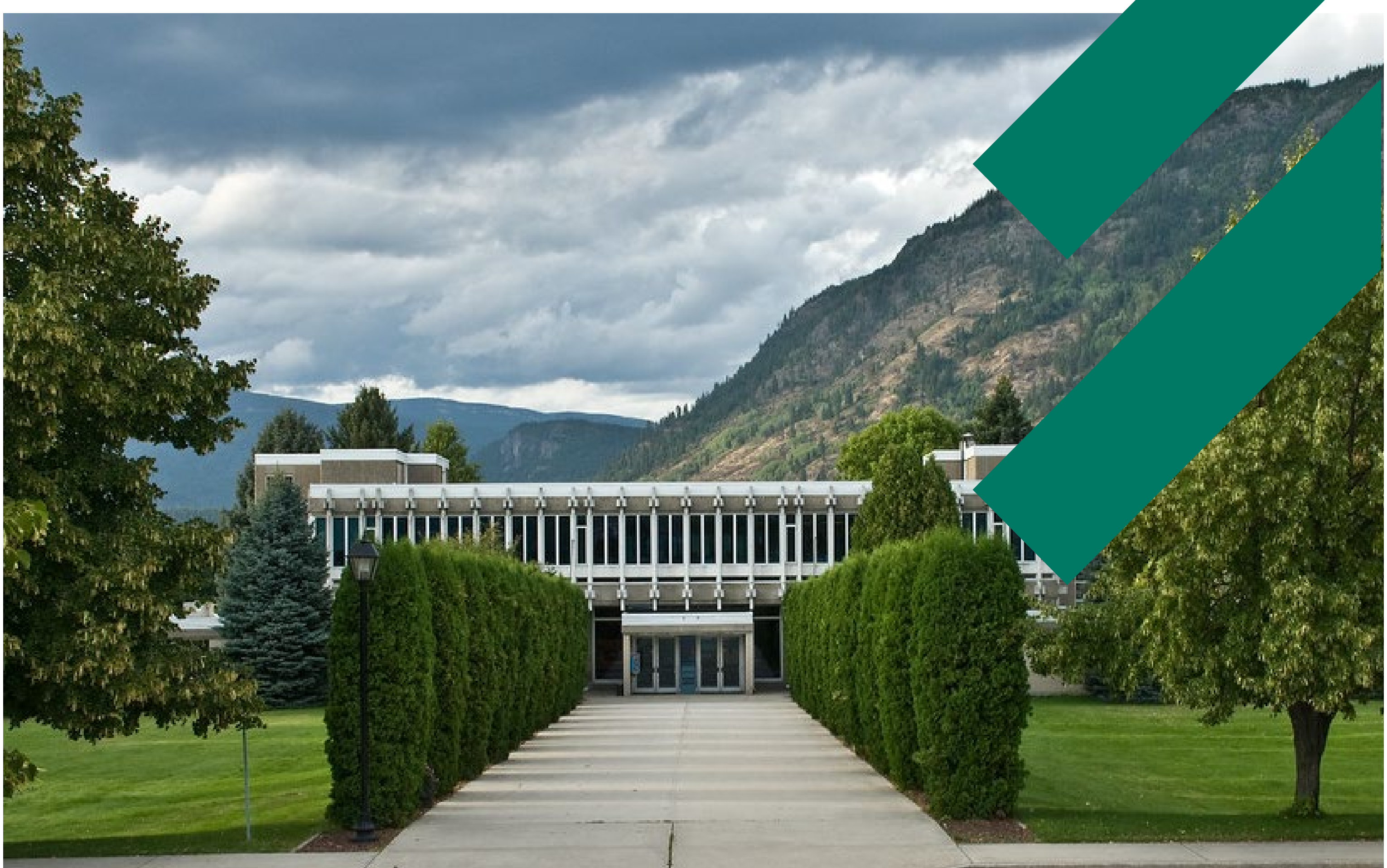
Selkirk College

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2026



SELKIRK COLLEGE

FINANCIAL STATEMENTS

MARCH 31, 2026

SELKIRK COLLEGE

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FOR THE YEAR ENDED MARCH 31, 2026

Selkirk College
Where place meets purpose.

Management's Responsibility for Financial Reporting

The accompanying financial statements and related financial information are the responsibility of Selkirk College management and have been approved by the Board of Governors of Selkirk College. The financial statements have been prepared by management in conformity with Canadian public sector accounting standards and Treasury Board direction outlined in note 2(a).

