Financial Statements of

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

And Independent Auditor's Report thereon

Year ended March 31, 2026

## STATEMENT OF ADMINISTRATIVE RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Nicola Valley Institute of Technology (the "Institute") is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and Province of British Columbia Treasury Board direction outlined in note 1(a). This responsibility includes selecting appropriate accounting policies and methods and making decisions affecting measurement of transactions in which objective judgment is required. In fulfilling its responsibilities and recognizing the limits inherent in all systems, the Institute's management has developed and maintains a system of internal controls designed to provide reasonable assurance that Institute's assets are safeguarded from loss and that the accounting records are a reliable basis for preparation of financial statements. The system of internal controls is monitored by the Institute's management.

The Board of Governors carries out its responsibility for review of the financial statements principally through its Audit and Risk Management Committee. The members of the Audit and Risk Management Committee are not officers or employees of the Institute. The Audit and Risk Management Committee meets with the management and with the external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Audit and Risk Management Committee, with and without the presence of management.

The financial statements have been audited by KPMG LLP, Chartered Professional Accountants, the external auditors appointed by the Institute's Board of Governors. The Independent Auditors' Report outlines the nature of their audit and expresses an opinion on the financial statements of the Institute for the year ended March 31, 2026.

On behalf of Nicola Valley Institute of Technology:

*Board Chairperson*

*Chief Financial Officer*

May 19, 2026

KPMG LLP
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# INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Nicola Valley Institute of Technology, and to the Minister of Post Secondary Education and Future Skills, Province of British Columbia

## *Opinion*

We have audited the financial statements of Nicola Valley Institute of Technology (the Institute), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of remeasurement losses
- 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 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 ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' 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 1(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.

## *Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

KPMG LLP

Chartered Professional Accountants

Kamloops, Canada

May 19, 2026

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Statement of Financial Position

March 31, 2026, with comparative information for 2025

| | 2026 | 2025 |
|---|---|---|
| **Financial assets:** | | |
| Cash and cash equivalents | $ 14,247,671 | $ 16,169,467 |
| Accounts receivable (note 2) | 3,039,906 | 3,560,235 |
| Inventory for resale | 87,687 | 106,059 |
| Investments (note 3) | 10,354,802 | 441,005 |
| | 27,730,066 | 20,276,766 |
| **Liabilities:** | | |
| Accounts payable and accrued liabilities (note 4) | 3,321,421 | 2,515,934 |
| Deferred revenue (note 5) | 10,056,699 | 8,968,891 |
| Debt (note 6) | 2,858,578 | 2,801,187 |
| Deferred capital contributions (note 7) | 35,388,854 | 29,169,260 |
| | 51,625,552 | 43,455,272 |
| Net debt | (23,895,486) | (23,178,506) |
| **Non-financial assets:** | | |
| Tangible capital assets (note 8) | 38,055,679 | 31,533,376 |
| Endowment investments (note 9) | 105,511 | 105,511 |
| Prepaid expenses and deposits | 505,486 | 135,673 |
| | 38,666,676 | 31,774,560 |
| **Accumulated surplus** (note 11) | $ 14,771,190 | $ 8,596,054 |
| Accumulated surplus consists of:**:** | | |
| Accumulated operating surplus | $ 14,891,767 | $ 8,596,054 |
| Accumulated remeasurement losses | (120,577) | - |
| | $ 14,771,190 | $ 8,596,054 |

Employee future benefits (note 12)
Contractual obligations (note 13)
Contingent liabilities (note 17)

See accompanying notes to financial statements.

On behalf of the Institute:

Board Chair

Chief Financial Officer

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Statement of Operations and Accumulated Surplus

