

Financial Statements of

**GREATER VICTORIA
HARBOUR AUTHORITY**

And Independent Auditor's Report thereon

Year ended March 31, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Members of Greater Victoria Harbour Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Greater Victoria Harbour Authority (the Entity), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations for the year then ended
- the statement of changes in 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 March 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.

Other Information

Management is responsible for the other information. Other information comprises:

- Information, other than the financial statements and the auditor's report thereon, included in the Management Discussion and Analysis.



Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Management Discussion and Analysis as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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 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.

Those charged with governance are responsible for overseeing the Entity'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 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.
- 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 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.

Chartered Professional Accountants

Victoria, Canada
September 10, 2025

GREATER VICTORIA HARBOUR AUTHORITY

Statement of Financial Position

March 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,013,398	\$ 1,250,668
Guaranteed investment certificates (note 2)	18,398,379	16,454,597
Restricted cash (note 3)	7,428,229	7,711,289
Accounts receivable	878,613	1,044,358
Prepaid expenses	127,189	129,341
Inventory	123,732	160,519
	34,969,540	26,750,772
Investments (note 4)	9,622,484	8,861,754
Capital assets (note 5)	59,130,685	58,382,621
	\$ 103,722,709	\$ 93,995,147

Liabilities, Deferred Contributions and Net Assets

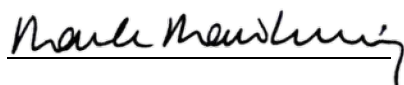
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,310,834	\$ 2,928,191
Deferred revenue and deposits	328,548	318,046
Demand loan (note 6)	3,730,225	4,378,959
	7,369,607	7,625,196
Deferred lease obligations	10,542	5,271
Deferred contributions (note 7)	14,723	26,445
Deferred capital contributions (note 8)	25,284,606	25,897,036
Net assets:		
Invested in capital assets	37,544,083	35,817,915
Internally restricted (note 9)	14,578,550	11,945,919
Unrestricted	18,920,598	12,677,365
	71,043,231	60,441,199
	\$ 103,722,709	\$ 93,995,147

Commitments and contingencies (note 11)

Subsequent event (note 18)

See accompanying notes to financial statements.

Approved by the Board:

 Director

 Director

GREATER VICTORIA HARBOUR AUTHORITY

Statement of Operations

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

	Budget (note 16)	2025	2024
Revenues:			
Shipping	\$ 12,573,285	\$ 13,907,757	\$ 13,061,888
Marinas and attractions	7,682,002	7,209,204	3,392,295
Commercial real property	3,224,987	3,811,580	3,246,638
	23,480,274	24,928,541	19,700,821
Capital improvement fees (note 10)	6,818,432	4,699,124	3,840,459
Other recovered costs and in-kind sponsorship	805,456	843,630	634,120
	31,104,162	30,471,295	24,175,400
Expenses:			
General operating expenses	9,215,616	8,861,247	5,683,669
Repairs and maintenance	4,333,621	3,600,674	3,246,708
Insurance	1,109,044	1,109,116	1,008,924
Property taxes	1,528,452	1,719,362	1,473,208
Administrative	6,179,174	5,531,408	4,702,159
Interest expense (note 6)	293,876	264,270	333,700
Amortization of capital assets	1,552,790	1,707,788	1,716,470
	24,212,573	22,793,865	18,164,838
Excess of revenues over expenses before the following	6,891,589	7,677,430	6,010,562
Deferred non-capital contributions recognized as revenue (note 7)	11,722	11,722	11,722
Deferred capital contributions recognized as revenue (note 8)	667,500	696,870	667,501
Extraordinary item (note 17)	-	-	(1,057,274)
Loss on disposal of capital assets	-	-	(52,784)
	679,222	708,592	(430,835)
Excess of revenues over expenses before investment income	7,570,811	8,386,022	5,579,727
Net investment income	837,996	2,216,010	2,092,647
Excess of revenues over expenses	\$ 8,408,807	\$ 10,602,032	\$ 7,672,374

See accompanying notes to financial statements.

