Consolidated Financial Statements of

JUSTICE INSTITUTE OF BRITISH COLUMBIA

And Independent Auditor’s Report thereon

Year ended March 31, 2026

Justice
Institute
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STATEMENT OF MANAGEMENT RESPONSIBILITY

The consolidated financial statements have been prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia. The integrity and objectivity of these consolidated financial statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies is described in Note 2 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

The Justice Institute of British Columbia Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Finance and Audit Committee. The Finance and Audit Committee reviews financial information on a quarterly basis and external audited consolidated financial statements yearly.

The Justice Institute of British Columbia’s external auditor, KPMG LLP, conducts an independent examination, in accordance with Canadian auditing standards, and expresses their opinion on the consolidated financial statements. The external auditor has full and free access to financial management of the Justice Institute of British Columbia and meets when required. The accompanying Independent Auditor’s Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of Justice Institute of British Columbia:

Len Goerke	Mike Proud
President and CEO	Vice-President, Finance and Operations

June 22, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Justice Institute of British Columbia, and to the Minister of the Ministry of Post-Secondary Education and Future Skills, Province of British Columbia

Opinion

We have audited the consolidated financial statements of Justice Institute of British Columbia (the "Institute"), which comprise:

- the consolidated statement of financial position as at March 31, 2026
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2026 of the Institute are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

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 Institute 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.

Emphasis of Matter - Financial Reporting Framework

We draw attention to Note 2(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between that financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia 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 Institute'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 Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute'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 Institute'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 Institute’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 Institute to cease to continue as a going concern.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
June 22, 2026

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Consolidated Statement of Financial Position

March 31, 2026, with comparative information for 2025

	2026	2025
Financial Assets		
Cash	$ 34,326,775	$ 32,452,951
Accounts receivable (note 3)	3,030,604	1,495,909
Assets held for sale (note 2(i))	-	5,698,001
Inventories held-for-resale	127,060	133,551
Endowment cash and investments - expendable (note 8)	780,186	684,708
	38,264,625	40,465,120
Liabilities		
Accounts payable and accrued liabilities	12,680,661	8,359,572
Employee future benefits (note 4(b))	1,551,900	1,530,900
Deferred revenue	16,112,041	17,068,771
Deferred capital contributions (note 5)	23,113,140	20,595,866
Asset retirement obligations (note 6)	1,854,638	1,764,463
	55,312,380	49,319,572
Net debt	(17,047,755)	(8,854,452)
Non-Financial Assets		
Tangible capital assets (note 7)	38,110,560	29,100,287
Endowment investments - non-expendable (note 8)	1,373,441	1,345,341
Inventories held for use	359,232	523,927
Prepaid expenses	1,074,214	915,452
	40,917,447	31,885,007
Accumulated surplus	$ 23,869,692	$ 23,030,555

Contractual obligations (note 11)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

Jim Wishlove
Chair

Laurel Douglas
Governor

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Consolidated Statement of Operations and Accumulated Surplus

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

	Budget 2026 (note 2(c))	2026	2025
Revenue:			
Province of British Columbia annual grant	$ 25,401,774	$ 20,691,060	$ 18,677,202
Province of British Columbia contract services	7,616,060	11,108,246	8,309,412
Tuition and student fees	20,716,768	20,333,026	21,954,237
Sales of goods and services	666,800	436,363	436,498
Donations, non-government grants and contracts	14,965,130	16,540,918	14,162,591
Interest income	775,000	863,022	1,351,300
Amortization of deferred capital contributions (note 5)	3,318,420	2,525,463	2,400,487
Other	283,378	258,729	419,805
	73,743,330	72,756,827	67,711,532
Expenses (note 13):			
Ancillary operations	1,168,001	1,082,611	1,019,441
Instructional/educational	71,187,911	70,055,270	63,965,174
Sponsored research	1,387,418	807,909	978,315
	73,743,330	71,945,790	65,962,930
Annual operating surplus	-	811,037	1,748,602
Restricted endowment contributions:			
Addition as a result of acquisition of control of The Justice Institute of B.C. Foundation (note 2(b))	-	-	1,308,085
Current year contributions	-	28,100	15,850
	-	28,100	1,323,935
Annual surplus	-	839,137	3,072,537
Accumulated surplus, beginning of year	23,030,555	23,030,555	19,958,018
Accumulated surplus, end of year	$ 23,030,555	$ 23,869,692	$ 23,030,555

See accompanying notes to consolidated financial statements.

