

Audited Financial Statements of

School District No. 68 (Nanaimo-Ladysmith)

And Independent Auditors' Report thereon

June 30, 2026

School District No. 68 (Nanaimo-Ladysmith)

June 30, 2026

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School District No. 68 (Nanaimo-Ladysmith)

MANAGEMENT REPORT

Version: 1985-1240-8257

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 68 (Nanaimo-Ladysmith) have been prepared by management in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of British Columbia, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

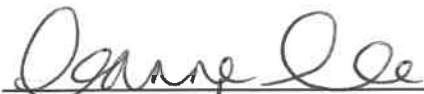
The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and reliable financial information is produced.

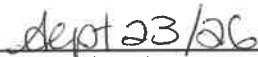
The Board of Education of School District No. 68 (Nanaimo-Ladysmith) (called the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a quarterly basis and externally audited financial statements yearly.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of School District No. 68 (Nanaimo-Ladysmith) and meet when required. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the School District's financial statements.

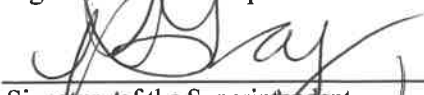
On behalf of School District No. 68 (Nanaimo-Ladysmith)



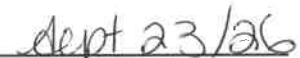
Signature of the Chairperson of the Board of Education



Date Signed



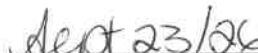
Signature of the Superintendent



Date Signed



Signature of the Secretary Treasurer



Date Signed

**KPMG LLP**

St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250 480 3500
Fax 250 480 3539

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of School District No. 68 (Nanaimo - Ladysmith), and
To the Minister of Education and Child Care, Province of British Columbia

Opinion

We have audited the financial statements of School District No. 68 (Nanaimo - Ladysmith) (the Entity), which comprise:

- the statement of financial position as at June 30, 2026
- the statement of operations for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements as at and for the year ended June 30, 2026 of the Entity 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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 the financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.



Other Information

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

- Information, other than the financial statements and the auditor's report thereon, included in Management's Financial Statement Discussion and Analysis document
- Unaudited Schedules 1-4 attached to the audited financial statements

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

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

We obtained the Other Information other than the financial statements and the auditor's report thereon, included in Management's Financial Statement Discussion and Analysis document and Unaudited Schedules 1-4 attached to the audited financial statements as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget and 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 Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

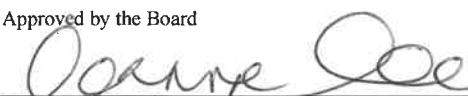
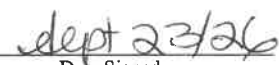
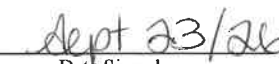
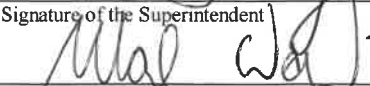
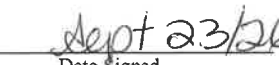
Victoria, Canada
September 23, 2026

School District No. 68 (Nanaimo-Ladysmith)

Statement 1

Statement of Financial Position

As at June 30, 2026

	2026 Actual	2025 Actual
	\$	\$
Financial Assets		
Cash and Cash Equivalents	42,685,557	44,583,953
Accounts Receivable		
Due from Province - Ministry of Education and Child Care (Note 3)	4,618,119	1,653,539
Due from First Nations	832,845	296,093
Other (Note 3)	6,028,270	4,794,599
Portfolio Investments (Note 5)	11,177,000	7,947,123
Mortgage Receivable	36,636	47,782
Total Financial Assets	65,378,427	59,323,089
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 6)	25,826,992	21,229,394
Unearned Revenue (Note 7)	4,640,861	4,453,539
Deferred Revenue (Note 8)	3,945,171	3,944,254
Deferred Capital Revenue (Note 9)	187,043,788	170,964,744
Employee Future Benefits (Note 10)	2,065,509	1,867,356
Asset Retirement Obligation (Note 20)	27,034,407	26,426,117
Capital Lease Obligations (Note 11)	299,071	421,694
Other Liabilities	3,165,798	2,674,171
Total Liabilities	254,021,597	231,981,269
Net Debt	(188,643,170)	(172,658,180)
Non-Financial Assets		
Tangible Capital Assets (Note 12)	234,568,319	218,643,935
Prepaid Expenses	1,058,442	906,174
Total Non-Financial Assets	235,626,761	219,550,109
Accumulated Surplus (Deficit) (Note 13)	46,983,591	46,891,929
Accumulated Surplus (Deficit) is comprised of:		
Accumulated Surplus (Deficit) from Operations	46,859,091	46,891,929
Accumulated Remeasurement Gains (Losses)	124,500	
	46,983,591	46,891,929
Contractual Obligations (Note 19)		
Contractual Rights (Note 18)		
Contingent Assets (Note 21)		
Approved by the Board		
		
Signature of the Chairperson of the Board of Education		Date Signed
		
Signature of the Superintendent		Date Signed
		
Signature of the Secretary Treasurer		Date Signed

School District No. 68 (Nanaimo-Ladysmith)