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Board of Governors has established a code of ethics and corporate directives, which require communication of the code to the employees.

The Board of Governors carries out its responsibility for the financial statements through the Board Finance/Audit Committee. This Committee meets with management and the external auditor to discuss and review financial matters and recommends the financial statements to the Board for approval. The external auditor has full and free access to the Finance/Audit Committee.

The financial statements for the year ended March 31, 2026 have been reported on by BDO Canada LLP. The Independent Auditors' Report outlines the scope of the audit and provides the audit opinion on the financial statements.

Maggie Matear

Maggie Matear, President & CEO

May 25, 2026

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Independent Auditor's Report

To the Board of Governors of Selkirk College and the Minister of Advanced Education and Skills Training of the Province of British Columbia

Opinion

We have audited the financial statements of Selkirk College (the "College"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations and accumulated surplus, change in net debt, cash flows, and remeasurement gains and losses for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of Selkirk College for the year ended March 31, 2026 are prepared in all material respects in accordance with 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 report. We are independent of the College 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

Without modifying our opinion, we draw attention to Note 2(a) to the financial statements which describes the basis of accounting used in the preparation of these financial statements and to Note 18 which describes the significant differences between such basis of accounting and Canadian public sector accounting standards.

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

Management is responsible for the preparation and presentation of these financial statements in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, which requires Canadian public sector accounting standards modified by B.C. Regulation 198/2011 "Restricted Contributions", 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 College'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 College or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the College'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 these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College’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 College’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 Board to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Kelowna, British Columbia
May 25, 2026

SELKIRK COLLEGE
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	2026	2025
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	$ 16,664,979	$ 13,722,793
Restricted cash (Note 3)	6,199,417	5,139,759
Accounts receivable (Note 4)	5,774,635	5,378,892
Inventories for resale (Note 5)	324,530	348,363
	28,963,561	24,589,807
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	13,961,522	13,324,939
Deferred revenue (Note 7)	13,215,497	12,157,037
Employee future benefits (Note 8)	6,258,937	6,452,339
Asset retirement obligation (Note 9)	2,121,957	1,906,043
Deferred capital contributions (Note 10)	95,863,065	92,194,469
	131,420,978	126,034,827
NET DEBT	(102,457,417)	(101,445,020)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	111,586,806	108,739,567
Investments (Note 12)	3,556,892	3,211,448
Prepaid expenses	1,348,062	1,049,321
	116,491,760	113,000,336
ACCUMULATED SURPLUS (Note 13)	$ 14,034,343	$ 11,555,316
Accumulated surplus is comprised of:		
Accumulated operating surplus	11,288,029	8,973,918
Endowments	2,581,980	2,581,980
Accumulated remeasurement gains/(losses)	164,334	(582)
	$ 14,034,343	$ 11,555,316

Contractual rights (Note 15)
Contractual obligations (Note 16)

Chairperson, Board of Governors

President & CEO

The accompanying notes form an integral part of these financial statements

SELKIRK COLLEGE

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31

	Budget (Note 2k)	2026	2025
REVENUE			
Government grants	$ 44,159,166	$ 45,658,975	$ 44,855,681
Skilled Trades BC funding	1,777,944	1,871,880	1,817,426
Tuition	12,122,062	13,701,351	16,685,879
Ancillary sales	2,927,210	2,895,349	2,751,791
Investment income	527,160	481,888	780,883
Donations	-	159,349	152,871
Amortization of deferred capital contributions	4,224,484	4,338,848	3,824,960
Capital contributions related to asset write-offs (Note 10)	-	-	1,509,274
Contracts and other revenue	4,662,801	6,941,454	6,762,469
	70,400,827	76,049,094	79,141,234
EXPENSES (Note 17)			
Education programming	33,962,016	33,053,342	35,885,713
Student support	7,451,491	9,681,514	8,821,613
Research and innovation	3,196,330	4,960,486	4,982,104
Administrative support	7,296,049	6,489,217	7,248,855
Facilities and infrastructure support	15,078,858	14,830,727	17,313,688
Ancillary services	2,717,953	2,243,409	2,044,677
Awards and related costs	698,130	2,476,288	2,412,692
	70,400,827	73,734,983	78,709,342
ANNUAL SURPLUS	-	2,314,111	431,892
ACCUMULATED OPERATING SURPLUS, beginning of year	8,973,918	8,973,918	8,542,026
ACCUMULATED OPERATING SURPLUS, end of year	$ 8,973,918	$ 11,288,029	$ 8,973,918