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

| | Budget | 2026 | 2025 |
|---|---|---|---|
| | (note 1(l)) | | |
| Revenue: | | | |
| Province of British Columbia grants | $ 15,467,479 | $ 11,747,097 | $ 13,568,762 |
| Other grants | - | 10,000,000 | - |
| Tuition and student fees | 1,184,631 | 1,116,775 | 1,103,530 |
| Contract services | 3,995,000 | 4,339,099 | 4,572,729 |
| Sales of goods and services | 721,500 | 508,259 | 739,202 |
| Recognition of deferred capital contributions (note 7) | 2,000,000 | 2,002,667 | 1,994,388 |
| Investment | 300,000 | 301,939 | 439,297 |
| Miscellaneous | 237,000 | 376,570 | 589,455 |
| | 23,905,610 | 30,392,406 | 23,007,363 |
| Expenses (note 14): | | | |
| Instruction and instructional support | 23,569,180 | 23,268,615 | 22,066,694 |
| Ancillary operations | 680,430 | 708,809 | 770,382 |
| Interest on debt | 56,000 | 123,424 | 123,424 |
| | 24,305,610 | 24,100,848 | 22,960,500 |
| | (400,000) | 6,291,558 | 46,863 |
| Endowment interest (note 9) | - | 4,155 | 4,977 |
| Annual surplus | (400,000) | 6,295,713 | 51,840 |
| Accumulated operating surplus, beginning of year | 8,596,054 | 8,596,054 | 8,544,214 |
| Accumulated operating surplus, end of year | $ 8,196,054 | $ 14,891,767 | $ 8,596,054 |

See accompanying notes to financial statements.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Statement of Changes in Net Debt

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

| | Budget | 2026 | 2025 |
|---|---|---|---|
| | (note 1(l)) | | |
| Annual surplus | $ (400,000) | $ 6,295,713 | $ 51,840 |
| **Capital activities** | | | |
| Acquisition of tangible capital assets (note 8) | - | (8,803,203) | (3,063,726) |
| Amortization of tangible capital assets (note 8) | 2,350,000 | 2,280,900 | 2,340,973 |
| | 2,350,000 | (6,522,303) | (722,753) |
| **Changes in other non-financial assets** | | | |
| Net acquisition of prepaid expenses and deposits | - | (369,813) | (45,817) |
| Net remeasurement loss | - | (120,577) | - |
| | - | (490,390) | (45,817) |
| Change in net debt | 1,950,000 | (716,980) | (716,730) |
| Net debt, beginning of year | (23,178,506) | (23,178,506) | (22,461,776) |
| Net debt, end of year | $ (21,228,506) | $ (23,895,486) | $ (23,178,506) |

See accompanying notes to financial statements.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Statement of Remeasurement Losses

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

| | 2026 | 2025 |
|---|---|---|
| Accumulated remeasurement losses, beginning of year | $ - | $ - |
| Unrealized losses during the year on investments | (124,741) | |
| Realized losses reclassified to the statement of operations | 4,164 | - |
| Accumulated remeasurement losses, end of year | $ (120,577) | $ - |

See accompanying notes to financial statements.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

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 | $ 6,295,713 | $ 51,840 |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 2,280,900 | 2,340,973 |
| Recognition of deferred capital contributions | (2,002,667) | (1,994,388) |
| Loss on disposal of investments | 4,164 | - |
| Accretion on debt | 57,391 | 57,391 |
| Change in non-cash operating assets and liabilities: | | |
| Accounts receivable | 1,520,880 | (293,576) |
| Inventory held for resale | 18,372 | (8,792) |
| Prepaid expenses and deposits | (369,813) | (45,817) |
| Accounts payable and accrued liabilities | 805,487 | 953,802 |
| Deferred revenue | 1,087,808 | (183,244) |
| | 9,698,235 | 878,189 |
| **Financing activities:** | | |
| Deferred capital contributions received | 7,221,710 | 2,785,657 |
| **Capital activities:** | | |
| Acquisition of tangible capital assets | (8,803,203) | (3,063,726) |
| **Investing activities:** | | |
| Purchases of investments | (11,026,256) | (14,580) |
| Proceeds on disposal of investments | 987,718 | - |
| | (10,038,538) | (14,580) |
| Increase (decrease) in cash and cash equivalents | (1,921,796) | 585,540 |
| Cash and cash equivalents, beginning of year | 16,169,467 | 15,583,927 |
| Cash and cash equivalents, end of year | $ 14,247,671 | $ 16,169,467 |

See accompanying notes to financial statements.