JUSTICE INSTITUTE OF BRITISH COLUMBIA

Consolidated Statement of Changes in Net Debt

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

	Budget 2026 (note 2(c))	2026	2025
Annual surplus	$ -	$ 839,137	$ 3,072,537
Exclude items not affecting net debt:			
Addition of endowment contributions as a result of acquisition of control of The Justice Institute of B.C. Foundation (notes 2(b) and 8)	-	-	(1,329,491)
Restricted endowment contributions	-	(28,100)	(15,850)
	-	(28,100)	(1,345,341)
Acquisition of tangible capital assets	(2,977,237)	(6,627,616)	(3,552,220)
Amortization of tangible capital assets	3,649,696	3,315,344	3,086,563
Reclassification of assets held for sale	-	(5,698,001)	-
Acquisition of inventories held-for-use	-	(371,282)	(553,005)
Consumption of inventories held-for-use	-	535,977	381,280
Acquisition of prepaid expenses	-	(3,752,208)	(3,186,100)
Use of prepaid expenses	-	3,593,446	2,825,768
Decrease (increase) in net debt	672,459	(8,193,303)	729,482
Net debt, beginning of year	(8,854,452)	(8,854,452)	(9,583,934)
Net debt, end of year	$ (8,181,993)	$ (17,047,755)	$ (8,854,452)

See accompanying notes to consolidated financial statements.

JUSTICE INSTITUTE OF BRITISH COLUMBIA
Consolidated Statement of Cash Flows

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

	2026	2025
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 839,137	$ 3,072,537
Items not involving cash:		
Amortization of tangible capital assets and asset held for sale	3,315,344	3,180,883
Amortization of deferred capital contributions	(2,525,463)	(2,400,487)
Change in employee future benefits	21,000	152,900
Accretion and other adjustments for asset retirement obligations	90,175	93,052
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(1,534,695)	908,940
Decrease (increase) in inventories held-for-resale	6,491	(32,367)
Increase (decrease) in accounts payable and accrued liabilities	4,321,089	(1,270,552)
Increase (decrease) in deferred revenue	(956,730)	5,175,566
Decrease (increase) in inventories held-for-use	164,695	(171,725)
Increase in prepaid expenses	(158,762)	(360,332)
Net change in cash from operating activities	3,582,281	8,348,415
Capital activities:		
Cash used to acquire tangible capital assets	(6,627,616)	(3,552,220)
Net change in cash from capital activities	(6,627,616)	(3,552,220)
Financing activities:		
Deferred capital contributions received	5,042,737	1,829,910
Net change in cash from financing activities	5,042,737	1,829,910
Investing activities:		
Net acquisitions of investments	(95,478)	(684,708)
Addition of endowment contributions as a result of acquisition of control of The Justice Institute of B.C. Foundation (note 8)	-	(1,329,491)
Restricted endowment contributions	(28,100)	(15,850)
Net change in cash from investing activities	(123,578)	(2,030,049)
Net change in cash	1,873,824	4,596,056
Cash, beginning of year	32,452,951	27,856,895
Cash, end of year	$ 34,326,775	$ 32,452,951

See accompanying notes to consolidated financial statements.

1. Operations:

The Justice Institute of British Columbia (the "Institute") is a post-secondary educational institution established in 1978 by the Province of British Columbia (the "Province") under the provisions of the *College and Institute Act*. The Institute is a registered charity under the Income Tax Act and is exempt from income tax under Section 149 of the *Income Tax Act*. The mission of the Institute is to provide learning opportunities for practitioners and the public that lead to improved justice and public safety services, and safer communities.