The accompanying notes form an integral part of these financial statements

SELKIRK COLLEGE

STATEMENT OF CHANGES IN NET DEBT

FOR THE YEAR ENDED MARCH 31

	2026	2025
ANNUAL SURPLUS	$ 2,314,111	$ 431,892
Acquisition of tangible capital assets	(7,850,427)	(11,281,360)
Amortization of tangible capital assets	4,987,534	4,343,641
Addition of asset retirement obligation	-	(45,208)
Write-down of tangible capital assets	15,654	1,590,704
	(2,847,239)	(5,392,223)
Acquisition of prepaids	(298,741)	250,021
Acquisition of investments	(180,528)	-
Consumption of supplies inventories	-	57,049
Net effect of remeasurement gains (losses)	-	1,329,398
	(479,269)	1,636,468
CHANGE IN NET DEBT	(1,012,397)	(3,323,863)
NET DEBT, beginning of year	(101,445,020)	(98,121,157)
NET DEBT, end of year	$ (102,457,417)	$ (101,445,020)

The accompanying notes form an integral part of these financial statements

SELKIRK COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual Surplus	$ 2,314,111	$ 431,892
Changes in Non-Cash Items		
Amortization of tangible capital assets	4,987,534	4,343,641
Deconsolidation of Selkirk College Foundation	-	(7,288,448)
Amortization of deferred capital contributions	(4,338,848)	(3,824,960)
Accretion expense (recovery)	215,914	(45,208)
	3,178,711	(6,383,083)
Changes in Financial Assets and Liabilities		
Accounts receivable	(395,743)	436,834
Prepaid expenses	(298,741)	250,021
Inventories for resale	23,833	57,049
Accounts payable and accrued liabilities	636,583	1,063,865
Deferred revenue	1,058,460	1,982,040
Employee future benefits	(193,402)	496,200
Deconsolidation of Selkirk College Foundation	-	(4,061,613)
	830,990	224,396
CASH FLOWS USED IN CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(7,850,427)	(11,281,360)
Write down of tangible capital assets	15,654	1,590,704
Deferred capital contributions received	8,007,444	8,373,259
Adjustment of deferred capital contributions	-	(2,050,064)
	172,671	(3,367,461)
CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES		
Deconsolidation of Selkirk College Foundation	-	8,249,586
Increase in investments, net	(180,528)	(456,384)
	(180,528)	7,793,202
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 4,001,844	$ (1,732,946)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	18,862,552	20,595,498
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, end of year	$ 22,864,396	$ 18,862,552

The accompanying notes form an integral part of these financial statements

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

FOR THE YEAR ENDED MARCH 31

	2026	2025
ACCUMULATED REMEASUREMENT (LOSSES) GAINS, beginning of year	$ (582)	$ 836,486
Deconsolidation of Selkirk College Foundation	-	(606,584)
Unrealized gain (loss) attributed to investments	164,916	(230,484)
ACCUMULATED REMEASUREMENT GAINS (LOSSES), end of year	$ 164,334	$ (582)

The accompanying notes form an integral part of these financial statements

1. Authority and Purpose

Selkirk College (the College) is incorporated under the authority of the *College and Institute Act* of British Columbia. The College is a not-for-profit entity governed by a Board of Governors and is exempt from income tax under section 149 of the *Income Tax Act*.

The College is a comprehensive college offering a full range of undergraduate, graduate, continuing studies programs, and applied research.

The College is economically dependent on the Provincial Government's Ministry of Post-Secondary Education and Future Skills (PSEFS) for the provision of operating and capital funding.

2. Summary of Significant Accounting Policies

(a) Basis of accounting

In 2010, directive was provided by the Province of British Columbia Treasury Board (Treasury Board) through Government Organization Accounting Standards Regulation 257/2010 requiring all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian Public Sector Accounting Standards (PSAS) established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada without any PS4200 elections from their first fiscal year commencing after January 1, 2012. Selkirk College's transition date was effective April 1, 2011.

In March 2011, PSAB released a new Canadian Public Sector Accounting Standard PS 3410 "Government Transfers". In November 2011, Treasury Board provided a directive in Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and through Restricted Contributions Regulation 198/2011 providing direction for the reporting of restricted contributions whether they are received or receivable by the College before or after this regulation was in effect. The Treasury Board direction on the accounting treatment of restricted contributions is as described in Note 2(j)(i) and 2(j)(ii).