Nicola Valley Institute of Technology (the "Institute") was designated as a provincial institute in 1995 and operates under the authority of the College and Institute Act of British Columbia. The Institute is a not for profit entity, governed by a Board of Governors appointed by the Ministry of Post Secondary Education and Future Skills. The Institute is a registered charity and therefore exempt from income taxes under section 149 of the Income Tax Act.

The Institute provides quality post-secondary education relevant to the diverse and evolving needs of Indigenous (First Nations, Inuit and Métis) learners at its Merritt and Vancouver campuses as well as in communities.

**1. Significant accounting policies:**

The financial statements of the Institute are prepared by management in accordance with the basis of accounting described below. Significant accounting policies of the Institute are as follows:

(a) Basis of accounting:

The financial statements have been prepared in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia 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 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 elections available for government not-for-profit organizations.

**1. Significant accounting policies (continued):**

(a) Basis of accounting (continued):

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. If the depreciable tangible capital asset funded by a deferred capital contribution is written down, a proportionate share of the deferred capital contribution is recognized as revenue during the same period.

(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 requires that:

- government transfers, which 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;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes; and
- deferred contributions meet the definition of a liability.

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

**1. Significant accounting policies (continued):**

(b) Cash and cash equivalents:

Cash and cash equivalents include highly liquid investments with a term to maturity of three months or less at the date of purchase.

(c) Inventory for resale:

Inventory for resale in the bookstore is measured at the lower of cost and net realizable value, determined on a first-in, first-out basis.

(d) Financial instruments:

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

(i) Fair value category: Investments, that are quoted in an active market and derivative instruments are measured at fair value as at the reporting date. Any gains, losses or interest expense is recorded in the annual surplus (deficit) depending on the nature of the financial liability that gave rise to the gain, loss or expense; sales and purchases of investments are recorded on the trade date.

Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the 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 Statement of Operations and related balances reversed from the Statement of Remeasurement Losses.

**1. Significant accounting policies (continued):**

(d) Financial instruments (continued):

Financial instruments measured at fair value are classified according to a hierarchy which includes three levels, reflecting the reliability of the inputs involved in the fair value determination.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: market based inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(ii) Amortized cost category: Other financial instruments are measured at cost or amortized cost upon inception and subsequent to initial reognition. Gains and losses are recognized in the statement of operations when the financial asset is derecognized due to disposal or impairment. Accounts receivable, investments not quoted in an active market, accounts payable and accrued liabilities and debt are measured at amortized cost. Transaction costs related to the acquisition of investments are included in the cost of the related investments.

(e) Non-financial assets:

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

(f) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Donated assets are recorded at fair value at the date of donation. 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, are amortized on a straight line basis, starting in the month of acquisition, over their estimated useful lives as follows at the following annual rates:

**1. Significant accounting policies (continued):**

| Asset | Rate |
|---|---|
| Buildings | 2 1/2% |
| Site improvements | 10% |
| Library acquisitions | 10% |
| Mobile instructional equipment | 10% |
| Other non-instructional equipment | 10-25% |
| Automotive | 25% |
| Office equipment and furniture | 10-25% |
| Computers and software | 33 1/3%-50% |
| Leasehold improvements | 33 1/3%-50% |

Assets under construction are not amortized until the asset is available for productive use. Deferred capital contributions associated with the written down capital asset are recognized as revenue if all restrictions have been complied with.

Tangible capital assets are written down to net realizable value 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.

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(g) 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, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. As the assets and liabilities of the plans are not segregated by institution, the plans are accounted for as a defined contribution plan and any contributions of Institute to the plan are expensed as incurred.

(h) Revenue recognition:

Tuition and student fees and sales of goods and services are reported as revenue at the time the services are provided or the products are delivered, and collection is reasonably assured.

**1. Significant accounting policies (continued):**

(h) Revenue recognition (continued):

Unrestricted donations and grants are recorded as revenue when payment is received by the Institute.

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 in the form of a depreciable tangible capital asset, in each case for use in providing services, are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the 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.

(ii) Contributions restricted for specific purposes other than for those to be held in perpetuity or 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 contribution has been met.

(iii) Contributions restricted to be retained in perpetuity, allowing only the investment income earned thereon to be spent are recorded as external endowment donations in the statement of operations for the portion to be held in perpetuity and as deferred contributions for the investment income earned thereon.

