these financial statements.

Downtown Vancouver Business Improvement Association

Statement of Operations

For the year ended March 31	2026	2025
Revenue		
Assessment levy	\$ 6,624,536	\$ 6,462,962
Assessment levy and contributions - legal defence reserve (Note 5)	33,289	32,477
Graffiti Abatement Grant (Note 2)	45,000	50,000
Membership event	213,200	76,730
Public events and other contributions	67,365	46,755
Provincial grants	36,600	50,600
Interest	62,778	79,417
	<u>7,082,768</u>	<u>6,798,941</u>
Expenses (Schedule)		
Economic development	288,099	380,313
Marketing and communications	351,460	326,057
Placemaking and public spaces	1,473,920	1,465,048
Community safety	1,716,140	1,820,477
Sponsorship	716,071	620,081
Membership	133,325	110,427
Staff wages and benefits	1,777,216	1,702,726
Administration	763,978	809,199
	<u>7,220,209</u>	<u>7,234,328</u>
Deficiency of revenue over expenses	<u>\$ (137,441)</u>	<u>\$ (435,387)</u>

Downtown Vancouver Business Improvement Association

Statement of Cash Flows

For the year ended March 31	2026	2025
Cash flows from operating activities		
Deficiency of revenue over expenses	\$ (137,441)	\$ (435,387)
Item not involving cash		
Amortization of capital assets	<u>73,472</u>	<u>58,830</u>
	(63,969)	(376,557)
Changes in working capital items		
Accounts and interest receivable	58,636	(53,349)
GST receivable	(5,089)	(13,272)
Prepaid expenses and deposits	(157,275)	116,501
Accounts payable and accrued liabilities	(42,851)	88,651
Accrued vacation and payroll liabilities	33,088	3,332
Deferred revenue	<u>15,000</u>	<u>-</u>
Net cash generated from operating activities	<u>(162,460)</u>	<u>(234,694)</u>
Cash flows from investing activities		
(Increase) decrease in term deposits and GICs, net	3,822	766,588
Purchase of capital assets	<u>(20,516)</u>	<u>(120,291)</u>
Net cash generated from investing activities	<u>(16,694)</u>	<u>646,297</u>
Net increase (decrease) in cash and cash equivalents	(179,154)	411,603
Cash, beginning of year	<u>495,490</u>	<u>83,887</u>
Cash, end of year	<u>\$ 316,336</u>	<u>\$ 495,490</u>

Downtown Vancouver Business Improvement Association

Notes to Financial Statements

March 31, 2026

1. Significant Accounting Policies

(a) Purpose

The Downtown Vancouver Business Improvement Association (the "Association") was created in 1990 by Vancouver City Council ("Council") at the request of the Vancouver downtown business community as a business improvement area ("BIA") under the Vancouver Charter. In 2020, the Association was issued a new 10 year mandate by Council, expiring March 31, 2030 unless renewed. The Association's mandate is to develop, encourage and promote business in the downtown Vancouver business improvement area. The Association was incorporated under the laws of British Columbia as a society in 1990 and is a non-profit organization under the Income Tax Act. The Association transitioned to the new Societies Act British Columbia in 2017.

Membership in the Association is only available to businesses and all businesses located within the 90-block downtown Vancouver area are automatically members. The Association is funded by a special municipal levy, based on the businesses' assessed property value, which is collected by the City of Vancouver.

(b) Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations ("ASNPO").

(c) Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Association, the Association follows the deferral method of accounting for contributions and reports internal restrictions using fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the directives issued by the Board of Directors.

(d) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions 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. Actual results could differ materially from these estimates.

(e) Financial Instruments

Financial Instruments are recorded at fair value when acquired or issued. Term deposits have been designated to be in the fair value category subsequent to acquisition, with gains and losses reported in operations. All other financial instruments are subsequently reported at cost or amortized cost less impairment, if applicable. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to these instruments carried at cost or amortized cost. Financial assets carried at cost or amortized cost are tested for impairment when changes in circumstances indicate the asset could be impaired.