Further, the Office of the Comptroller General (OCG) provided direction in memorandum ref. 250955 on the treatment of endowment funds, financial instruments, pension plans and employee future benefits. The OCG direction requires:

(i) the College to treat endowment contributions as described in Note 2(j)(iii);

(ii) the College to implement PS 3450 Financial Instruments as at April 1, 2012; and

(iii) the College to apply the discount rate for pension plans and/or employee future benefits at the next valuation date or within three years of transition to PSAS.

These financial statements have been prepared in accordance with the financial reporting framework described above.

2. Summary of Significant Accounting Policies (continued)

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash-on-hand, bank balances, and guaranteed investment certificates or other highly liquid investments with a term to maturity of three months or less from the date of acquisition.

(c) Financial instruments

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

(i) Fair value category: Portfolio instruments included in Investments that are quoted in an active market are reflected at fair market value as at the reporting date. Other financial instruments, which the College has designated to be recorded at fair market value, include cash and cash equivalents and restricted cash. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as expenses in the period incurred. All financial instruments held by the College with unrealized gains and losses are endowment assets. Unrealized gains and losses as a result of a change in fair market value for the period are recognized in the Statement of Remeasurement Gains and Losses. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus as investment income, or, where external restrictions exist, on the Statement of Financial Position as deferred revenue. The related balances are reversed from the Statement of Remeasurement Gains and Losses.

The financial instruments measured at fair value held within investments are classified according to a hierarchy, which includes three levels, reflecting the reliability of the inputs involved in the fair value determination. The different levels are defined as follows:

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

• Level 2: 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); and,

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

(ii) Cost category: all other financial instruments held by the College are measured at cost or amortized cost and include accounts receivable, accounts payable and accrued liabilities. Gains and losses are recognized in the 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 transaction date. Transaction costs related to the acquisition of investments is included in the cost of the related investments.

2. Summary of Significant Accounting Policies (continued)

(d) Inventories for resale

Inventories held for resale, including books and college supplies, are recorded at the lower of cost and net realizable value. Cost includes the original purchase cost, plus shipping and applicable duties. Net realizable value is defined as the estimated selling price less any estimated costs necessary to make the sale.

(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 reported on the Statement of Financial Position as non-financial assets. Purchased capital assets are recorded at cost and include amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital asset, excluding land, is amortized on a straight-line basis over their estimated useful life as follows:

Asset	Rate
Buildings and major renovations	40 years
Furniture and equipment	5-15 years
Information technology (equipment, software and infrastructure)	5-15 years
Leasehold improvements	5-40 years
Siteworks	10 years

Amortization of assets under construction will not commence until the asset is put into service.

When there has been a change in circumstances and the service potential of a tangible capital asset has declined, the asset is written down based on the relative loss of the service potential. If a tangible capital asset no longer contributes to the College’s ability to provide services, its carrying amount is written down to its residual value.

2. Summary of Significant Accounting Policies (continued)

(g) Employee future benefits

Employee future benefits include vacation pay, banked overtime, sick leave benefits and other compensated absences, extended health benefits, retirement severance benefits, pension benefits, and post-retirement benefits available to the College's current and past employees. The benefits that accumulate and do not vest are actuarially determined and reflect management's best estimate of future trends associated with such benefits and interest rates. Adjustments to these costs arising from changes in estimates and experienced gains and losses are amortized over the estimated average remaining service life of the employee groups on a straight-line basis.

The College and its employees make contributions to the College Pension Plan and the Municipal Pension Plan. These plans are defined benefit plans, providing a pension on retirement based on the member's age, length of service, and earnings. 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 made by the College to the plans are expensed as incurred.

(h) Asset retirement obligations

The College recognizes the liability for the fair value of an asset retirement obligation when, as at the financial reporting date:

i) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
ii) the past transaction or event giving rise to the liability has occurred;
iii) it is expected that future economic benefits will be given up; and
iv) a reasonable estimate of the amount can be made.