Statement 2

Statement of Operations

Year Ended June 30, 2026

	2026 Budget (Note 14)	2026 Actual	2025 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	204,995,016	209,333,243	200,321,487
Other	245,416	387,238	443,623
Tuition	6,485,000	7,067,405	6,394,970
Other Revenue	7,592,142	9,032,651	7,689,676
Rentals and Leases	830,000	953,541	901,378
Investment Income	1,045,000	1,119,836	1,409,457
Amortization of Deferred Capital Revenue	8,150,000	8,420,091	7,888,100
Total Revenue	229,342,574	236,314,005	225,048,691
Expenses (Note 15)			
Instruction	190,145,588	190,697,836	179,945,548
District Administration	9,596,694	7,948,394	7,878,734
Operations and Maintenance	35,109,262	35,017,970	33,298,362
Transportation and Housing	2,457,756	2,645,357	2,433,580
Debt Services		37,286	49,099
Total Expense	237,309,300	236,346,843	223,605,323
Surplus (Deficit) for the year	(7,966,726)	(32,838)	1,443,368
Accumulated Surplus (Deficit) from Operations, beginning of year		46,891,929	45,448,561
Accumulated Surplus (Deficit) from Operations, end of year		46,859,091	46,891,929

School District No. 68 (Nanaimo-Ladysmith)

Statement 3

Statement of Remeasurement Gains and Losses

Year Ended June 30, 2026

	2026 Actual	2025 Actual
	\$	\$
Unrealized Gains (Losses) attributable to:		
Portfolio Investments	124,500	
Net Remeasurement Gains (Losses) for the year	124,500	-
Accumulated Remeasurement Gains (Losses) at end of year	124,500	-

School District No. 68 (Nanaimo-Ladysmith)

Statement 4

Statement of Changes in Net Debt

Year Ended June 30, 2026

	2026 Budget (Note 14)	2026 Actual	2025 Actual
	\$	\$	\$
Surplus (Deficit) for the year	<u>(7,966,726)</u>	<u>(32,838)</u>	<u>1,443,368</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(20,800,000)	(29,092,469)	(15,244,123)
Amortization of Tangible Capital Assets	12,200,000	13,168,085	12,496,652
Total Effect of change in Tangible Capital Assets	<u>(8,600,000)</u>	<u>(15,924,384)</u>	<u>(2,747,471)</u>
Acquisition of Prepaid Expenses		(1,058,442)	(906,174)
Use of Prepaid Expenses		906,174	941,960
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>(152,268)</u>	<u>35,786</u>
(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)	<u>(16,566,726)</u>	<u>(16,109,490)</u>	<u>(1,268,317)</u>
Net Remeasurement Gains (Losses)		<u>124,500</u>	
(Increase) Decrease in Net Debt		<u>(15,984,990)</u>	<u>(1,268,317)</u>
Net Debt, beginning of year		<u>(172,658,180)</u>	<u>(171,389,863)</u>
Net Debt, end of year		<u>(188,643,170)</u>	<u>(172,658,180)</u>

School District No. 68 (Nanaimo-Ladysmith)

Statement 5

Statement of Cash Flows
Year Ended June 30, 2026

	2026 Actual	2025 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	(32,838)	1,443,368
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(4,735,003)	(778,288)
Prepaid Expenses	(152,268)	35,786
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	4,597,598	2,180,218
Unearned Revenue	187,322	(33,775)
Deferred Revenue	917	281,111
Employee Future Benefits	198,153	91,564
Asset Retirement Obligations	-	(40,376)
Other Liabilities	491,627	298,567
Amortization of Tangible Capital Assets	13,168,085	12,496,652
Amortization of Deferred Capital Revenue	(8,420,091)	(7,888,100)
Non Capital Expenditures from Capital Fund	(270,464)	(598,421)
Donated Assets	(2,574,626)	
Total Operating Transactions	2,458,412	7,488,306
Capital Transactions		
Tangible Capital Assets Purchased	(17,255,050)	(7,006,869)
Tangible Capital Assets -WIP Purchased	(11,229,130)	(7,616,533)
Donated Assets	2,574,626	
Total Capital Transactions	(25,909,554)	(14,623,402)
Financing Transactions		
Loan Payments	(122,623)	(110,809)
Capital Revenue Received	24,769,599	13,606,741
Total Financing Transactions	24,646,976	13,495,932
Investing Transactions		
Decrease (Increase) in Mortgage Receivable	11,146	10,926
Investments in Portfolio Investments	(3,105,376)	(3,947,123)
Total Investing Transactions	(3,094,230)	(3,936,197)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,898,396)	2,424,639
Cash and Cash Equivalents, beginning of year	44,583,953	42,159,314
Cash and Cash Equivalents, end of year	42,685,557	44,583,953
Cash and Cash Equivalents, end of year, is made up of:		
Cash	42,685,557	44,583,953
	42,685,557	44,583,953

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 1 AUTHORITY AND PURPOSE

The School District, established on April 12, 1946 operates under authority of the *School Act* of British Columbia as a corporation under the name of "The Board of Education of School District No. 68 (Nanaimo-Ladysmith) and operates as "School District No. 68 (Nanaimo-Ladysmith)" and "Nanaimo Ladysmith Public Schools." A board of education ("Board") elected for a four-year term governs the School District. The School District provides educational programs to students enrolled in schools in the district and is principally funded by the Province of British Columbia through the Ministry of Education and Child Care. School District No. 68 (Nanaimo-Ladysmith) is exempt from federal and provincial corporate income taxes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

These financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act of the Province of British Columbia*. This Section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to the accounting for government transfers as set out in Notes 2(g) and 2(o).