GREATER VICTORIA HARBOUR AUTHORITY

Statement of Changes in Net Assets

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

	Investment in capital assets	Internally restricted	Unrestricted	Total
Balance, March 31, 2023	\$ 33,962,898	\$ 9,814,715	\$ 8,991,212	\$ 52,768,825
Excess (deficiency) of revenue over expenses	(2,159,027)	816,876	9,014,525	7,672,374
Change in investment in capital assets	4,014,044	-	(4,014,044)	-
Transfer to internally restricted reserve fund	-	1,314,328	(1,314,328)	-
Balance, March 31, 2024	35,817,915	11,945,919	12,677,365	60,441,199
Excess (deficiency) of revenue over expenses	(1,010,918)	760,730	10,852,220	10,602,032
Change in investment in capital assets	2,737,086	-	(2,737,086)	-
Transfer to internally restricted reserve fund	-	1,871,901	(1,871,901)	-
Balance, March 31, 2025	\$ 37,544,083	\$ 14,578,550	\$ 18,920,598	\$ 71,043,231

See accompanying notes to financial statements.

GREATER VICTORIA HARBOUR AUTHORITY

Statement of Cash Flows

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

	2025	2024
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 10,602,032	\$ 7,672,374
Items not involving cash:		
Amortization of capital assets	1,707,788	1,716,470
Amortization of deferred contributions	(11,722)	(11,722)
Amortization of deferred capital contributions	(696,870)	(667,501)
Loss on disposal of capital assets	-	52,784
Unrealized gain on investments	(75,551)	(467,933)
Extraordinary item	-	1,057,274
Net changes in non-cash working capital:		
Increase in accrued interest on guaranteed investment certificates	(41,782)	(213,791)
Decrease in accounts receivable	165,745	8,725,662
Decrease in prepaid expenses	2,152	11,635
Decrease (increase) in inventory	36,787	(160,519)
Decrease in accounts payable and accrued liabilities	382,643	1,005,435
Increase in deferred lease obligations	5,271	5,271
Increase in deferred revenue and deposits	10,502	33,290
	12,086,995	18,758,729
Cash flows from financing activities:		
Deferred capital contributions received (note 8)	84,440	433,687
Decrease (increase) in restricted cash	283,060	(7,711,289)
Fixed term loan principal payments	(648,734)	(648,735)
	(281,234)	(7,926,337)
Cash flows from investing activities:		
Purchase of capital assets	(2,455,852)	(5,102,494)
Proceeds from disposal of capital assets		14,787
Guaranteed investment certificates matured	16,098,000	10,250,000
Purchase of guaranteed investment certificates	(18,000,000)	(16,098,000)
Net purchase of investments	(685,179)	(348,943)
	(5,043,031)	(11,284,650)
Increase (decrease) in cash and cash equivalents	6,762,730	(452,258)
Cash and cash equivalents, beginning of year	1,250,668	1,702,926
Cash and cash equivalents, end of year	\$ 8,013,398	\$ 1,250,668

See accompanying notes to financial statements.

GREATER VICTORIA HARBOUR AUTHORITY

Notes to Financial Statements

Year ended March 31, 2025

Greater Victoria Harbour Authority (the "Society") is incorporated under the Societies Act (British Columbia). Its principal activity is to manage and develop the Victoria and Esquimalt harbours to meet local, Esquimalt Nation, Songhees Nation, municipal, provincial and federal interests and priorities.

In 2002 Transport Canada contributed lands and improvements at Ogden Point, Erie Street, Wharf Street and Ship Point. The contributions are subject to various restrictions including continued use as a port facility.

The land and improvements were transferred to the Society at a nominal value of \$1. The assets were recorded at an estimated fair market value of \$50,481,120, as determined by the BC Assessment through their annual valuation and assessment process.

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook. The Society's significant accounting policies are as follows:

(a) Revenue recognition:

The Society 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.

Contributions of capital assets that will be amortized are initially deferred and subsequently recognized as revenue on the same basis as the related costs are amortized. Contributions for capital assets that will not be amortized, such as land, are not recorded as deferred capital contributions or recognized as revenue, but are recorded as a direct increase in net assets in the period the asset is received.

Revenue from operations is recognized as services are performed. Amounts received for future services are deferred until the service is provided.

Revenue recognition under a lease commences when the tenant has a right to use the leased assets. The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease. Rental revenue also includes percentage participating rents and recoveries of operating expenses, including realty taxes. Percentage participating rents are recognized when tenants' specified sales targets have been met. Operating expense recoveries are recognized in the period that recoverable costs are chargeable to tenants.

