Non-Consolidated Financial Statements of

VICTORIA INNOVATION, ADVANCED TECHNOLOGY, ENTREPRENEURSHIP COUNCIL

And Independent Auditor's Report thereon

Year ended March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Members of Victoria Innovation, Advanced Technology, Entrepreneurship Council

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying non-consolidated financial statements of the Victoria Innovation, Advanced Technology, Entrepreneurship Council (the Society), which comprise:

- the non-consolidated statement of financial position as at March 31, 2026
- the non-consolidated statement of operations for the year then ended
- the non-consolidated statement of changes in net assets for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-consolidated 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 Society as at March 31, 2026 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 Society 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 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 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 Society's internal controls.
- 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 Society'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 Society 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.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
August 21, 2026

VICTORIA INNOVATION, ADVANCED TECHNOLOGY, ENTREPRENEURSHIP COUNCIL

Non-Consolidated Statement of Financial Position

March 31, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets:		
Cash and cash equivalents	$ 202,925	$ 69,281
Accounts receivable	653,987	300,838
Prepaid expenses	121,807	226,764
	978,719	596,883
Capital assets (note 2)	867,732	888,774
Accumulated equity in Strata Plan 700 (note 3)	189,539	170,549
Due from related parties (note 4)	1,752,031	1,686,822
	$ 3,788,021	$ 3,343,028
Liabilities and Net Assets		
Current liabilities:		
Line of credit (note 6)	$ 120,000	$ 27,000
Accounts payable and accrued liabilities (note 7)	301,660	169,573
Deferred revenue	156,911	114,415
Current portion of mortgage payable (note 8)	67,834	64,804
	646,405	375,792
Mortgage payable (note 8)	1,135,884	1,203,704
Accumulated equity loss in VIATEC Properties Inc. (note 10)	403,139	243,423
	2,185,428	1,822,919
Net assets:		
Invested in capital assets	867,730	888,774
Unrestricted	734,863	631,335
	1,602,593	1,520,109
Commitments (note 12)		
	$ 3,788,021	$ 3,343,028

See accompanying notes to non-consolidated financial statements.

Approved on behalf of the Board:

____________________ Director ____________________ Director

VICTORIA INNOVATION, ADVANCED TECHNOLOGY, ENTREPRENEURSHIP COUNCIL

Non-Consolidated Statement of Operations

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Revenue:		
Program funding (note 10)	$ 1,271,613	$ 428,683
Membership	259,945	225,990
Other revenue (note 11)	60,000	136,668
Facilities	350,526	291,967
Promotion and services	288,473	29,885
Projects	1,154,622	89,600
Sponsorship	238,478	-
Events	1,450	2,306
	3,625,107	1,205,099
Expenses:		
Program costs (note 10)	2,470,315	364,265
Salaries	192,418	307,579
Rent and office expenses (note 10)	173,878	197,989
Events	293,841	34,132
Professional fees	119,005	43,141
Amortization	24,156	31,725
Strata fees (note 5)	63,333	53,533
Website maintenance and design	21,573	18,560
Property taxes	24,169	21,340
Promotion	12,309	7,765
Travel	4,465	5,121
	3,399,462	1,085,150
Earnings before the undernoted	225,645	119,949
Other income (expense):		
Interest recovery from subsidiary (note 5)	49,620	52,351
Equity loss in VIATEC Properties Inc.	(159,716)	(32,439)
Equity income (loss) in Strata Plan 700	18,990	22,031
Interest expense on mortgage payable	(52,055)	(59,937)
	(143,161)	(17,994)
Excess of revenue over expenses	$ 82,484	$ 101,955

See accompanying notes to non-consolidated financial statements.

VICTORIA INNOVATION, ADVANCED TECHNOLOGY, ENTREPRENEURSHIP COUNCIL

Non-Consolidated Statement of Changes in Net Assets

Year ended March 31, 2026, with comparative information for 2025

	Invested in capital assets	Unrestricted	Total
Balance, March 31, 2024	$ 916,801	$ 501,353	$ 1,418,154
Excess (deficiency) of revenue over expenses	(31,725)	133,680	101,955
Interfund transfer for purchase of capital assets, net of cash on disposal of assets	3,698	(3,698)	-
Balance, March 31, 2025	888,774	631,335	1,520,109
Excess (deficiency) of revenue over expenses	(24,156)	106,640	82,484
Interfund transfer for purchase of capital assets, net of cash on disposal of assets	3,112	(3,112)	-
Balance, March 31, 2026	$ 867,730	$ 734,863	$ 1,602,593

See accompanying notes to non-consolidated financial statements.