In November 2011, Treasury Board provided a directive through Restricted Contributions Regulation 198/2011 providing direction for the reporting of restricted contributions whether they are received or receivable by the School District before or after this regulation was in effect.

As noted in notes 2(g) and 2(o), Section 23.1 of the *Budget Transparency and Accountability Act* and its related regulations require the School District to recognize government transfers for the acquisition of capital assets into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be fully recognized into revenue.

b) Basis of Consolidation

These financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is comprised of all controlled entities. Inter-departmental balances and organizational transactions have been eliminated.

The School District does not control any significant external entities and accordingly no entities have been consolidated with the financial statements.

The School District does not administer any trust activities on behalf of external parties.

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

c) Cash and Cash Equivalents

Cash and cash equivalents include deposits held in commercial banks, deposits held by the Provincial Treasurer, as well as securities that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These cash equivalents generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

d) Accounts and Mortgage Receivables

Accounts and mortgage receivable are measured at amortized cost and shown net of allowance for doubtful accounts.

e) Portfolio Investments

The School District has investments in Guaranteed Investment Certificates (GIC's) that have a maturity date of greater than 3 months at the time of acquisition. GIC's, term deposits, bonds and other investments not quoted in an active market are reported at cost or amortized cost.

Portfolio investments in equity instruments that are quoted in an active market are recorded at fair value and the associated transaction costs are expensed upon initial recognition. The change in the fair value is recognized in the Statement of Remeasurement Gains and Losses as a remeasurement gain or loss until the portfolio investments are realized on disposal. Upon disposal, any accumulated remeasurement gains or losses associated with the portfolio investments are reclassified to the Statement of Operations.

Impairment is defined as a loss in value of a portfolio investment that is other than a temporary decline and is included in the Statement of Operations. In the case of an item in the fair value category, a reversal of any net remeasurement gains recognized in previous reporting periods up to the amount of the write-down is reported in the Statement of Remeasurement Gains and Losses. The loss is not reversed if there is a subsequent increase in value.

Detailed information regarding portfolio investments is disclosed in Note 5.

f) Unearned Revenue

Unearned revenue includes tuition fees received for courses to be delivered in future periods and receipt of proceeds for services or products to be delivered in a future period. Revenue will be recognized in that future period when the courses, services, or products are provided.

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

g) Deferred Revenue and Deferred Capital Revenue

Deferred revenue includes contributions received with stipulations that meet the description of restricted contributions in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. When restrictions are met, deferred revenue is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability as detailed in Note 2 (o).

Funding received for the acquisition of depreciable tangible capital assets is recorded as deferred capital revenue and amortized over the life of the asset acquired as revenue in the statement of operations. This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability in which case the transfer is recognized as revenue over the period that the liability is extinguished.

h) Employee Future Benefits

The School District provides certain post-employment benefits including vested and non-vested benefits for certain employees pursuant to certain contracts and union agreements.

The School District accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime, and death benefits. The benefits cost is actuarially determined using the projected unit credit method pro-rated on service and using management's best estimate of expected salary escalation, termination rates, retirement rates and mortality. The discount rate used to measure obligations is based on the cost of borrowing.

The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime of active employees covered under the plan.

The most recent valuation of the obligation was performed at March 31, 2025 and projected to March 31, 2028. The next valuation will be performed at March 31, 2028 for use at June 30, 2028. For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of March 31 was adopted for all periods subsequent to July 1, 2004.

The School District and its employees make contributions to the Teachers' Pension Plan and Municipal Pension Plan. The plans are multi-employer plans where assets and obligations are not separated. The costs are expensed as incurred.

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

i) Asset Retirement Obligations

A liability is recognized when, as at the financial reporting date:

- 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.

Liabilities are recognized for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the assets. The liability includes costs for the removal of asbestos and other hazardous material in several of the buildings owned by the School District. The estimate of the asset retirement obligations includes costs directly attributable to the asset retirement activities. The resulting costs have been capitalized into the carrying amount of tangible capital assets and are being amortized on the same basis as the related tangible capital asset (see note 2k). 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 liability and related tangible capital asset.

j) 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. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the School District:
 - 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 the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

k) Tangible Capital Assets

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the assets. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset.
- Donated tangible capital assets are recorded at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.
- Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.
- Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the School District to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations.
- Buildings that are demolished or destroyed are written-off.
- Works of art, historic assets and other intangible assets are not recorded as assets in these financial statements.
- The cost, less residual value, of tangible capital assets (excluding sites), is amortized on a straight-line basis over the estimated useful life of the asset. It is management's responsibility to determine the appropriate useful lives for tangible capital assets. These useful lives are reviewed on a regular basis or if significant events initiate the need to revise. Estimated useful life is as follows:

Buildings	40 years
Furniture & Equipment	10 years
Vehicles	10 years
Computer Software	5 years
Computer Hardware	5 years

In the year of acquisition amortization is recorded as half of the annual rate for the year.

l) Capital Leases

Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incident to ownership of the property to the School District are considered capital leases. These are accounted for as an asset and an obligation. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs, e.g., insurance, maintenance costs, etc. The discount rate used to determine the present value of the lease

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

l) Capital Leases *(Continued)*

payments is the lower of the School District's rate for incremental borrowing or the interest rate implicit in the lease.