(b) Cash and cash equivalents:

Cash and cash equivalents include deposits in banks and short-term investments with a term to maturity of three months or less at the date of purchase.

GREATER VICTORIA HARBOUR AUTHORITY

Notes to Financial Statements

Year ended March 31, 2025

1. Significant accounting policies (continued):

(c) 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 Society has elected to carry all investments at fair value. The Society has not elected to carry any other financial instruments at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year. 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.

(d) Investment income:

Investment income, which is recorded on the accrual basis, includes interest income, dividends, net gain (loss) on sale of securities and unrealized gains (losses).

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at their estimated fair market value determined at the date of contribution.

Amortization is provided on a straight-line basis over their estimated useful life at the following amortization periods:

Asset	Amortization period
Breakwater and piers	50 years
Wharves and docks:	
Refurbished existing	10 - 15 years
New construction	20 - 25 years
Buildings	10 - 50 years
Yard improvements	5 - 10 years
Furniture and fixtures	5 years
Office and maintenance equipment	2 - 5 years
Boats, marine and automotive	3 - 5 years
Information technologies	2 - 4 years

GREATER VICTORIA HARBOUR AUTHORITY

Notes to Financial Statements

Year ended March 31, 2025

1. Significant accounting policies (continued):

(e) Capital assets (continued):

Amortization is not provided on capital assets under construction until the assets are available for use.

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

(f) Asset retirement obligations:

The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated retirement costs are capitalized as part of the carrying amount of the long-lived asset and amortized over the life of the asset. At this time, the Society has determined that there are no significant asset retirement obligations.

(g) Inventory:

Inventory is stated at the lower of cost and net realizable value.

(h) 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 revenues and expenses during the year. The more subjective of such estimates are the amortization period of capital assets. Actual results could differ from these estimates.

2. Guaranteed investment certificates:

	2025	2024
Short-term certificates	\$ 18,398,379	\$ 16,454,597

Guaranteed investment certificates earn interest of between 4.3% and 4.9%, with various maturity dates to June 4, 2026.

3. Restricted cash:

Restricted cash represents initial funds of \$9,000,000 collected from the Province of BC to be used for the Shore Power project at the Breakwater District. These funds are being utilized for the Interconnection study with BC Hydro and other costs associated with the project. Spending to date has been \$1,571,771 (2024 - \$1,288,711), leaving unspent funds of \$7,428,229 (2024 - \$7,711,289). The amount received is held in deferred capital contributions (note 8).

GREATER VICTORIA HARBOUR AUTHORITY

Notes to Financial Statements

Year ended March 31, 2025

4. Investments:

Investments represent funds invested for internally restricted purposes (note 9). The major components of investments stated at market value are as follows:

	2025	2024
Fixed income	\$ 3,752,889	\$ 3,373,312
Canadian equity	2,328,039	2,146,755
US equity	1,042,396	1,603,098
International equity	2,304,866	1,575,305
Money market	194,294	163,284
	\$ 9,622,484	\$ 8,861,754

5. Capital assets:

2025	Cost	Accumulated amortization	Net book value
Land	\$ 19,563,855	\$ -	\$ 19,563,855
Breakwater and piers	43,271,048	17,763,086	25,507,962
Wharves and docks	12,614,470	8,051,194	4,563,276
Buildings and yard improvements	13,573,245	9,843,740	3,729,505
Furniture and fixtures	43,640	43,640	-
Office and maintenance equipment	978,490	595,135	383,355
Boats, marine and automotive	306,541	234,091	72,450
Capital assets under construction	5,310,282	-	5,310,282
	\$ 95,661,571	\$ 36,530,886	\$ 59,130,685

2024	Cost	Accumulated amortization	Net book value
Land	\$ 19,563,855	\$ -	\$ 19,563,855
Breakwater and piers	41,957,297	16,807,057	25,150,240
Wharves and docks	12,444,464	7,756,071	4,688,393
Buildings and yard improvements	13,323,487	9,414,537	3,908,950
Furniture and fixtures	43,640	43,640	-
Office and maintenance equipment	681,712	576,855	104,857
Boats, marine and automotive	306,541	224,938	81,603
Capital assets under construction	4,884,723	-	4,884,723
	\$ 93,205,719	\$ 34,823,098	\$ 58,382,621