(iv) Investment revenue includes interest recorded on an accrual basis and dividends recorded as declared, realized gains and losses on the disposal of investments, and write-downs on investments where the loss in value is determined to be other-than-temporary.

(i) Deferred revenue:

Deferred revenue includes tuition, grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired if the contributions were not specifically restricted for capital.

## 1. Significant accounting policies (continued):

(j) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, related disclosures, disclosure of contingent liabilities and the reported amounts of revenue and expenses. Items subject to estimates and uncertainty include the recoverable amounts of accounts receivable, estimated amortizable lives of tangible capital assets and related deferred capital contributions. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(k) Segmented information:

A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. The Institute has provided definitions of segments used by the Institute as well as presented financial information in segmented format in note 15.

(l) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the annual budget approved by the Board of Governors on April 10, 2025. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Debt.

## 2. Accounts receivable:

| | 2026 | 2025 |
|---|---|---|
| Trade | $ 799,221 | $ 1,584,723 |
| Government entities | 1,865,749 | 1,563,800 |
| Commodity taxes recoverable | 109,339 | 72,620 |
| Other | 265,597 | 339,092 |
| | $ 3,039,906 | $ 3,560,235 |

## 3. Investments:

| | Fair value hierarchy | 2026 | 2025 |
|---|---|---|---|
| Investment portfolio measured at fair value: | | | |
| Cash and cash equivalents | | $ 196,629 | $ - |
| Equities | Level 1 | 8,380,261 | - |
| Fixed Income | Level 1 | 472,881 | - |
| Mutual funds and segregated funds | Level 2 | 840,846 | - |
| | | 9,890,617 | - |
| Investments measured at cost, which approximates fair value: | | | |
| Guaranteed investment certificates (GIC) maturing October 24, 2026, with interest rate of 2.55% | | 464,185 | 441,005 |
| | | $ 10,354,802 | 441,005 |

Included in investments are financial instruments measured at fair value. Changes in valuation methods or in the availability of market observable inputs may result in a transfer between hierarchies. During the year, there were no significant transfers of securities between the different fair value hierarchies.

As at March 31, 2026, the cost amount of the investment portfolio above totaled $ 10,011,194. The excess of the cost amount of the investment portfolio over its fair value of $ 120,577 is presented in the statement of remeasurement losses.

## 4. Accounts payable and accrued liabilities:

| | 2026 | 2025 |
|---|---|---|
| Operating expenses and accruals | $ 2,463,594 | $ 1,380,480 |
| Salaries and benefits | 703,752 | 453,447 |
| Other | 154,075 | 682,007 |
| | $ 3,321,421 | $ 2,515,934 |

## 5. Deferred revenue:

| | 2026 | 2025 |
|---|---|---|
| Tuition | $ 178,331 | $ 182,610 |
| Grants and contributions | 9,857,652 | 8,766,381 |
| Rent | 20,716 | 19,900 |
| | $ 10,056,699 | $ 8,968,891 |

Continuity of deferred revenue is as follows:

| | 2026 | 2025 |
|---|---|---|
| Balance, beginning of year: | | |
| Tuition | $ 182,610 | $ 131,818 |
| Grants and contributions | 8,766,381 | 9,002,460 |
| Rent | 19,900 | 17,857 |
| | 8,968,891 | 9,152,135 |
| Receipts: | | |
| Tuition | 1,112,495 | 1,154,322 |
| Grants and contributions | 9,842,074 | 8,036,101 |
| Rent | 278,241 | 345,926 |
| | 11,232,810 | 9,536,349 |
| Amount recorded as revenue | 10,145,002 | 9,719,593 |
| Balance, end of year | $ 10,056,699 | $ 8,968,891 |

## 6. Debt:

| | 2026 | 2025 |
|---|---|---|
| Ministry of Finance Provincial Treasury loan, $2,871,000 repayable on June 18, 2026. Semi-annual interest payable at a coupon rate of 2.3% and an effective rate of 4.46% | $ 2,858,578 | $ 2,801,187 |

## 7. Deferred capital contributions:

| | 2026 | 2025 |
|---|---|---|
| Balance, beginning of year | $ 29,169,260 | $ 28,184,048 |
| Contributions received | 8,222,261 | 2,979,600 |
| Recognition of deferred capital contributions | (2,002,667) | (1,994,388) |
| | $ 35,388,854 | $ 29,169,260 |

The Institute has $1,868,344 (2025 - $1,868,344) in unspent deferred capital contributions.