All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

m) Prepaid Expenses

Amounts for services paid relating to future periods are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit from it.

n) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved (see Note 13 – Interfund Transfers and Accumulated Surplus).

o) Revenue Recognition

Revenues are recorded on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues, the amounts are considered to be collectible and can be reasonably estimated.

Contributions received or where eligibility criteria have been met are recognized as revenue except where the contribution meets the criteria for deferral as described below. Eligibility criteria are the criteria that the School District has to meet in order to receive the contributions including authorization by the transferring government.

For contributions subject to a legislative or contractual stipulation or restriction as to their use, revenue is recognized as follows:

- Non-capital contributions for specific purposes are recorded as deferred revenue and recognized as revenue in the year related expenses are incurred,
- Contributions restricted for site acquisitions are recorded as revenue when the sites are purchased, and
- Contributions restricted for tangible capital assets acquisitions other than sites are recorded as deferred capital revenue and amortized over the useful life of the related assets.

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

o) Revenue Recognition *(Continued)*

Donated tangible capital assets other than sites are recorded at fair market value and amortized over the useful life of the assets. Donated sites are recorded as revenue at fair market value when received or receivable.

The accounting treatment for restricted contributions is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that meets the criteria for liability recognition in which case the transfer is recognized as revenue over the period that the liability is extinguished.

Revenue from transactions with performance obligations is recognized when (or as) the performance obligation is satisfied (by providing the promised goods or services to a payor).

Revenue from transactions with no performance obligations is recognized when the district:

- (a) has the authority to claim or retain an inflow of economic resources; and
- (b) identifies a past transaction or event that gives rise to an asset.

Investment income is reported in the period earned. When required by the funding party or related Act, investment income earned on deferred revenue is added to the deferred revenue balance.

p) Expenditures

Expenses are reported on an accrual basis. The cost of all goods consumed, and services received during the year is expensed.

Categories of Salaries

- Principals, Vice-Principals, and Directors of Instruction employed under an administrative officer contract are categorized as Principals and Vice-Principals.
- Superintendents, Assistant Superintendents, Secretary-Treasurers, Trustees and other employees excluded from union contracts are categorized as Other Professionals.

Allocation of Costs

- Operating expenses are reported by function, program, and object. Whenever possible, expenditures are determined by actual identification. Additional costs pertaining to specific instructional programs, such as special and indigenous education, are allocated to these programs. All other costs are allocated to related programs.
- Actual salaries of personnel assigned to two or more functions or programs are allocated based on the time spent in each function and program. School-based clerical salaries are allocated to school administration and partially to other programs to which they may be assigned. Principals and Vice-Principals salaries are allocated to school administration and may be partially allocated to other programs to recognize their other responsibilities.

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

p) Expenditures *(Continued)*

- Employee benefits and allowances are allocated to the same programs, and in the same proportions, as the individual's salary.
- Supplies and services are allocated based on actual program identification.

q) Financial Instruments

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The School District recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, mortgage receivable, accounts payable and accrued liabilities, debt, and other liabilities.

All financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of these investments upon initial recognition. Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations. There are no measurement gains or losses during the periods presented; therefore, no statement of remeasurement gains or losses is included in these financial statements.

All financial assets except derivatives are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

r) Measurement Uncertainty

Preparation of financial statements in accordance with the basis of accounting described in note 2 requires management to make estimates and assumptions that impact reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the reporting periods. Areas requiring the use of management estimates relate to the potential impairment of tangible capital assets, liabilities for contaminated sites, asset retirement

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

r) Measurement Uncertainty *(Continued)*

obligations, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

NOTE 3 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

Due from Province – Ministry of Education and Child Care

	2026	2025
Bylaw – Capital Funding	\$ 3,357,124	\$ 1,653,539
Other	1,260,995	-
	<u>\$ 4,618,119</u>	<u>\$ 1,653,539</u>

Other Receivables

	2026	2025
Due from Federal Government - GST	\$ 215,719	\$ 230,273
Benefit Premium Balance	3,789,435	2,705,527
Other	2,023,116	1,858,799
	<u>\$ 6,028,270</u>	<u>\$ 4,794,599</u>

NOTE 4 MORTGAGE RECEIVABLE

Mortgage on 4985 Christie Road, Ladysmith (former Diamond Elementary School property); blended payments are \$1,000 per month including interest at 2% p.a., for a term of 5 years ending March 1, 2029.

	2026	2025
	\$ 36,636	\$ 47,782
	<u>\$ 36,636</u>	<u>\$ 47,782</u>

Interest received during the year was \$854 (2025- \$1,074).