VICTORIA INNOVATION, ADVANCED TECHNOLOGY, ENTREPRENEURSHIP COUNCIL

Non-Consolidated Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	$ 82,484	$ 101,955
Items not involving cash:		
Amortization of capital assets	24,156	31,725
Equity loss in VIATEC Properties Inc.	159,716	32,439
Equity loss (income) in Strata Plan 700	(18,990)	(22,031)
	247,366	144,088
Changes in non-cash operating working capital:		
Accounts receivable	(353,148)	(231,985)
Prepaid expenses	104,957	(212,496)
Accounts payable and accrued liabilities	132,085	77,266
Deferred revenue	42,496	(38,690)
	173,756	(261,817)
Investments:		
Due from related parties	(65,209)	66,720
Capital assets purchased	(3,113)	(3,698)
	(68,322)	63,022
Financing:		
Proceeds of line of credit	93,000	27,000
Repayment of mortgage payable	(64,790)	(61,883)
	28,210	(34,883)
Increase (decrease) in cash and cash equivalents	133,644	(233,678)
Cash and cash equivalents, beginning of year	69,281	302,959
Cash and cash equivalents, end of year	$ 202,925	$ 69,281

See accompanying notes to non-consolidated financial statements.

Victoria Innovation, Advanced Technology, Entrepreneurship Council (the "Society") was incorporated under the *Societies Act* (British Columbia) to promote and enhance the development of the advanced technology industry in Greater Victoria. The Society is a non-profit organization as defined under the *Income Tax Act*. The Society transitioned to the new *Societies Act* (British Columbia) on August 17, 2017.

1. Significant accounting policies:

These non-consolidated financial statements of the Society have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following is a summary of the significant accounting policies used in the preparation of these non-consolidated financial statements.

(a) Controlled profit-oriented enterprises:

The Society accounts for its controlled profit-oriented enterprise using the equity method. Under the equity method, the Society records its investment initially at cost and the carrying amount is adjusted thereafter to include the Society's pro rata share of post-acquisition earnings of the investees, computed by the consolidation method. The adjustments are included in the determination of net income by the Society, and the investment accounts of the Society are also increased or decreased to reflect the Society's share of capital transactions and changes in accounting policies. Profit distributions received or receivable from investees reduce the carrying amounts of the investments. Unrealized inter-entity gains or losses are eliminated.

(b) Cash and cash equivalents:

Cash and cash equivalents consist of cash, short term investments with original maturity dates of less than 90 days when acquired, and investments in money market instruments.

(c) Capital assets:

Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Building	Declining balance	4%
Office equipment	Straight-line	5 years
Computer equipment and software	Straight-line	3 years

1. Significant accounting policies (continued):

(c) Capital assets (continued):

The carrying amount of an item of equipment is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

(d) Revenue recognition:

Membership dues are recorded as revenue immediately when received or receivable.

The Society follows the deferral method of accounting whereby restricted government contributions, special event proceeds, and other project funding sources are recognized as revenue as related expenses are incurred. In the case of projects that span more than one fiscal year, revenue is recognized as specific contractual milestones are met. Unrestricted contributions are recognized when received or receivable.

(e) Leases:

Leases that transfer substantially all the benefits and risks of ownership of the property to the Society are treated as capital leases and are accounted for as assets and obligations.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments 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.

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.

1. 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 Society 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 Society 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 financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of estimates include the amortization period of capital assets and the collectability of accounts receivable. Actual results could differ from these estimates.

(h) Contributed services:

A substantial number of volunteers contribute a significant amount of time to the Society each year. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

2. Capital assets:

			2026
	Cost	Accumulated amortization	Net book value
Land	$ 536,001	$ -	$ 536,001
Building	519,509	195,282	324,227
Office equipment	179,744	175,534	4,210
Computer equipment and software	139,024	135,730	3,294
	$ 1,374,278	$ 506,546	$ 867,732

2. Capital assets (continued):

						2025
		Cost		Accumulated amortization		Net book value
Land	$	536,001	$	-	$	536,001
Building		519,509		178,408		341,101
Office equipment		179,744		173,213		6,531
Computer equipment and software		135,911		130,770		5,141
	$	1,371,165	$	482,391	$	888,774

3. Investment in related party:

The Society owns two of five strata units of Strata Plan 700. The strata plan is accounted for using the equity method and has a carrying value of $189,539 (2025 - $170,549), representing the Society's 40% equity interest in the accumulated surplus to date. Based on these non-consolidated financial statements for the most recent fiscal period, the revenue and expenses of Strata Plan 700 are summarized as follows:

		2026		2025
Statement of Operations:				
Revenues	$	142,050	$	140,550
Expenses		94,576		85,471
	$	47,474	$	55,079

Strata Plan 700 capitalizes the cost of replacing major building components and amortizes the cost over their estimated useful lives, which range from 3 years to 33 years.