## 8. Tangible capital assets:

| 2026 | Land | Buildings | Site and leasehold improvements | Library acquisitions | Mobile instructional equipment | Other non-instructional equipment | Automotive | Office equipment and furniture | Computers and software | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost:** | | | | | | | | | | | |
| Balance, beginning of year | $ 432,000 | $ 29,224,438 | $ 5,602,822 | $ 389,789 | $ 6,313,398 | $ 566,105 | $ 957,584 | $ 6,644,801 | $ 1,179,992 | $ 4,094,594 | $ 55,405,523 |
| Additions, net of transfers | - | - | 302,508 | - | - | - | - | 282,254 | 75,768 | 8,142,673 | 8,803,203 |
| Balance, end of year | 432,000 | 29,224,438 | 5,905,330 | 389,789 | 6,313,398 | 566,105 | 957,584 | 6,927,055 | 1,255,760 | 12,237,267 | 64,208,726 |
| **Accumulated amortization:** | | | | | | | | | | | |
| Balance, beginning of year | - | 10,871,853 | 2,042,799 | 389,789 | 3,360,934 | 433,274 | 543,085 | 5,198,971 | 1,031,442 | - | 23,872,147 |
| Amortization | - | 730,611 | 524,008 | - | 488,649 | 25,882 | 189,869 | 247,649 | 74,232 | - | 2,280,900 |
| Balance, end of year | - | 11,602,464 | 2,566,807 | 389,789 | 3,849,583 | 459,156 | 732,954 | 5,446,620 | 1,105,674 | - | 26,153,047 |
| Net book value, end of year | $ 432,000 | $ 17,621,974 | $ 3,338,523 | $ - | $ 2,463,815 | $ 106,949 | $ 224,630 | $ 1,480,435 | $ 150,086 | $12,237,267 | $ 38,055,679 |

## 8. Tangible capital assets (continued):

| 2025 | Land | Buildings | Site and leasehold improvements | Library acquisitions | Mobile instructional equipment | Other non-instructional equipment | Automotive | Office equipment and furniture | Computers and software | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost:** | | | | | | | | | | | |
| Balance, beginning of year | $ 432,000 | $29,224,438 | $ 4,473,153 | $ 389,789 | $ 6,244,671 | $ 566,105 | $ 957,584 | $ 6,578,678 | $ 1,014,745 | $ 2,460,634 | $ 52,341,797 |
| Additions | - | - | 1,129,669 | - | 68,727 | - | - | 66,123 | 165,247 | 1,633,960 | 3,063,726 |
| Balance, end of year | 432,000 | 29,224,438 | 5,602,822 | 389,789 | 6,313,398 | 566,105 | 957,584 | 6,644,801 | 1,179,992 | 4,094,594 | 55,405,523 |
| **Accumulated amortization:** | | | | | | | | | | | |
| Balance, beginning of year | - | 10,141,242 | 1,608,943 | 389,789 | 2,843,186 | 391,816 | 353,216 | 4,846,345 | 956,637 | - | 21,531,174 |
| Amortization | - | 730,611 | 433,856 | - | 517,748 | 41,458 | 189,869 | 352,626 | 74,805 | - | 2,340,973 |
| Balance, end of year | - | 10,871,853 | 2,042,799 | 389,789 | 3,360,934 | 433,274 | 543,085 | 5,198,971 | 1,031,442 | - | 23,872,147 |
| Net book value, end of year | $ 432,000 | $18,352,585 | $ 3,560,023 | $ - | $ 2,952,464 | $ 132,831 | $ 414,499 | $ 1,445,830 | $ 148,550 | $ 4,094,594 | $ 31,533,376 |

(a) Assets under construction:

The Institute had $12,237,267 (2025 - $4,094,054) in assets under construction at March 31, 2026. Amortization of assets under construction commences when the asset is put into service.