GREATER VICTORIA HARBOUR AUTHORITY

Notes to Financial Statements

Year ended March 31, 2025

6. Demand loan:

On September 21, 2018, the Society signed a credit facility with Coast Capital Savings Federal Union ("Coast Capital") to finance the Ogden Point dolphin extension capital project. The credit facility was negotiated as a demand instrument to give flexibility on the variable interest rate and unrestricted prepayment options without notice or penalty. A general security agreement was provided as collateral.

The maximum value of the credit facility is \$8,500,000, repayable over 84 months with an interest rate of prime (2025 - 4.95%, 2024 - 7.2%). Principal repayment commenced on January 1, 2021. Monthly payments are \$54,061 plus interest. The loan matures on December 1, 2027.

As of March 31, 2025, the credit facility outstanding was \$3,730,225 (2024 - \$4,378,959). Interest paid during the year was \$264,270 (2024 - \$333,700).

7. Deferred contributions:

Deferred federal, provincial, and municipal contributions relate to project specific funding and are recognized as costs are incurred.

	Balance March 31, 2024	Amounts amortized to revenue	Amounts received	Balance March 31, 2025
Federal, provincial and municipal contributions:				
Ogden Point	\$ 26,445	\$ 11,722	\$ -	\$ 14,723
Total deferred contributions	\$ 26,445	\$ 11,722	\$ -	\$ 14,723

8. Deferred capital contributions:

Deferred capital contributions represent unamortized capital contributions received from Transport Canada and other federal and provincial contributions.

	Balance March 31, 2024	Amounts amortized to revenue	Amounts received	Balance March 31, 2025
Transport Canada:				
Ogden Point	\$ 15,266,397	\$ 545,229	\$ -	\$ 14,721,168
Other federal, provincial and municipal contributions:				
Ogden Point	9,942,079	113,974	79,440	9,907,545
Inner Harbour	688,560	37,667	5,000	655,893
	10,630,639	151,641	84,440	10,563,438
Total deferred contributions	\$ 25,897,036	\$ 696,870	\$ 84,440	\$ 25,284,606

GREATER VICTORIA HARBOUR AUTHORITY

Notes to Financial Statements

Year ended March 31, 2025

8. Deferred capital contributions (continued):

As at March 31, 2025, \$7,428,229 in deferred capital contributions remains unspent (2024 - \$7,711,289).

9. Internally restricted net assets:

Internally restricted net assets are comprised of the following three components:

	Balance March 31, 2024	Amounts spent	Increase in reserves	Balance March 31, 2025
Restricted reserve	\$ 8,861,754	\$ -	\$ 760,730	\$ 9,622,484
Cruise sustainability fee	2,842,079	2,827,223	4,699,124	4,713,980
Fuel dock capital reserve	242,086	-	-	242,086
Total restricted net assets	\$ 11,945,919	\$ 2,827,223	\$ 5,459,854	\$ 14,578,550

(a) Restricted reserve:

An amount of \$9,622,484 (2024 - \$8,861,754) which is reserved to fund future earthquake insurance deductible, business interruption, material revenue loss exposure and one year of debt service costing. These internally restricted amounts are not available for other purposes without the approval of the Board of Directors.

(b) Cruise sustainability fee:

The amount of \$4,713,980 (2024 - \$2,842,079) represents the excess of cruise sustainability revenue and grant funding received over cruise sustaining expenditures. The cruise sustainability amounts are restricted for repairs and maintenance and capital expenditures related to the cruise infrastructure.

On April 1, 2010, the Society introduced a cruise sustainability fee to all cruise lines calling at the Ogden Point Terminal. Cruise sustainability fee revenues are used solely to recover and fund capital expenditures related to cruise infrastructure. The cruise sustainability fee for 2025 was \$3.95 (2024 - \$3.95) per cruise line passenger.

On April 1, 2024, the Society introduced a fee called the environmental sustainability fee. This fee was intended to assist with new environmental initiatives at the Breakwater District. This fee was discontinued in June 2024 and the funds that were collected have been rolled into the cruise sustainability fee reserve and will be used to fund capital expenditures for cruise related infrastructure. The environmental sustainability fee for 2024 was \$3.52 per cruise line passenger.