Downtown Vancouver Business Improvement Association

Notes to Financial Statements

March 31, 2026

1. Significant Accounting Policies - Continued

(f) Tangible Capital Assets

Tangible capital assets are carried at cost less accumulated amortization. When a capital asset no longer contributes to the Association's ability to provide goods and services, or the value of future economic benefits or service potential is less than its carrying amount, it is written down to its fair value or replacement cost. Amortization is provided over the asset's estimated useful life as follows:

Furniture and equipment	- 20% declining-balance basis
Computer equipment	- 30% declining-balance basis
Computer software	- straight-line basis over 3 years
Leasehold improvements	- straight-line basis over the term of the lease
Uniforms	- straight-line basis over 3 years

(g) Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are initially deferred and subsequently recognized as revenue in the year in which the related expenses are incurred. Contributions restricted solely for the acquisition of capital assets are deferred and amortized to revenue on the same basis as the asset acquired is amortized. 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.

Assessment levy revenue is granted to the Association annually by the City of Vancouver based on a budget submitted by the Association each fiscal year. This revenue is recognized by the Association upon approval of its annual budget by the City of Vancouver. Assessment levy and other amounts received in advance are recorded as deferred revenue.

Legal defence fund revenues are internally restricted revenues and based on 0.5% (2025 - 0.5%) of the assessment levy. This revenue is recognized by the Association upon approval of its annual budget by the City of Vancouver.

Other unrestricted contributions are recognized at the earlier of when the amounts can be reasonably estimated and ultimate collection is reasonably assured or when received.

Membership events revenue is recognized when the events occur and collection is reasonably assured.

Interest revenue is recognized in the year earned.

Downtown Vancouver Business Improvement Association

Notes to Financial Statements

March 31, 2026

1. Significant Accounting Policies - Continued

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash and cash held within investment accounts that mature within three months or less from the date of acquisition, earning interest at the financial institution's prevailing rates.

(i) Expense Allocation

The Association incurs certain wage and benefit costs related to the administration of the Association, membership activities and placemaking and marketing activities. The Association allocates these wage and benefit costs to these functions proportionately, on the basis of time spent by each employee on these functions.

2. Graffiti Abatement Grants to Business Improvement Associations (BIAs)

During the year ended March 31, 2026, the Association was entitled to receive a restricted grant of a total of \$45,000 (2025 - \$50,000) from the City of Vancouver to be spent on graffiti removal or related measures such as repair or murals and mural coatings. For the years ended March 31, 2026 and 2025, the Association spent the requisite amount of expenditures and received an amount of \$45,000 and \$50,000, respectively.

3. Term Deposits and GICs

The guaranteed investment certificate ("GIC") bears interest at 3.0% (2025 - 5.1%) per annum and matures on October 8, 2026.

Downtown Vancouver Business Improvement Association

Notes to Financial Statements

March 31, 2026

4. Tangible Capital Assets

			2026	2025
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$ 351,512	\$ 270,043	\$ 81,469	\$ 101,638
Computer equipment	161,006	136,890	24,116	16,210
Computer software	30,950	27,834	3,116	4,451
Leasehold improvements	174,294	105,194	69,100	82,966
Uniforms	76,475	44,208	32,267	57,759
	\$ 794,237	\$ 584,169	\$ 210,068	\$ 263,024

5. Legal Defense Reserve

During the fiscal 2013 year, the Association internally restricted net assets to a legal defense reserve which represented unexpended budgeted amounts for professional fees. This reserve will be used for legal and related costs the Association may incur in relation to past and future legal proceedings. At the 2013 Annual General Meeting, the membership approved that in future years 1.0% of the assessment levy will be allocated to this fund and the board will review the legal defense reserve on a periodic basis. At the 2016 Annual General Meeting, the membership approved a reduction in the allocation of the assessment levy to 0.5% effective for the 2017 fiscal year. The levy remained unchanged from fiscal years 2018-2026.