The College has completed its review of legal obligations within the scope of PS 3280 Asset Retirement Obligations. Certain building assets owned by the College contain some asbestos, and it is the College's practice to, if necessary, remediate any asbestos upon disposal of a tangible capital building asset. The estimated fair value of an asset retirement obligation is capitalized as part of the related tangible capital asset and depreciated on the same basis as the underlying asset. The asset retirement obligation is adjusted for the passage of time, which is recognized as accretion expense, and for revisions to the timing or the amount of the estimated liability. Actual costs incurred are charged against the asset retirement obligation to the extent of the liability recorded. Differences between the actual costs incurred and the liability are recognized in the annual surplus (deficit) when remediation is completed.

2. Summary of Significant Accounting Policies (continued)

(i) Use of estimates

The preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures. Key areas where management has made estimates and assumptions include those related to the fair value of financial instruments, useful life of tangible capital assets, calculations of asset retirement obligations, and the present value of employee future benefits and commitments. Where actual results differ from these estimates and assumptions, the impact will be recorded in periods when the difference becomes known.

(j) Revenue recognition

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

Unrestricted donations and grants are recorded as revenue when receivable if the amounts can be estimated and collection is reasonably assured. Pledges from donors are recorded as revenue when payment is received by the College or the transfer of property is completed.

Restricted contributions and grants received or receivable 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 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 fiscal period 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 direct increases to accumulated surplus for the portion to be held in perpetuity and as deferred contributions for any restricted investment income earned thereon.

Investment income includes interest recorded on an accrual basis and dividends recorded as declared, realized gains and losses on the sale of investments, and write-downs on non-portfolio investments where the loss in value is determined to be other-than-temporary.

2. Summary of Significant Accounting Policies (continued)

(k) Budget figures

Budget figures have been provided for comparative purposes and were approved by the Board of Governors of the College on May 27, 2025. The budget is reflected in the Statement of Operations and Accumulated Surplus.

3. Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include $Nil (2025 - $68,864) in restricted cash for use on future capital projects, $10,218,547 (2025 - $8,587,752) in restricted cash for use on future special projects and $434,137 (2025 - $388,528) in cash and unspent charitable activity revenue.

Restricted cash includes $6,199,417 (2025 - $5,139,759) for the Sons of Freedom Doukhobor Legacy Fund.

4. Accounts Receivable

	2026	2025
Federal government	$ 886,774	$ 360,886
Provincial government	3,009,434	1,693,868
Due From Selkirk College Foundation	1,140,715	2,603,427
Other	737,712	720,711
	$ 5,774,635	$ 5,378,892

Accounts receivable includes $110,544 (2025 - $312,765) receivable from the federal government for GST.

5. Inventories for Resale

	2026	2025
Bookstore	$ 299,175	$ 326,811
Cafeteria	25,355	21,552
	$ 324,530	$ 348,363

In 2026, a total of $620,594 (2025 - $738,479) of inventories were included in the Statement of Operations and Accumulated Surplus as an expense. None of the inventories are pledged as security for liabilities.

6. Accounts Payable and Accrued Liabilities

Accounts payable includes $6,199,417 (2025 - $5,139,759) for the Sons of Freedom Doukhobor Legacy Fund.

Accounts payable also includes $605,910 (2025 - $590,875) payable to the federal government for payroll deductions withheld and $34,696 (2025 - $84,923) for GST.

7. Deferred Revenue

2026	Balance	Gain / (Loss)	Additions	Recognized	Transfer	Ending Balance
Endowment funds	$ 953,578	$ 164,334	$ 260,245	$ (163,480)	$ (164,334)	$ 1,050,343
Tuition	2,227,178	-	12,986,643	(13,701,351)	-	1,512,470
Skilled Trades BC	488,173	-	1,859,882	(1,871,880)	-	476,175
Provincial grants	4,010,501	-	45,360,047	(43,740,643)	-	5,629,905
Federal grants	712,883	-	1,968,460	(1,918,332)	-	763,011
Charitable activities	388,528	-	45,609	-	-	434,137
Other provincial reporting entities	1,833,958	-	2,230,163	(2,028,668)	-	2,035,453
Other	1,542,238	-	1,485,415	(1,713,650)	-	1,314,003
	$ 12,157,037	$ 164,334	$ 66,196,464	$ (65,138,004)	$ (164,334)	$ 13,215,497