4. Due from related parties:

The loan receivable from VIATEC Properties Inc., a wholly owned company, is unsecured, bears interest at 4.60% (2025 - 4.60%), and has no fixed terms of repayment.

The loan receivable from Strata Plan 700, an equity investee, is unsecured, is non-interest bearing, and has no fixed terms of repayment.

	2026	2025
VIATEC Properties Inc.	$ 1,778,466	$ 1,722,368
Strata Plan 700	(26,436)	(35,546)
	$ 1,752,030	$ 1,686,822

5. Related party transactions:

During the year, the Society recognized $10,000 (2025 - $10,000) in membership fees and allocated interest of $49,620 (2025 - $52,351) to its subsidiary, VIATEC Properties Inc. The Society also paid $180,000 (2025 - $154,800) in rent during the year to this subsidiary and recovered $81,500 (2025 - $68,985) in salary expenses from this subsidiary. In addition, the Society paid $54,105 (2025 - $53,533) in strata fees to Strata Plan 700.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

6. Line of credit:

The Society has an arrangement with its banker for an operating line of credit facility in the amount of $450,000 and bearing interest at bank prime plus 1.5%. $120,000 was outstanding as of March 31, 2026 (2025 - $25,000). See note 9.

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances of $28,775 (2025 - $18,019), which include amounts payable for GST, PST, WCB and payroll related taxes.

8. Mortgage payable:

The term loan is secured by a general security agreement with a floating charge on land, a mortgage in the amount of $1,750,000 on the real property located at 777 Fort Street, an insurance binder with the loss payable first to the bank, an environmental liability indemnity agreement, a guarantee and postponement of claim by VIATEC Properties Inc. in the amount of $1,750,000 also secured by a general security agreement with a floating charge on land and a mortgage over its real property, an insurance binder with the loss payable first to the bank and an environmental liability indemnity agreement.

	2026	2025
Term loan, bearing interest at 4.60%, monthly payments of $10,149, including interest, repayable in full May 25, 2027	$ 1,203,718	$ 1,268,508
Less: current portion of mortgage payable	67,834	64,804
	$ 1,135,884	$ 1,203,704

Principal repayments to maturity are as follows:

2027	$ 67,849
2028	1,135,869
	$ 1,203,718

The Society is in compliance with the loan agreement's non-financial reporting requirements.

9. Controlled profit-oriented enterprise:

On February 6, 2014, the Society incorporated a controlled profit-oriented enterprise, VIATEC Properties Inc., which is accounted for using the equity method. The negative carrying value of $403,139 (2025 - $243,423) represents the shareholder's deficiency. The Society has committed to provide financial support to VIATEC Properties Inc., as necessary.

Based on the financial statements for the most recent fiscal period, the assets, liabilities, revenue, expenses and cash flows of VIATEC Properties Inc. are summarized as follows:

	2026	2025
Balance Sheet:		
Total assets	$ 1,647,776	$ 1,677,208
Total liabilities	2,050,916	1,920,630
Shareholder's deficiency	$ (403,140)	$ (243,422)
Statement of Operations:		
Revenue	$ 184,200	$ 284,931
Expenses	343,916	317,370
Net loss for the period	$ (159,716)	$ (32,439)
Statement of Cash Flows:		
Cash provided by (used in) operations	$ (158,828)	$ (36,821)
Cash provided by (used in) financing	130,804	32,495

10. Program funding:

		2026		2025
Innovate BC	$	-	$	204,000
Pacific Economic Development Canada (PacifiCan) funding		1,265,613		204,225
New Ventures BC		6,000		20,458
	$	1,271,613	$	428,683

Program costs include an allocation of salaries and contractor expenses.

11. Other revenue:

		2026		2025
Innovate BC	$	60,000	$	136,000
Other income		-		668
	$	60,000	$	136,668

12. Commitments:

The Society is committed to rental payments for premises under an operating lease with its subsidiary, VPI. Subsequent to March 31, 2026, the Society entered into a five year lease with VPI in the amount of $250,000 per year.

2027	$	250,000
2028		250,000
2029		250,000
2030		250,000
2031		250,000

13. Financial instruments:

The maximum credit risk exposure for the Society's financial assets is the carrying value of those assets. To reduce credit risk, cash and cash equivalents are only held at major financial institutions and management performs ongoing credit evaluations of its members' financial condition.

The Society is exposed to credit risk with respect to the accounts receivable. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible.

It is management's opinion that the Society is not exposed to significant interest rate risk or foreign exchange risk.

There has been no change to the risk exposures from 2025.

14. Remuneration paid to employees, directors and contractors:

For the fiscal year ending March 31, 2026, the Society paid total remuneration of $425,000 to three employees (2025 - $316,000 to two employees), each of whom received total annual remuneration of $75,000 or greater.