During the year ended March 31, 2026, the Association allocated \$33,289 (2025 - \$32,477) to the fund. During the year ended March 31, 2026, the Association incurred expenditures of \$Nil (2025 - \$Nil) related to legal defense.

Downtown Vancouver Business Improvement Association

Notes to Financial Statements

March 31, 2026

6. Commitments

During the fiscal 2023 year, the Association entered into a new office lease agreement that began in 2022 and runs for a five-year term, ending in fiscal 2028. Additionally, the Association has a new storage lease agreement that was initiated in January 2025 and will continue through fiscal 2028.

The combined minimum annual payments for the lease and service agreements until expiry are as follows:

Year	Amount
2027	\$ 159,755
2028	<u>66,564</u>
	<u>\$ 226,319</u>

7. Financial Instruments Risks

The Association through its financial assets and liabilities, is exposed to various risks. The following provides an analysis of those risks at March 31, 2026. There have been no changes to these risks from the prior year.

(a) Credit Risk

Credit risk is the risk that the Association will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Association to significant concentrations of credit risk consist primarily of cash, term deposits and accounts and interest receivable. The Association limits its exposure to credit risk by placing its cash and GICs with high credit quality financial institutions, in accordance with investment policies adopted by the Board of Directors.

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates and terms of cash, term deposits and GICs are as disclosed in Note 3.

(c) Liquidity Risk

Liquidity risk is the risk that the Association will not be able to meet its obligations as they fall due. The Association maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

Downtown Vancouver Business Improvement Association
Notes to Financial Statements

March 31, 2026

8. Salaries, Honoraria and Benefits

The Societies Act (British Columbia) requires certain information to be reported with regards to remuneration of employees, contractors, and Directors.

Included in wages and benefits there are 10 (2025 - 8) employees and contractors with remuneration over \$75,000. Total compensation to these employees for the year ended March 31, 2026 was \$1,112,071 (2025 - \$916,129).

No remuneration was paid to members of the Board of Directors during 2026 (2025 - \$Nil).

9. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

Downtown Vancouver Business Improvement Association
Schedule - Expenses

For the year ended March 31	2026	2025
Economic Development		
Projects (Livability)	\$ 78,940	\$ 136,746
Projects (Sustainability)	93,836	88,630
Projects (Vibrant Economy)	115,323	154,937
	\$ 288,099	\$ 380,313
Marketing and Communications		
Marketing	\$ 235,853	\$ 212,174
Communications	115,607	113,883
	\$ 351,460	\$ 326,057
Placemaking and Public Spaces		
Placemaking	\$ 834,255	\$ 848,200
Retails Districts	639,665	616,848
	\$ 1,473,920	\$ 1,465,048
Community Safety		
Salaries	\$ 1,280,633	\$ 1,288,968
Programs	435,507	531,509
	\$ 1,716,140	\$ 1,820,477
Sponsorship		
Sponsorship	\$ 716,071	\$ 620,081
Membership		
Member events	\$ 108,214	\$ 87,897
Member relations	13,221	11,561
Member recruitment	11,890	10,969
	\$ 133,325	\$ 110,427
Staff Wages and Benefits		
Wages and benefits	\$ 1,777,216	\$ 1,702,726

Downtown Vancouver Business Improvement Association
Schedule - Expenses - Continued

For the year ended March 31	2026	2025
Administration		
Professional fees	\$ 120,615	\$ 97,269
Bank charges and interest	2,611	1,418
Conferences and education	65,213	102,130
Couriers, freight and postage	944	1,927
Equipment lease	6,832	23,603
Insurance	25,127	23,110
Memberships and dues	5,322	7,412
Office and computer supplies	13,632	17,177
Office rent	272,891	273,701
Technology and computer platforms	158,631	181,879
Staff engagement	18,688	20,743
Amortization	73,472	58,830
	\$ 763,978	\$ 809,199