2025	Balance	Gain / (Loss)	Additions	Recognized	Transfer	Ending Balance
Endowment funds	$ 2,576,413	$ (229,902)	$ 636,879	$ (163,966)	$(1,865,846)	$ 953,578
Tuition	1,914,282	-	16,998,775	(16,685,879)	-	2,227,178
Skilled Trades BC	475,184	-	1,830,415	(1,817,426)	-	488,173
Provincial grants	3,848,591	-	43,198,682	(43,036,772)	-	4,010,501
Federal grants	771,932	-	1,759,859	(1,818,908)	-	712,883
Foundation and charitable activities	978,626	-	40,586	-	(630,684)	388,528
Other provincial reporting entities	857,396	-	2,057,439	(1,080,877)	-	1,833,958
Other	1,851,687	-	-	(309,449)	-	1,542,238
	$ 13,274,111	$ (229,902)	$ 66,522,635	$ (64,913,277)	$ (2,496,530)	$ 12,157,037

8. Employee Future Benefits

(a) Accumulated sick leave benefit and other retirement benefit arrangements liability:

Employees of the College are entitled to sick leave in accordance with the terms and conditions of their employment contracts. Sick leave credits accumulate for employees of the College as they render services. The College recognizes a liability and an expense for sick leave in the period in which employees render services in return for the benefits.

Retirement benefit payments represent the College's share of the cost to provide employees with various benefits upon retirement. The accrued benefit obligation and the net periodic benefit cost were estimated by an actuarial valuation completed in April 2026. The accrued sick leave benefit liability is included as part of the employee future benefits.

8. Employee Future Benefits (continued)

Information about the accrued employee future benefits liabilities for the College's employee benefit plans is as follows:

	2026	2025
Accrued benefit obligation		
Balance, beginning of year	$ 844,400	$ 1,015,100
Actuarial gain due to new valuation (net)	(89,600)	(204,700)
Current service cost	102,400	103,900
Interest cost	39,700	45,100
Benefits paid	(33,700)	(115,000)
Plan curtailment	(253,000)	-
Accrued benefit obligation, end of year	$ 610,200	$ 844,400

(b) Accrued payroll benefits

The College accrues retirement allowances, holiday pay and sick leave as they are earned by the employee, however, it is expected that these unfunded liabilities will be met on a continuous basis over the long-term. Payment of these amounts will be funded from revenues of the period in which they are settled.

	2026	2025
Holiday pay	$ 4,193,577	$ 4,423,999
Sick leave *	791,637	1,027,086
Banked overtime	36,176	34,712
Retirement allowance	1,237,547	966,542
	$ 6,258,937	$ 6,452,339

* The balance includes estimated sick leave in addition to the accrued benefit obligation in Note 8(a).

(c) Pension liability

The College 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.

8. Employee Future Benefits (continued)

(c) Pension liability (continued)

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 account 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.

Selkirk College paid $4,073,894 for employer contributions to the plans in fiscal 2026 (2025 - $4,019,612).

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.

9. Asset Retirement Obligation

Management has identified certain building assets in the College's possession that contain asbestos and has performed fair value calculations for the abatement of the asbestos in those identified buildings. The buildings have estimated remaining useful lives of 7 years.

Key variables used in estimating the College's asset retirement obligations include the cost of capital (discount rate), inflation rate and timing of future costs. In 2026, estimated expenses were calculated at the net present value of future cash flows discounted using a weighted average cost of capital of 3.60% (2025 – 3.75%) and inflated using an average inflation rate of 2.01% (2025 – 2.19%).

9. Asset Retirement Obligation (continued)

Asset Retirement Obligation	2026	2025
Balance, beginning of year	$ 1,906,043	$ 1,951,251
Accretion expense (recovery)	215,914	(45,208)
Changes in assumptions	-	-
Liability settled in the year	-	-
Balance, end of year	$ 2,121,957	$ 1,906,043

The undiscounted expenditures total $2,363,894 (2025 - $2,313,008) and are estimated to be incurred in 2033.

10. Deferred Capital Contributions

Contributions specified and used for the acquisition of tangible capital assets are referred to as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset. Treasury Board provided direction on the accounting treatment as disclosed in Note 2. Changes in the deferred capital contributions balance are as follows:

	2026	2025
Balance, beginning of year	$92,194,469	$ 89,696,234
Contributions received during the year	8,007,444	8,373,259
Reallocate contributions for housing insurance costs	-	(540,790)
Revenue recognized from deferred capital contributions	(4,338,848)	(3,824,960)
Capital contributions related to asset write-off	-	(1,509,274)
Balance, end of year	$ 95,863,065	$ 92,194,469

Selkirk College received contributions of $nil that remain unspent at the end of fiscal year 2026 (2025 - $68,864).