These consolidated financial statements incorporate the financial position and results of operations and accumulated surplus and cash flows of the Institute and its controlled foundation, The Justice Institute of B.C. Foundation (the "Foundation"). The Foundation was established to improve the quality of justice and public safety through the advancement of education, training, and community service by soliciting, managing, and disbursing funds to the Institute. The Foundation is a controlled not-for-profit organization and is incorporated under the *Societies Act* (British Columbia). The Foundation is a registered charity and is exempt from income taxes under Section 149 of the *Income Tax Act*.

2. Significant accounting policies:

(a) Basis of accounting:

These consolidated financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

The *Budget Transparency and Accountability Act* requires that the consolidated financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS 4200 standards for government not-for-profit organizations.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

(*i*) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded and, referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.

2. Significant accounting policies (continued):

(a) Basis of accounting (continued):

(ii) Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contributions have been met.

For British Columbia taxpayer supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which require that:

- Government transfers that do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS 3410; and
- Externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS 3100.

As a result, revenue recognized in the Consolidated Statement of Operations and Accumulated Surplus, and certain related deferred capital contributions, would be recorded differently under Canadian public sector accounting standards.

(b) Basis of consolidation:

These consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the Institute and its controlled organization. All balances and transactions between the Institute and the consolidated entity have been eliminated on consolidation.

On June 25, 2024, there was an amendment to the Foundation’s bylaws which resulted in the Foundation being controlled by the Institute and thus its operations are consolidated into these financial statements. The impact of the acquisition of the Foundation was $1,308,085 which resulted in an increase to accumulated surplus.

(c) Budget figures:

Budget figures have been provided for comparative purposes and reflect the fiscal 2026 budget approved by the Board of Governors of the Institute on March 24, 2025. The budget is reflected in the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Changes in Net Debt and may include adjustments to conform to these consolidated financial statement presentation.

2. Significant accounting policies (continued):

(d) Financial instruments:

Financial instruments are classified into two categories: fair value or cost.

(*i*) Fair value category: Includes investments that are quoted in an active market and derivative instruments reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is recorded as an expense. Unrealized gains and losses on financial assets would be recognized in the Consolidated Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Surplus. There are no unrealized gains or losses as at March 31, 2026 or March 31, 2025. As a result, the Institute does not have a Consolidated Statement of Remeasurement Gains and Losses. Unrealized gains and losses on endowment investments where the use of earnings is restricted are recorded as deferred revenue and recognized in revenue when disposed and when related expenses are incurred.

(*ii*) Cost category: Gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Surplus when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is included in the cost of the related instrument.

(e) Inventories for resale:

Inventories held for resale, including books and gift shop items, are recorded at the lower of cost or net realizable value. Cost is determined based on weighted average costing. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. When conditions indicate that losses previously recognized have been recovered, the loss is reversed to the extent of the amount recovered.

(f) Employee future benefits:

The Institute and its employees make contributions to the College Pension Plan and Municipal Pension Plan, which are multi-employer joint trustee plans. These plans are defined benefit plans. As the assets and liabilities of the plans are not segregated by institution, the plans are accounted for as defined contribution plans and any contributions of the Institute to the plans are expensed as incurred.

Certain employees are entitled to earned benefits related to retirement allowances, vacation in year of retirement benefits, and continuation of benefits to employees on long-term disability. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future rate of compensation increases.

2. Significant accounting policies (continued):

(f) Employee future benefits (continued):

The obligation under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits. Actuarial gains and losses are amortized over the expected average remaining service life of the employees. The employee future benefits are unfunded.

(g) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. Liabilities are recorded net of any expected recoveries.

A liability for remediation of contaminated sites is recognized when a site is not in productive use and an environmental standard exists, contamination exceeds the environmental standard, the Institute is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The liability is recognized as management's estimate of costs directly attributable to remediation activities, including the cost of post-remediation operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(h) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities.