NOTE 5 PORTFOLIO INVESTMENTS

	2026	2025
Investments in the cost and amortized cost category: Guaranteed Investment Certificates	\$ 5,052,500	\$ 7,947,123
Investments in the fair market value category: Alternative Investments	\$ 6,124,500	\$ -
Total Portfolio Investments	<u>\$ 11,177,000</u>	<u>\$ 7,947,123</u>

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Other Accounts Payable and Accrued Liabilities

	2026	2025
Trade payables	\$ 5,860,688	\$ 3,869,922
Salaries and benefits payable	16,852,961	15,384,654
Accrued vacation pay	1,779,485	1,627,305
Construction holdbacks	1,333,858	347,513
	<u>\$ 25,826,992</u>	<u>\$ 21,229,394</u>

NOTE 7 UNEARNED REVENUE

Unearned revenue consists of contributions received for services to be delivered in a future period. Changes in unearned revenue are as follows:

	2026	2025
Balance, beginning of year	\$ 4,453,539	\$ 4,487,314
Changes for the year:		
Increase:		
Tuition fees/Rentals/Summer Programs	7,783,382	6,830,786
Decrease:		
Tuition fees/Rentals/Summer Programs	7,596,060	6,864,561
Net changes for the year	187,322	(33,775)
Balance, end of year	<u>\$ 4,640,861</u>	<u>\$ 4,453,539</u>

NOTE 8 DEFERRED REVENUE

Deferred revenue includes unspent grants and contributions received that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by Treasury Board, i.e., the stipulations associated with those grants and contributions have not yet been fulfilled. Changes in deferred revenue are as follows:

	2026	2025
Balance, beginning of year	\$ 3,944,254	\$ 3,663,143
Changes for the year:		
Increase:		
Provincial Grants – Ministry of Education	27,833,416	24,871,751
Ministry of Education CEF Adjustment	-	-
Provincial Grants – Other	142,000	147,000
Other	4,074,883	4,124,687
Investment income	64,453	84,666
	<u>32,114,752</u>	<u>29,228,104</u>

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 8 DEFERRED REVENUE (Continued)

Decrease:		
Expenses	31,508,978	28,462,449
Transfers – tangible capital assets purchased	604,857	484,544
	<u>32,113,835</u>	<u>28,946,993</u>
Net changes for the year	917	281,111
Balance, end of year	<u>\$ 3,945,171</u>	<u>\$ 3,944,254</u>

NOTE 9 DEFERRED CAPITAL REVENUE

Deferred capital revenue includes grants and contributions received that are restricted by the contributor for the acquisition of tangible capital assets that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. Once spent, the contributions are amortized into revenue over the life of the asset acquired. Changes to deferred capital revenue are as follows:

	Deferred Capital 2026	Unspent Deferred Capital 2026	Total Deferred Capital Revenue 2026	Total Deferred Capital Revenue 2025
Balance, beginning of year	\$162,977,598	\$7,987,146	\$170,964,744	\$165,844,524
Changes for the year:				
Increase:				
Transfer from Unspent – Capital Additions	21,026,542	-	21,026,542	4,512,653
Transfer from Unspent – Work in Progress	11,067,959	-	11,067,959	7,115,129
Provincial Grants – Ministry of Education and Child Care	-	21,289,658	21,289,658	12,691,670
Provincial Grants – Other	-	-	-	-
Investment income	-	118,237	118,237	139,210
Other	-	3,361,704	3,361,704	775,861
	<u>32,094,501</u>	<u>24,769,599</u>	<u>56,864,100</u>	<u>25,234,523</u>
Decrease:				
Amortization of Deferred Capital	8,420,091	-	8,420,091	7,888,100
Capital additions – transfer to Deferred Capital	7,270,268	13,756,274	21,026,542	4,512,653
Work in Progress – transfer to Deferred Capital	-	11,067,959	11,067,959	7,115,129
Other	-	270,464	270,464	598,421
	<u>15,690,359</u>	<u>25,094,697</u>	<u>40,785,056</u>	<u>20,114,303</u>
Net changes for the year	16,404,142	(325,098)	16,079,044	5,120,220
Balance, end of year	<u>\$179,381,740</u>	<u>\$7,662,048</u>	<u>\$187,043,788</u>	<u>\$170,964,744</u>

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 10 EMPLOYEE FUTURE BENEFITS

Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. Funding is provided when the benefits are paid and accordingly, there are no plan assets. Although no plan assets are uniquely identified, the School District has provided for the payment of these benefits.

	2026	2025
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 3,074,093	\$ 1,879,613
Service Cost	232,808	138,994
Interest Cost	123,455	81,549
Benefit Payments	(253,669)	(178,695)
Increase (Decrease) in obligation due to Plan Amendment	-	-
Actuarial (Gain) Loss	(287,643)	1,152,632
Accrued Benefit Obligation – March 31	<u>\$ 2,889,044</u>	<u>\$ 3,074,093</u>

Reconciliation of Funded Status at End of Fiscal Year

Accrued Benefit Obligation – March 31	\$ 2,889,044	\$ 3,074,093
Market Value of Plan Assets – March 31	-	-
Funded Status – Surplus (Deficit)	(2,889,044)	(3,074,093)
Employer Contributions After Measurement Date	19,552	23,697
Benefits Expense After Measurement Date	(89,150)	(89,066)
Unamortized Net Actuarial (Gain) Loss	893,133	1,272,106
Accrued Benefit Asset (Liability) – June 30	<u>\$ (2,065,509)</u>	<u>\$ (1,867,356)</u>

Reconciliation of Change in Accrued Benefit Liability

Accrued Benefit Liability – July 1	\$ 1,867,356	\$ 1,775,792
Net expense for Fiscal Year	447,678	253,607
Employer Contributions	(249,525)	(162,043)
Accrued Benefit Liability – June 30	<u>\$ 2,065,509</u>	<u>\$ 1,867,356</u>