11. Tangible Capital Assets

The College has no direct insurance coverage against liability or loss of any of its property and equipment except vehicles. The Ministry of Post-Secondary Education and Future Skills (“PSEFS”) University, College & Institute Protection Program provides the College with property insurance and claims for loss of college property must be submitted to the Province of British Columbia to be considered for compensation.

11. Tangible Capital Assets (continued)

	Land and land improvements	Buildings and major renovations	Furniture and equipment	Information technology	Leasehold improvements	Siteworks	Assets under-construction	2026 Total
Cost								
Opening balance	$ 90,000	$ 122,325,299	$ 28,577,225	$ 19,620,134	$ 14,180,887	$ 5,708,156	$ 31,560	190,533,261
Additions	-	3,924,681	279,153	630,594	-	909,129	2,106,870	7,850,427
Disposals/Reductions	-	-	-		-	-	(15,654)	-15,654
Transfers	-	15,906	-	-	-	-	(15,906)	-
Closing balance	90,000	126,265,886	28,856,378	20,250,728	14,180,887	6,617,285	2,106,870	198,368,034
Accumulated amortization								
Opening balance	-	35,014,861	27,491,146	7,973,000	8,736,676	2,578,011	-	81,793,694
Amortization	-	2,749,370	365,796	1,365,443	249,767	257,158	-	4,987,534
Closing balance	-	37,764,231	27,856,942	9,338,443	8,986,443	2,835,169	-	86,781,228
Net book value	$ 90,000	$ 88,501,655	$ 999,436	$ 10,912,285	$ 5,194,444	$ 3,782,116	$ 2,106,870	$ 111,586,806

11. Tangible Capital Assets (continued)

	Land and land improvements	Buildings and major renovations	Furniture and equipment	Information technology	Leasehold improvements	Siteworks	Assets under-construction	2025 Total
Cost								
Opening balance	$ 90,000	$ 92,922,710	$ 28,283,627	$ 18,915,839	$ 14,180,887	$ 2,895,024	$ 23,554,518	$180,842,605
Additions	-	9,492,112	293,598	704,295	-	759,795	31,560	11,281,360
Disposals/Reductions	-	-	-		-	-	(1,590,704)	(1,590,704)
Transfers	-	19,910,477	-	-	-	2,053,337	(21,963,814)	-
Closing balance	90,000	122,325,299	28,577,225	19,620,134	14,180,887	5,708,156	31,560	190,533,261
Accumulated amortization								
Opening balance	-	32,682,479	27,209,845	6,674,289	8,498,577	2,384,863	-	77,450,053
Amortization	-	2,332,382	281,301	1,298,711	238,099	193,148	-	4,343,641
Closing balance	-	35,014,861	27,491,146	7,973,000	8,736,676	2,578,011	-	81,793,694
Net book value	$ 90,000	$ 87,310,438	$ 1,086,079	$ 11,647,134	$ 5,444,211	$ 3,130,145	$ 31,560	$108,739,567

12. Investments

The investment portfolio is invested through a professional portfolio manager and consists of Canadian equity, bond and income funds. Financial instruments recorded at market value are comprised of the following portfolio investments that are quoted in an active market:

		Cost		Market Value	
		2026	2025	2026	2025
Equities	Level 1	$ 1,657,099	$ 1,613,136	$ 1,823,794	1,588,457
Fixed income	Level 2	1,735,459	1,598,894	1,733,098	1,622,991
		$ 3,392,558	$3,212,030	$ 3,556,892	$3,211,448

The College holds a beneficial interest in funds held by the Vancouver Foundation. The fund is held in perpetuity and controlled by the Vancouver Foundation. As these amounts are not controlled by the College and are not an asset owned by the College, these fund balances are not recorded in the financial statements. Investment income earned on the fund is paid to the College annually and recorded as deferred revenue until spent in accordance with restrictions on use. Investment income received by the College from the fund was $45,609 (2025 - $39,109).

13. Accumulated Surplus

Accumulated surplus is comprised of the following:

	2026	2025
Investment in tangible capital assets	$ 13,601,784	$ 16,613,963
Endowment fund	2,581,980	2,581,980
Unrealized remeasurement gain/(loss)	164,334	(582)
Unrestricted	-	(1,187,706)
Unfunded employee future benefits	(2,313,755)	(6,452,339)
Balance, end of year	$ 14,034,343	$ 11,555,316

14. Financial Instruments

The College is exposed to risks of varying degrees of significance from its use of financial instruments which could affect its ability to achieve its strategic objectives. The Board of Governors ensures that the College has identified its major risks and ensures that management monitors and mitigates the risks.