## 9. Endowments:

| | | Principal | | Accumulated Investment | | 2026 | | 2025 |
|---|---|---|---|---|---|---|---|---|
| Balance, beginning of year | $ | 105,511 | $ | 9,928 | $ | 115,439 | $ | 114,462 |
| Interest earned | | - | | 4,155 | | 4,155 | | 4,977 |
| Use of endowment funds | | - | | (4,000) | | (4,000) | | (4,000) |
| Balance, end of year | $ | 105,511 | $ | 10,083 | $ | 115,594 | $ | 115,439 |

Endowment investments of $115,594 (2025 - $115,439) consist of Central Deposit Program deposits earning interest at the bank prime rate minus 2.00%, in aggregate 2.45% (2025 - 2.95%) and GICs earning interest at 2.55% (2025 - 4.50%). Accumulated investment income is included in cash and cash equivalents.

## 10. 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, portfolio investments, and accounts receivable. Unless otherwise disclosed in these financial statements, the Institute is not subject to significant credit risk associated with its financial instruments. The maximum credit risk for the Institute's financial assets is the carrying value of the assets.

(b) Market and interest rate risk:

Market risk is the risk that changes in market prices, such as interest rates, will affect the Institute’s income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk. Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Institute is subject to market and interest rate risk with respect to its investments (note 3) and debt (note 6).

## 10. Financial risk management (continued):

(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. The Institute is economically dependent on the Ministry of Post Secondary Education and Future Skills for the majority of its operating and capital grant funding. The Institute's accounts payable, deferred revenue, and accrued liabilities and debt are all due within the Institute's 2027 fiscal year.

## 11. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

| | 2026 | 2025 |
|---|---|---|
| **Operating fund:** | | |
| Unrestricted surplus | $ 12,127,678 | $ 6,154,847 |
| Restricted | 643,872 | 674,617 |
| Equity in tangible capital assets | 1,664,168 | 1,431,273 |
| | 14,435,718 | 8,260,737 |
| **Reserves set aside for operating purposes:** | | |
| Self funded building maintenance | 219,878 | 219,878 |
| Endowments (note 9) | 115,594 | 115,439 |
| Total accumulated surplus | $ 14,771,190 | $ 8,596,054 |

## 12. Employee future 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, 2024, the College Pension Plan has about 18,008 active members, and approximately 11,234 retired members. As at December 31, 2024, the Municipal Pension Plan has about 273,035 active members, and approximately 1,333,390 retired members.

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 $146.1 million surplus for basic pension benefits on a going concern basis.

The most recent valuation for the Municipal Pension Plan as at December 31, 2024, indicated a $1,131 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 December 31, 2027.

The Institute paid $1,092,353 for employer contributions to the plans in fiscal 2026 (2025 - $998,113).

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.

## 13. Contractual obligations:

The Institute is committed under operating leases for premises, vehicles, office equipment and maintenance contracts extending for various periods to the 2030 fiscal year. Estimated future minimum annual lease payments required over the next four years to maturity are as follows:

| | |
|---|---|
| 2027 | $ 120,145 |
| 2028 | 16,256 |
| 2029 | 9,550 |
| 2030 | 1,763 |
| | $ 147,714 |

## 14. Expenses by object:

| | 2026 | 2025 |
|---|---|---|
| Salaries and wages | $ 11,392,751 | $ 10,833,569 |
| Supplies and services | 3,742,129 | 3,498,056 |
| Fees and contract services | 2,681,855 | 2,539,501 |
| Employee benefits | 2,744,681 | 2,537,136 |
| Amortization of tangible capital assets | 2,280,900 | 2,340,973 |
| Scholarships, bursaries and prizes | 375,653 | 402,233 |
| Professional and contracted services | 318,204 | 336,553 |
| Utilities | 203,360 | 197,015 |
| Rental | 231,615 | 144,908 |
| Interest on debt | 123,424 | 123,424 |
| Foreign exchange | 6,276 | 7,132 |
| | $ 24,100,848 | $ 22,960,500 |

**15. Segmented information:**

Segmented information has been identified based upon lines of service provided by the Institute. The Institute's services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) Instruction and instructional support:

Instruction and instructional support includes all expenses related to the business of delivering education. This includes all direct and indirect expenses for instruction, support, and administration excluding ancillary operations.