If the tangible capital asset is in productive use, the estimated obligation is recorded as a liability and increase to the related tangible capital asset. The increase to the tangible capital asset is amortized in accordance with the amortization accounting policy outlined in note 2(j)(*i*). The carrying value of the liability is reviewed at each financial reporting date with changes to the timing or amount of the original estimate of cash flows recorded as an adjustment to the asset retirement obligations liability and related tangible capital asset.

If the tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed. The carrying value of the liability is reviewed at each financial reporting date with changes to the timing or amount of the original estimate of cash flows recorded as an adjustment to the asset retirement obligations liability and expense.

2. Significant accounting policies (continued):

(i) Assets held for sale:

The carrying value of long-lived assets are classified as held for sale when the Institute commits to a plan to sell the assets, the assets are in a condition to be sold, the assets are publicly seen to be for sale, there is an active market for the asset, there is a plan in place to sell the assets, and it is reasonably anticipated that the sale to a third-party purchaser will be completed within one year of the financial reporting date.

On November 24, 2025, Board approved management's recommendation to delist the property from sale and it was reclassified to tangible capital assets (note 7).

(j) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They may have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(*i*) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed assets are recorded at fair value at the date of contribution. In unusual circumstances where fair value cannot be reasonably determined, the tangible capital asset would be recognized at nominal value.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives shown below:

Asset	Rate
Site improvements	10 years
Buildings	20 to 40 years
Furniture, equipment and vehicles (including computer equipment)	3 to 10 years
Personal computer equipment and peripherals	3 years
Computer software	10 years

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Institute's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value.

2. Significant accounting policies (continued):

(j) Non-financial assets (continued):

(*ii*) Leased tangible capital assets:

Leases that transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(*iii*) Inventories held-for-use:

Inventories held-for-use are recorded at the lower of cost and replacement value. Cost includes the original purchase cost. Replacement value is the estimated current price to replace the items.

(*iv*) Endowment investments - non-expendable:

The non-expendable component of endowment investments represents donations received that are held in perpetuity because its access is restricted by the donors.

(k) Revenue recognition:

Tuition fees are recognized as revenue on a straight-line basis over the course or semester if collection is reasonably assured. Student fees are recognized as revenue when the services to which they relate are provided and collection is reasonably assured. Fees received prior to year-end for courses delivered subsequent to year-end are recorded as deferred revenue.

Sales of goods and services are recognized as revenue when the goods or services are provided and collection is reasonably assured.

Contract revenues are recognized in the period in which the related activities are performed. The zero-profit margin method is used when a contract's financial outcome is not reasonably determinable. This method of accounting requires that equal amounts of revenue and expense be recognized until the financial outcome of a contract can be reasonably estimated. Provision for anticipated losses is made in the period in which they become evident.

Unrestricted donations, grants and other income are recorded as revenue when receivable if the amounts can be estimated and collection is reasonably assured.

Restricted donations and grants are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

(*i*) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.

2. Significant accounting policies (continued):

(k) Revenue recognition (continued):

(*ii*) Contributions restricted for specific purposes other than for the acquisition or development of a depreciable tangible capital asset are recorded as deferred revenue and recognized as revenue in the year in which the stipulation or restriction on the contribution have been met.

(*iii*) Contributions restricted to be retained in perpetuity, allowing only the investment income earned thereon to be spent, are recorded as endowment contributions on the Consolidated Statement of Operations and Accumulated Surplus for the portion to be held in perpetuity and as deferred contributions for the investment income earned thereon.

Interest income includes interest earned on cash accounts that is recorded on an accrual basis.

(l) Use of estimates:

The preparation of these consolidated financial statements prepared in accordance with the basis of accounting described in note 2(a) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(m) Foreign currency translation:

The Institute's functional currency is the Canadian dollar. Foreign currency transactions are translated at the exchange rates prevailing at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the financial statement date.