(a) Liquidity risk

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

The College manages this risk by monitoring cash activities and expected outflows through budgeting and forecasting cash flows from operations and anticipated investing and capital activities. It is management's opinion that the College is not exposed to significant liquidity risk arising from its financial instruments.

(b) Market and interest rate risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the College's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on investments. The investment portfolios are governed by an investment policy which is monitored by management, the investment portfolio managers, and the Board of Governors of Selkirk College. Diversification techniques are used to minimize 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. It is management's opinion that the College is not exposed to significant interest rate risk arising from its financial instruments.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The College is exposed to credit risk from its operating activities, which are primarily trade receivables, and its investing activities, which includes deposits with financial institutions and other financial instruments. Accounts receivable includes grants receivable from the Provincial Government and the Federal Government, GST rebates, and student receivables.

Credit risk on student receivables is mitigated by enrolment approval processes and ensuring that the majority of receivables are collected prior to the delivery of programs and other remedies such as withholding transcripts in the event of non-payment. The College undergoes continuous monitoring of amounts that are not collectible or realizable and accounts for a specific bad debt provision when management considers that the expected recovery is less than the amount receivable.

The College has deposited cash and investments held with reputable financial institutions and government programs and management believes the risk of loss is unlikely.

14. Financial Instruments (continued)

The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below.

	Fair Value	Amortized Cost	2026
Cash and cash equivalents	$ -	$ 16,664,979	$ 16,664,979
Restricted cash	-	6,199,417	6,199,417
Accounts receivable	-	5,774,635	5,774,635
Accounts payable and accrued liabilities	-	13,961,522	13,961,522
Investments	3,556,892	-	3,556,892

	Fair Value	Amortized Cost	2025
Cash and cash equivalents	$ -	$ 13,722,793	$ 13,722,793
Restricted cash	-	5,139,759	5,139,759
Accounts receivable	-	5,378,892	5,378,892
Accounts payable and accrued liabilities	-	13,324,939	13,324,939
Investments	3,211,448	-	3,211,448

15. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The College has multi-year research and other funding agreements whereby it has the opportunity to earn revenue as the College incurs eligible expenditures as defined within the funding agreements. Annual contractual rights over the next three years are as follows:

	Total
2026/2027	$ 950,000
2027/2028	220,000
2028/2029	20,000
	$ 1,190,000

Columbia Basin Trust (CBT) Selkirk College projects.

16. Contractual Obligations

The College has annual contractual operating lease payments over the next five years and thereafter as follows:

	Facilities and infrastructure support
2026/2027	$ 630,922
2027/2028	302,030
2028/2029	303,985
2029/2030	262,264
2030/2031	138,048
Thereafter	1,364,160
	$ 3,001,409

17. Expenses by Object

The following is a summary of expenses by object:

	2026	2025
Salaries, wages and benefits	$ 53,902,550	$ 56,229,165
Supplies and services	11,469,946	13,943,996
Asset write-off	15,654	1,590,704
Operating lease payments	579,132	671,590
Student awards	2,452,090	1,923,320
Management fees	17,645	16,645
Amortization of tangible capital assets	4,987,534	4,343,641
(Recovery of ARO)/accretion	215,914	(45,208)
Bad debt expense, net of recovery	94,518	35,489
	$ 73,734,983	$ 78,709,342

18. Impact of Accounting for Capital Contributions on a Deferral Basis

As set out in Notes 2(a) and (j), the College is required to defer recognition of government transfers for capital and recognize them in revenue over the life of the funded asset. This policy is not in accordance with PSAS which requires that such transfers be deferred only if the funding agreements contain stipulations that create a liability and then to recognize revenue over the period that the liability is extinguished.

The impact of this difference from PSAS is as follows:

Year ended March 31, 2026	understate revenue and understate annual surplus by $3,668,596.
Year ended March 31, 2026	overstate liabilities, overstate net debt and understate accumulated surplus by $95,863,065.
Year ended March 31, 2025	understate revenue and understate annual surplus by $3,938,645.
Year ended March 31, 2025	overstate liabilities, overstate net debt and understate accumulated surplus by $92,125,606.

19. Comparative Figures

Comparative figures from the prior year have been reclassified to conform to the current year's presentation.

Selkirk College

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