(b) Ancillary operations:

Ancillary operations includes all expenses related to the bookstore, residence and cafeteria.

(c) Capital:

Reflects the Institute's receipts and disbursements for the acquisition of tangible capital assets.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1.

## 15. Segmented information (continued):

| | Budget | Instruction & Institutional Support Base | Instruction & Institutional Support CE,CS & SP | Ancillary operations | Capital | 2026 | 2025 |
|---|---|---|---|---|---|---|---|
| **Revenue:** | | | | | | | |
| Province of British Columbia grants | $ 15,467,479 | $ 11,217,608 | $ 479,489 | $ - | $ 50,000 | $ 11,747,097 | $ 13,568,762 |
| Other grants | - | - | 10,000,000 | - | - | 10,000,000 | - |
| Tuition and student fees | 1,184,631 | 1,063,445 | 53,330 | - | - | 1,116,775 | 1,103,530 |
| Contract services | 3,995,000 | 364,154 | 3,967,461 | 7,483 | - | 4,339,099 | 4,572,729 |
| Sales of goods and services | 721,500 | - | - | 508,259 | - | 508,259 | 739,202 |
| Recognition of deferred capital contributions | 2,000,000 | - | - | - | 2,002,667 | 2,002,667 | 1,994,389 |
| Investment | 300,000 | 301,939 | - | - | - | 301,939 | 439,297 |
| Miscellaneous | 237,000 | 239,841 | 136,730 | - | - | 376,570 | 589,454 |
| Total revenue | 23,905,610 | 13,186,987 | 14,637,010 | 515,742 | 2,052,667 | 30,392,406 | 23,007,363 |
| **Expenses:** | | | | | | | |
| Salaries and wages | 11,437,591 | 10,878,167 | 282,182 | 232,402 | - | 11,392,751 | 10,833,569 |
| Supplies and services | 5,950,905 | 2,265,957 | 996,860 | 407,245 | 72,067 | 3,742,129 | 3,498,055 |
| Fees and contract services | 464,729 | 258,968 | 2,419,804 | 3,083 | - | 2,681,855 | 2,539,501 |
| Amortization of tangible capital assets | 2,350,000 | - | - | - | 2,280,900 | 2,280,900 | 2,340,974 |
| Employee benefits | 2,798,709 | 2,410,792 | 319,398 | 14,492 | - | 2,744,681 | 2,537,136 |
| Scholarships, bursaries and prizes | 525,526 | 124,060 | 251,593 | - | - | 375,653 | 402,233 |
| Rental | 260,000 | 231,615 | - | - | - | 231,615 | 144,908 |
| Professional and contracted services | 282,150 | 314,816 | - | 3,387 | - | 318,204 | 336,553 |
| Utilities | 180,000 | 155,160 | - | 48,200 | - | 203,360 | 197,015 |
| Interest on debt | 56,000 | - | - | - | 123,424 | 123,424 | 123,424 |
| Foreign exchange (recovery) | - | 6,276 | - | - | - | 6,276 | 7,132 |
| Total expenses | 24,305,610 | 16,645,811 | 4,269,837 | 708,809 | 2,476,391 | 24,100,848 | 22,960,500 |
| | (400,000) | (3,458,824) | 10,367,173 | (193,067) | (423,724) | 6,291,558 | 46,863 |
| Endowment interest | - | - | 4,155 | - | - | 4,155 | 4,977 |
| Annual surplus (deficit) | $ (400,000) | $ (3,458,824) | $ 10,371,328 | $ (193,067) | $ (423,724) | $ 6,295,713 | $ 51,840 |

## 16. Related party transactions:

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 related parties, unless disclosed otherwise, are considered to be in the normal course of operations and are recorded at their exchange amounts, which is the amount of consideration established and agreed to between the Institute and the related parties.

## 17. Contingent liabilities:

The Institute may, from time to time, be involved in legal proceedings, claims and litigation that arise in the normal course of operations. At this time, any claims or potential claims against the Institute would not materially affect the financial statements of the Institute.

## 18. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not effect prior year's annual surplus.