Any gain or loss resulting from a change in rates between the transaction date and the settlement date or Consolidated Statement of Financial Position date is recognized in the Consolidated Statement of Remeasurement Gains and Losses. There are no unrealized gains or losses as at March 31, 2026 or March 31, 2025. As a result, the Institute does not have a Consolidated Statement of Remeasurement Gains and Losses.

3. Accounts receivable:

	2026	2025
Gross receivables	$ 3,378,310	$ 1,826,298
Allowance for doubtful accounts	(347,706)	(330,389)
	$ 3,030,604	$ 1,495,909

4. Employee future benefits:

(a) Pension benefits:

The Institute and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trusteed pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the plans, including investment of assets and administration of benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at August 31, 2025, the College Pension Plan has about 17,500 active members, and approximately 11,800 retired members. As at December 31, 2024, the Municipal Pension Plan has about 273,000 active members, including approximately 7,000 from colleges.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2024, indicated a $3.8 million unfunded liability for basic pension benefits. This was covered by a transfer from the rate stabilization account leaving the basic pension balanced at the valuation date on a going concern basis.

The most recent valuation for the Municipal Pension Plan as at December 31, 2024, indicated a $2,675 million funding surplus for basic pension benefits on a going concern basis.

The next valuation for the College Pension Plan will be as at August 31, 2027. The next valuation for the Municipal Pension Plan will be as at December 31, 2027.

The Institute paid $3,096,918 (2025 - $2,984,141) for employer contributions to the plans in fiscal 2026.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for each plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

4. Employee future benefits:

(b) Other employee future benefits:

Certain employees are entitled to earned benefits related to retirement allowances, vacation in year of retirement benefits, and continuation of benefits to employees on long-term disability. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future rate of compensation increases. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefit.

The Institute engaged the services of an actuarial firm to evaluate its employee future benefits. The liabilities reported are based on an actuarial valuation as at March 31, 2026.

Information regarding the Institute's obligations for these benefits is as follows:

	2026	2025
Accrued benefit obligation, beginning of year	$ 1,620,400	$ 1,408,000
Current service and interest cost	144,700	124,000
Plan amendments	(4,300)	7,700
Immediate recognition of benefits for disabled employees	58,700	176,200
Benefit payments	(186,000)	(157,000)
Actuarial loss (gain)	(4,900)	61,500
Accrued benefit obligation, end of year	1,628,600	1,620,400
Unamortized net actuarial loss	(76,700)	(89,500)
Accrued benefit liability	$ 1,551,900	$ 1,530,900

The significant actuarial assumptions adopted in measuring the Institute's accrued benefit liability are as follows:

	2026	2025
Discount rate	4.10%	4.20%
Expected future rate of compensation increase, including merit and promotion related increases	3.00 - 6.60%	2.50 - 6.10%
Expected average remaining service life of active members	11 years	9 years

5. Deferred capital contributions:

	2026	2025
Balance, beginning of year	$ 20,595,866	$ 21,166,443
Contributions received during the year	5,042,737	1,829,910
Amortization of deferred capital contributions	(2,525,463)	(2,400,487)
Balance, end of year	$ 23,113,140	$ 20,595,866

There are no unspent deferred capital contribution in the balance as at March 31, 2026 (2025 - $426,648).

6. Asset retirement obligations:

The Institute's asset retirement obligations include asbestos and lead paint in buildings and restoration clauses in lease agreements related to portable buildings, training equipment, leasehold improvements and soil contamination that occurred from the normal use of leased land.

	2026	2025
Balance, beginning of year	$ 1,764,463	$ 1,671,411
Accretion expense	55,051	52,148
Adjustment to estimated remediation costs	35,124	40,904
Balance, end of year	$ 1,854,638	$ 1,764,463

Accretion expense is included in instructional/educational expenses in the Consolidated Statement of Operations and Accumulated Surplus. The undiscounted cash flows required to settle the obligations are $2,970,760 (2025 - $2,929,198) to be paid between fiscal 2027 and fiscal 2055 (2025 - fiscal 2026 and fiscal 2055). The estimated cash flows were discounted using a rate of 3.12% (2025 - 3.12%).