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Notes to Financial Statements

Year ended March 31, 2025

9. Internally restricted net assets (continued):

(b) Cruise sustainability fee (continued):

To March 31, 2025 cumulative cruise sustainability fee revenues and grant funding received for cruise sustaining projects exceed cumulative expenditures as follows:

Cruise sustainability fee revenues	\$ 21,521,634
Grant funding received for cruise sustaining projects	1,992,623
	<u>23,514,257</u>
Less:	
Cruise sustaining expenditures	14,763,034
Interest and principal on Dolphin loan	4,037,243
	<u>18,800,277</u>
Excess of cruise sustainability revenue and grant funding received over cruise sustaining expenditures	\$ 4,713,980

(c) Fuel dock capital reserve:

The remaining \$242,086 (2024 - \$242,086) represents the amounts that have been collected in prior years from the capital recovery fee and are restricted for capital and major repairs and maintenance expenditures on the fuel dock.

10. Capital improvement fees:

The capital improvement fees are comprised of:

- (a) Capital improvement fee recovered from the fuel dock of \$nil (2024 - \$nil);
- (b) The cruise sustainability and environmental fees of \$4,699,124 (2024 - \$3,840,459).

11. Commitments and contingencies:

During 2023 the Society extended the lease of the first floor of the Dogwood Building for a term of five years from April 1, 2023 to March 31, 2028. Under the lease agreement there is a fixed portion of base rent payable monthly as well as a proportionate share of operating costs.

The fixed payments of base rent for the next three years of the lease are as follows:

	Base rent
2026	\$ 131,775
2027	137,046
2028	137,046

GREATER VICTORIA HARBOUR AUTHORITY

Notes to Financial Statements

Year ended March 31, 2025

12. Employee and contractor remuneration:

For the fiscal year ending March 31, 2025, the Society paid total remuneration of \$2,222,138 (2024 - \$1,890,403) to the 16 (2024 - 15) highest paid employees and contractors for services, each of whom received total annual remuneration of \$75,000 or greater. Remuneration includes salaries, benefits and bonuses.

13. Board of directors' fees:

For purposes of director's fees, as per amendment to Special Resolution 14.04.04, CAM-Sec 4.4, annual director's fees shall not exceed 5% of the previous year's gross revenues. The total fees paid in the fiscal year amounted to \$261,415 which represents 1.1% of the previous year's gross revenues (2024 - \$218,505, 1.2%). The table below provides details of the directors' compensation. While there are 13 active directors at any one time during the calendar year, details include 18 directors due to the transition of directors between the 2024 and 2025 calendar years. Compensation aligns with the board policy, however it varies for each director on the basis of a fixed meeting fee for each meeting attended plus a fixed retainer fee based on the position held, such as committee chairs, vice chair and board chair.

	2025	2024
Director	\$ 3,300	\$ -
Director	5,100	-
Director	10,200	11,900
Director	14,400	5,200
Director	15,663	3,900
Director	15,963	15,020
Director	16,800	13,100
Director	16,800	3,300
Director	17,050	13,620
Director	17,288	13,637
Director	17,463	11,700
Director	18,850	17,037
Director	20,950	14,562
Director	27,038	22,387
Director	34,950	43,550
Director	-	2,900
Director	-	7,817
Director	-	10,875
External Board Advisors (6)	9,600	8,000
Total Board of directors' fees	\$ 261,415	\$ 218,505

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Notes to Financial Statements

Year ended March 31, 2025

14. Financial instruments:

(a) Foreign currency risk:

The Society holds investments in equities outside of Canada which are subject to foreign exchange risk (note 4).

(b) Interest rate risk:

The Society's exposure to interest rate risk relates to its investments in fixed income securities (note 4) and its demand loan (note 6). The fair value of these instruments are directly impacted by changes in interest rates. The objective of the Society's investment policy is to control interest rate risk by managing its interest rate exposure.

(c) Credit risk:

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. For cash, cash equivalents, guaranteed investment certificates, investments and receivables, the Society's credit risk is limited to the carrying value on the statement of financial position.