Components of Net Benefit Expense

Service Cost	\$ 230,335	\$ 162,448
Interest Cost	126,013	92,026
Immediate Recognition of Plan Amendment	-	-
Amortization of Net Actuarial (Gain)/Loss	91,330	(867)
Net Benefit Expense (Income)	<u>\$ 447,678</u>	<u>\$ 253,607</u>

The significant actuarial assumptions adopted for measuring the School District's accrued benefit obligations are:

	2026	2025
Discount Rate – April 1	4.00%	4.25%
Discount Rate – March 31	4.05%	4.00%
Long Term Salary Growth – April 1	2.50% + seniority	2.50% + seniority
Long Term Salary Growth – March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31	11.7 years	11.7 years

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 11 CAPITAL LEASE OBLIGATIONS

The School District entered into a capital lease for multi-function printer devices. The payments are over 5 years and include interest of 8.3%. Repayments are due as follows:

2027	\$ 159,908
2028	159,908
2029	13,327
2030	-
2031	-
Thereafter	-
Total minimum lease payments	<u>333,143</u>
Less amounts representing interest	<u>34,072</u>
Present value of net minimum capital lease payments	<u>\$ 299,071</u>

Total interest on leases for the year was \$34,072 (2025: 49,099).

NOTE 12 TANGIBLE CAPITAL ASSETS

Net Book Value:

	Net Book Value 2026	Net Book Value 2025
Sites	\$ 16,063,545	\$ 16,063,545
Buildings	182,777,059	174,153,471
Buildings – work in progress	13,120,434	9,069,783
Furniture & Equipment	13,748,036	10,320,381
Furniture & Equipment – work in progress	308,567	880,345
Vehicles	4,908,091	4,628,560
Computer Software	31,186	34,432
Computer Hardware	3,611,401	3,493,418
Total	<u>\$ 234,568,319</u>	<u>\$ 218,643,935</u>

June 30, 2026

	Opening Cost	Additions	Disposals	Transfers (WIP)	Total 2026
Sites	\$ 16,063,545	\$ -	\$ -	\$ -	\$ 16,063,545
Buildings	377,257,378	10,353,181	-	7,068,220	394,678,779
Buildings – work in progress	9,069,783	11,118,871	-	(7,068,220)	13,120,434
Furniture & Equipment	18,907,218	4,897,520	(355,952)	682,037	24,130,823
Furniture & Equipment – work in progress	880,345	110,259	-	(682,037)	308,567
Vehicles	7,018,899	1,030,450	(49,861)	-	7,999,488
Computer Software	32,470	-	(32,470)	-	-
Computer Hardware	7,122,471	1,582,188	(1,185,098)	-	7,519,561
Total	<u>\$ 436,352,109</u>	<u>\$ 29,092,469</u>	<u>\$ (1,623,381)</u>	<u>\$ -</u>	<u>\$ 463,821,197</u>

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 12 TANGIBLE CAPITAL ASSETS (Continued)

	Opening Accumulated Amortization	Additions	Disposals	Total 2026
Buildings	\$ 203,103,907	\$ 8,797,813	\$ -	\$ 211,901,720
Furniture & Equipment	8,586,837	2,151,902	(355,952)	10,382,787
Vehicles	2,390,339	750,919	(49,861)	3,091,397
Computer Software	(1,962)	3,246	(32,470)	(31,186)
Computer Hardware	3,629,053	1,464,205	(1,185,098)	3,908,160
Total	\$ 217,708,174	\$13,168,085	\$ (1,623,381)	\$ 229,252,878

June 30, 2025

	Opening Cost	Additions	Disposals	Transfers (WIP)	Total 2025
Sites	\$ 16,063,545	\$ -	\$ -	\$ -	\$ 16,063,545
Buildings	369,709,528	3,953,378	-	3,594,472	377,257,378
Buildings – work in progress	5,632,538	7,031,717	-	(3,594,472)	9,069,783
Furniture & Equipment	1 7,027,073	1,802,805	(163,121)	240,461	18,907,218
Furniture & Equipment – work in progress	535,990	584,816	-	(240,461)	880,345
Vehicles	6,326,932	912,059	(220,092)	-	7,018,899
Computer Software	343,719	-	(311,249)	-	32,470
Computer Hardware	7,611,704	959,348	(1,448,581)	-	7,122,471
Total	\$ 423,251,029	\$ 15,244,123	\$ (2,143,043)	\$ -	\$ 436,352,109

	Opening Accumulated Amortization	Additions	Disposals	Total 2025
Buildings	\$ 194,582,300	\$ 8,521,607	\$ -	\$ 203,103,907
Furniture & Equipment	6,953,243	1,796,715	(163,121)	8,586,837
Vehicles	1,943,140	667,291	(220,092)	2,390,339
Computer Software	271,668	37,619	(311,249)	(1,962)
Computer Hardware	3,604,214	1,473,420	(1,448,581)	3,629,053
Total	\$ 207,354,565	\$12,496,652	\$ (2,143,043)	\$ 217,708,174

Building and Furniture & Equipment – work in progress has not been amortized. Amortization of these assets will commence when the asset is put into use.

Additions to furniture and equipment includes contributed tangible capital assets of \$2,574,626 (2025-\$361,624). Additions to computer hardware include \$0 (2025 - \$0), in assets acquired under capital lease.