7. Tangible capital assets:

Cost	Balance, March 31, 2025	Additions and transfers	Disposals	Balance, March 31, 2026
Land	$ 6,660,137	$ 3,756,339	$ -	$ 10,416,476
Site improvements	186,109	80,049	(108,216)	157,942
Buildings	38,317,576	8,550,282	-	46,867,858
Furniture, equipment and vehicles	8,386,892	4,322,838	(1,275,787)	11,433,943
Personal computer equipment and peripherals	1,305,083	450,465	(305,638)	1,449,910
Computer software	3,517,147	409,545	(204,192)	3,722,500
Work-in-progress	2,569,787	(1,463,064)	-	1,106,723
	$ 60,942,731	$ 16,106,454	$ (1,893,833)	$ 75,155,352

7. Tangible capital assets (continued):

Accumulated amortization	Balance, March 31, 2025	Amortization expense and transfers	Disposals	Balance, March 31, 2026
Site improvements	$ 167,457	$ 18,206	$ (108,216)	$ 77,447
Buildings	24,736,947	4,873,037	-	29,609,984
Furniture, equipment and vehicles	4,281,871	1,613,878	(1,275,787)	4,619,962
Personal computer equipment and peripherals	737,236	327,794	(305,638)	759,392
Computer software	1,918,933	263,266	(204,192)	1,978,007
	$ 31,842,444	$ 7,096,181	$ (1,893,833)	$ 37,044,792

	Net book value, March 31, 2025	Net book value, March 31, 2026
Land	$ 6,660,137	$ 10,416,476
Site improvements	18,652	80,495
Buildings	13,580,629	17,257,874
Furniture, equipment and vehicles	4,105,021	6,813,981
Personal computer equipment and peripherals	567,847	690,518
Computer software	1,598,214	1,744,493
Work-in-progress	2,569,787	1,106,723
	$ 29,100,287	$ 38,110,560

Tangible capital asset additions include $9,478,838 (2025 - nil) and accumulated amortization includes $3,780,837 (2025 - nil) for the reclassification of assets held for sale to tangible capital assets in fiscal 2026 (note 2(i)).

Included in buildings are assets with a net book value of $1,269,939 (2025 - nil) that are not in active use. There was no amortization expense recorded for these assets during the year ended March 31, 2026 (2025 - nil).

8. Endowment cash and investments:

Endowment cash and investments are comprised of the following:

	2026	2025
Justice Institute of B.C. Legacy Fund	$ 1,812,638	$ 1,705,592
Cash	340,989	324,457
	$ 2,153,627	$ 2,030,049

8. Endowment cash and investments (continued):

The Justice Institute of B.C. Legacy Fund (the "Fund") was established as an endowment fund with Vancouver Foundation. The Institute receives distributions of investment income from the Fund. The capital in the Fund is restricted but can be withdrawn with one year's written notice. The Fund held with Vancouver Foundation includes unrealized gains of $439,197 (2025 - $360,251).

Cumulative interest earned of $340,989 (2025 - $324,457) is held in an operating bank account. The income earned on the Fund is restricted for award distributions to the Institute's students.

Endowments investments are recorded as financial assets (expendable) and non-financial assets (non-expendable). The non-expendable component represents the original donation that is held in perpetuity and its use is restricted by the donors. The expendable portion is the total amount of the endowment assets less the non-expendable component and represents the accumulated net investment earnings less the accumulated spend.

	Expendable	Non-expendable	2026	2025
Balance, beginning of year	$ 684,708	$ 1,345,341	$ 2,030,049	$ 1,915,613
Contributions received during the year	-	28,100	28,100	15,850
Fair value change on non-expendable endowment investments	78,946	-	78,946	55,750
Interest income on non-expendable endowment investments	79,632	-	79,632	78,436
Award distributions	(63,100)	-	(63,100)	(35,600)
Balance, end of year	$ 780,186	$ 1,373,441	$ 2,153,627	$ 2,030,049

9. Credit facility:

The Institute has available a demand operating loan up to a maximum of $250,000, which bears interest at bank prime per annum, and a letter of credit facility up to a maximum of $50,000, for its on-going operating requirements. No amounts are outstanding under these banking facilities as at March 31, 2026 (2025 - nil).