The Society manages the risk associated with the concentration of credit risk through its policy of dealing with high credit quality financial institutions.

(d) Market risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all of the Society's investments are carried at fair value with fair value changes recognized in the statement of operations, all changes in market conditions will directly result in an increase or decrease in net assets. The objective of market risk management is to mitigate market risk exposures within acceptable parameters while optimizing the return on risk.

This risk is mitigated by the investment policies for the respective asset mixes to be followed by the investment managers with established guidelines for a risk tolerance and exposures, the requirements for diversification of investments within each asset class and credit quality constraints on fixed income investments.

There have been no significant changes in the Society's risk exposure from the prior year.

The imposition of U.S. tariffs on cross-border trade will result in increased costs for goods and services procured from U.S. suppliers, potentially impacting operations and infrastructure projects. While the long-term impact remains uncertain, the Society is actively working to monitor and mitigate the risks and impacts of the tariffs.

GREATER VICTORIA HARBOUR AUTHORITY

Notes to Financial Statements

Year ended March 31, 2025

15. Significantly influenced organization:

Skwin'ang'eth Selas Development Company was incorporated on December 19, 2013 under the Canada Not-for-profit Corporations Act with the purpose of, among other things, promoting economic development opportunities for the Esquimalt Nation and Songhees Nation communities.

The non-profit organization was established jointly by the Esquimalt Nation, Songhees Nation and Greater Victoria Harbour Authority with equal representation on its Board of Directors. As a non-profit corporation, activities will not be carried out for the purpose of return for the Society. Any surpluses will be used to further the corporation's purpose.

On April 1, 2014 the Society and the Skwin'ang'eth Selas Development Company initiated a revenue contribution agreement for a term of 3 years. During the term of the agreement the Society agreed to contribute a portion of its operating revenue (excluding cruise sustainability fees and other recovered costs and in-kind revenue) in respect of each operating year (2015 - 0.50%, 2016 - 0.75%, 2017 - 1.00%) payable quarterly. On June 9, 2016 the Members of Skwin'ang'eth Selas became inactive and it was resolved by the Members that Greater Victoria Harbour Authority be released from the contractual obligation to make quarterly "percentage of revenue" contributions and the contract be terminated effective March 31, 2016. The Skwin'ang'eth Selas Development Company was then dissolved on August 11, 2020 and funds remained of \$51,705 that will be held for First Nations initiatives as overseen by the Society's First Nations Economic Development Committee.

For the fiscal year ending March 31, 2023, the Society reinstated the commitment to disburse a percentage of budgeted revenue, that would have originally been payable to Skwin'ang'eth Selas Development Company, to First Nations initiatives overseen by the Society's First Nations Economic Development Committee of the Board (2025 - 1.00%, 2024 - 1.00%). In 2025 the amount of the commitment was \$292,421 (2024 - \$212,531), of which \$139,167 (2024 - \$29,733) remains to be disbursed.

16. Budget data:

The budget data presented in these financial statements is based upon the 2025 operating and capital budgets approved by the Board of Directors on March 12, 2024.

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Notes to Financial Statements

Year ended March 31, 2025

17. Extraordinary item:

In prior years, the Society had completed work on the Certificates of Compliance (COC) for the Breakwater District. A COC is an instrument issued by the BC Ministry of Environment which certifies that a contaminated property has been satisfactorily remediated to meet the applicable standards set by the Environmental Management Act and the Contaminated Sites Regulation. During the 2024 fiscal year, it was determined, after meeting with consultants and the Provincial Regulator, that the existing COC's no longer had economic value to the Society due to the changing nature of the site and requirements to renew every time a new project was implemented. The COC project was therefore reviewed necessitating a write off of costs totaling \$1,057,274.

18. Subsequent event:

On June 17, 2025, the Society's board of directors made the decision not to move forward with the implementation of the Shore Power project at the Breakwater District currently. Total project costs of \$2,799,201 as at March 31, 2025 are included in work in progress. Due to the project not proceeding an assessment for impairment of these costs will be performed during the next fiscal year and costs no longer deemed to provide future benefit will be expensed. Funds received from the Province for this project are held as restricted cash and deferred capital contributions as at March 31, 2025. The Society plans to work with the Province to determine if the unspent funds will be repaid or repurposed.