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 13 ACCUMULATED SURPLUS

Interfund transfers between the operating, special purpose and capital funds for the year ended June 30, 2026, were as follows:

- A transfer in the amount of \$1,568,987 was made from the operating fund to the capital fund for capital purchases made during the year.
- A transfer in the amount of \$2,313,846 was made from the operating fund to the capital fund (Local Capital) for future capital purchases.
- A transfer in the amount of \$604,857 was made from the special purpose fund to the capital fund for capital purchase made during the year.

Accumulated Surplus is comprised of the following:

OPERATING

Accumulated Operating Surplus

2026	2025
\$12,690,480	\$12,386,676

Restricted Surplus Reserve for Anticipated Unusual Expenses:

Staffing costs (one-time anticipated expense)	\$ 646,000	\$ 616,680
Replacement costs	100,000	250,000
EA staffing supplement	50,000	50,000
Election costs	25,000	
Post budget unusual expenses	-	15,000
Communications	-	10,000
Trustee by-election costs	-	-
	821,000	941,680

Restricted Surplus Reserve for Financial Constraints/Targeted Funds:

District benefit plans (premium balances)	\$ 3,789,436	\$ 2,705,527
Indigenous Education Program	859,525	388,502
NDTA Teacher mentorship grant	105,757	174,650
District before & after school care reserve	105,562	23,295
Indigenous Education Council	92,792	-
Trustee professional development/travel	12,000	24,340
ICY Team	-	121,327
	4,965,072	3,437,641

Restricted Surplus Reserve Operations Spanning Multiple School Years:

Transfer to Local Capital	1,800,000	1,800,000
John Barsby turf field 10 yr contractual term	490,000	560,000
Child care reserve	306,950	281,846
School year-end balances	299,536	264,774
School/district equipment costs	50,000	350,000
Wellness initiatives	35,000	-
Undelivered purchase orders	-	803,527
	2,981,486	4,060,147

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 13 ACCUMULATED SURPLUS *(Continued)*

Summary of Accumulated Operating Surplus

Total Restricted Operating Surplus	8,767,558	8,439,468
Total Unrestricted Surplus	3,922,922	3,947,208
Total Accumulated Operating Surplus	12,690,480	12,386,676

CAPITAL

Investment in Tangible Capital Assets	27,217,506	28,182,930
Local Capital	6,951,105	6,322,323
Capital Surplus	34,168,611	34,505,253

TOTAL ACCUMULATED SURPLUS	46,859,091	46,891,929
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NOTE 14 BUDGET FIGURES

Budget figures included in the financial statements were approved by the Board through the adoption of an amended annual budget on February 25, 2026. The amended budget is used for comparison purposes, as these are based on actual student enrollments. The difference between the preliminary (annual) and amended budgets is as follows:

	2026 Amended	2026 Preliminary	Difference
Revenues			
Provincial Grants			
Ministry of Education	\$204,995,016	\$199,266,802	\$5,728,214
Other	245,416	385,416	(140,000)
Tuition	6,485,000	6,587,000	(102,000)
Other Revenue	7,592,142	6,698,262	893,880
Rentals and Leases	830,000	830,000	-
Investment Income	1,045,000	865,000	180,000
Amortization of Deferred Capital Revenue	8,150,000	8,100,000	50,000
Total Revenue	\$229,342,574	\$222,732,480	\$6,610,094
Expenses			
Instruction	\$190,145,588	\$181,941,805	\$8,203,783
District Administration	9,596,694	9,342,505	254,189
Operations and Maintenance	35,109,262	33,139,978	1,969,284
Transportation and Housing	2,457,756	2,411,672	46,084
Total Expenses	\$237,309,300	\$226,835,960	\$10,473,340
Surplus (deficit) for the year	\$ (7,966,726)	\$ (4,103,480)	\$ (3,863,246)
Effects of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(20,800,000)	(20,800,000)	-
Amortization of Tangible Capital Assets	12,200,000	12,000,000	200,000

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 14 BUDGET FIGURES *(Continued)*

Total Effect of change in Tangible Capital Assets	(8,600,000)	(8,800,000)	200,000
Increase in Net Financial Debt	<u>\$(16,566,726)</u>	<u>\$(12,903,480)</u>	<u>\$(3,663,246)</u>

NOTE 15 EXPENSE BY OBJECT

	2026	2025
Salaries	\$157,793,281	\$149,286,408
Benefits	41,845,838	38,277,405
Services and supplies	23,502,353	23,495,759
Interest	37,286	49,099
Amortization	13,168,085	12,496,652
	<u>\$236,346,843</u>	<u>\$223,605,323</u>

NOTE 16 EMPLOYEE PENSION PLANS

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at December 31, 2024, the Teachers' Pension Plan has about 51,000 active members and approximately 42,000 retired members. As of December 31, 2024, the Municipal Pension Plan has about 256,000 active members, including approximately 31,000 from school districts.

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 of the Teachers' Pension Plan as at December 31, 2023, indicated a \$4,572 million surplus for basic pension benefits on a going concern basis.

The most recent actuarial 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 school district paid \$16,431,819 for employer contributions to the plans for the year ended June 30, 2026 (2025: \$15,552,265).

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 16 EMPLOYEE PENSION PLANS *(Continued)*

The next valuation for the Teachers' Pension Plan was December 31, 2026. The next valuation for the Municipal Pension Plan will be as at December 31, 2027.

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.