10. Related organizations:

The Institute is related through common control to all Province of British Columbia ministries, agencies, school districts, health authorities, colleges, universities and Crown corporations. Transactions with these entities, unless disclosed separately, are considered to be in the normal course of operations and are recorded at the exchange amount.

11. Contractual obligations:

The nature of the Institute's activities can result in multi-year contracts and obligations whereby the Institute will be committed to make future payments. Future payments relating to significant contractual obligations that can be reasonably estimated are as follows:

	Service contracts	Operating leases
2027	$ 1,377,307	$ 334,074
2028	1,436,468	334,074
2029	1,197,175	359,546
2030	931,523	367,697
2031	688,547	317,623
Thereafter	158,738	123,821
	$ 5,789,758	$ 1,836,835

12. Contractual rights:

The Institute's contractual rights arise from contracts with the Province and other funders to deliver certain programs. The revenue from these agreements cannot be quantified because it is dependent on the program costs incurred and certain terms and conditions in the agreements.

13. Expenses by object:

The following is a summary of expenses by object:

	2026	2025
Business development and promotion	$ 1,025,008	$ 1,016,450
Contract instruction and program development	3,565,357	3,879,626
Facilities and equipment	4,546,356	3,984,024
Professional services	3,156,717	2,654,869
Salaries and employee benefits	49,731,499	45,586,213
Staff and faculty travel and meetings	781,140	672,258
Student travel and activities	679,758	709,460
Supplies - instructional	1,784,033	1,388,028
Supplies - office	2,087,541	1,662,185
Other	1,273,037	1,228,934
Amortization of tangible capital assets and assets held for sale	3,315,344	3,180,883
	$ 71,945,790	$ 65,962,930

14. WorkSafe BC:

During fiscal 2026, WorkSafe BC provided funding of $1,728,449 (2025 - $1,621,012) that was recognized in contracts, grants and donations revenue for the operation of the Occupational Road Safety Initiatives Program. The following is the breakdown of the expenses covered by the funding:

	2026	2025
Business development and promotion	$ 359,585	$ 314,260
Professional services	902,458	889,769
Salaries and employee benefits, and contract instruction and program development	122,512	102,942
Facilities, supplies, staff and faculty travel and other	41,349	27,312
Management fee	302,545	286,729
	$ 1,728,449	$ 1,621,012

15. Financial risk management:

The Institute has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. The Board of Governors ensures that the Institute has identified its major risks and ensures that management monitors and controls them.

(a) Credit risk:

Credit risk is the risk of financial loss to the Institute if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Institute consisting of cash, accounts receivable and endowment investments. The Institute holds cash and the endowment investments with reputable organizations and assesses these financial assets on a continuous basis for any amounts that are not collectible or realizable.

(b) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The market risks which may directly impact the Institute’s annual surplus are interest rate risk and foreign exchange risk. The Institute’s cash includes amounts on deposits that earn interest at market rates.

The Institute’s functional currency is the Canadian dollar and a minimal portion of the Institute’s expenditures are denominated in foreign currencies. Institute holds cash of $220,034 (2025 - $10,049) denominated in U.S. dollars and the changes in the exchange rate can impact the balance’s translation into Canadian dollars at the exchange rate prevailing at the financial statement date.

The Institute is exposed to other price risk on its endowment investment holdings (note 8), which are managed by the Vancouver Foundation in a diversified portfolio.

15. Financial risk management (continued):

(b) Market risk (continued):

The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on investment. It is management's opinion that the Institute is not exposed to significant market risk arising from its financial instruments.

(c) Liquidity risk:

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they become due.

The Institute manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Institute’s reputation.

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