NOTE 17 NANAIMO-LADYSMITH SCHOOLS FOUNDATION

The School District and the Nanaimo-Ladysmith Schools Foundation (the "Foundation") have a mutually supportive relationship whereby the Foundation acts as a fundraising agency for the students in School District No. 68, and the School District provides the Foundation with financial and administrative support. The Foundation is a separate legal entity, has its own Board of Directors and is a registered charity under the provisions of the Income Tax Act of Canada.

The School District provided contributions of \$240,060 (2025: \$219,225) for administrative assistance and support to the Foundation and also provided office space free of charge. The Foundation provided miscellaneous grants directly to Schools.

NOTE 18 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 School District's contractual rights arise because of contracts entered into for School District facilities leases. The following table summarizes the contractual rights of the School District for future assets:

Contractual rights	2027	2028	2029	2030	2031	Thereafter
Future lease/rental revenue	\$405,021	\$324,604	\$172,976	\$118,153	\$20,882	-

NOTE 19 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The School District has entered into a number of multiple-year contracts for the delivery of goods and services. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts.

Operating Expenses: anticipated contractual payments due over the terms of the contracts are as follows:

2027	\$ 1,346,675
2028	211,328
2029	188,249
2030	78,080

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 19 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES *(Continued)*

2031	79,121
Thereafter	50,000
	<u>\$ 1,953,453</u>

Anticipated contractual payments related to purchase orders for operating expenses and capital construction during 2027 total \$9,725,465

Each year the School District is involved with a number of legal actions and arbitrations. Although the outcomes of these matters are not determinable at this time, management believes they will not have a material adverse effect on the School District's financial position or results of operations.

The District is subject to environmental laws and regulations enacted by the Province and local authorities. Certain schools in the School District contain asbestos. Upon the retirement of these District buildings, either through demolition or sale, the District may incur removal costs or realize reduced sale proceeds because of the presence of asbestos.

NOTE 20 ASSET RETIREMENT OBLIGATION

Legal liabilities exist for the removal and disposal of asbestos and other environmentally hazardous materials within some district owned buildings that will undergo major renovations or demolition in the future. The timing of future settlement is unknown.

	2026	2025
Asset Retirement Obligation, beginning of year	\$ 26,426,117	\$ 25,845,772
Settlements during the year	-	(40,376)
Change in estimate	608,290	620,721
Asset Retirement Obligation, end of year	<u>\$ 27,034,407</u>	<u>\$ 26,426,117</u>

NOTE 21 CONTINGENT ASSETS

The School District has the following contingent assets for which the probability of receipt of funds occurring is likely.

Microsoft Class Action Lawsuit Vouchers	\$ 1,030,000
Zero Emission Transit Fund (ZETF)	756,504

The future receipt of these assets is dependent on the district making eligible purchases prior to the expiry of the funds. The Microsoft vouchers have an expiry of June 30, 2028, and can be redeemed for the purchase of approved hardware and/or professional development directly related to the approved products being purchased. The ZETF funding has an expiry of March 31, 2029. These funds are to be used for up to 50% for chargers and infrastructure upgrades, and 30% for electric buses. Contingent assets are not recorded in the financial statements.

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 22 RELATED PARTY TRANSACTIONS

The School District is related through common ownership to all Province of British Columbia ministries, agencies, school districts, health authorities, colleges, universities, and crown corporations. Transactions with these entities, as well as key management personnel, if any, unless disclosed separately, are considered to be in the normal course of operations and are recorded at the exchange amount.

NOTE 23 ECONOMIC DEPENDENCE

The operations of the School District are dependent on continued funding from the Ministry of Education and Child Care and various governmental agencies to carry out its programs. These financial statements have been prepared on a going concern basis.

NOTE 24 RISK MANAGEMENT

The School District has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

The Board ensures that the School District has identified its risks and ensures that management monitors and controls them.

a) Credit risk:

Credit risk is the risk of financial loss to an institution if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held consisting of cash, amounts receivable and investments.

The School District is exposed to credit risk in the event of non-performance by a debtor. This risk is mitigated as most amounts receivable are due from the Province and are collectible.

It is management's opinion that the School District is not exposed to significant credit risk associated with its cash deposits as they are placed in recognized British Columbia institutions.

b) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk, tariff risk, and investment equity risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. It is management's opinion that the School District is not exposed to significant currency risk, as amounts held and purchases made in foreign currency are insignificant.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. During the current year, the School District invested in portfolio investments consisting of low risk GIC's and principal protected

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 24 RISK MANAGEMENT *(Continued)*

notes. The School District is exposed to minimal interest rate risk through its cash and cash equivalents on deposit with financial institutions as some of the cash is interest bearing. The investment objectives are on protecting investments rather than the potential for superior returns. The School District has very low tolerance for risk with investments and prefers a low degree of price volatility.

Tariff risk refers to the potential financial and operational impacts resulting from changes in tariff policies, such as the imposition, increase or removal of tariffs on imported and exported goods. The School District is monitoring the potential impacts and options to mitigate risks from tariffs and cross border trade.

Investment equity risk arises from exposure to fluctuations in the market value of equity securities held. These fluctuations in fair value may result from changes in economic conditions, interest rates, and other external factors. These risks may affect the carrying value of investments and the recognition of income. The School Districts portfolio is managed professionally with investment advisors and adheres to the District's investment policies and principles, ensuring preservation of principal investments, liquidity, diversification, and optimizing rates of return on investments.

c) **Liquidity risk:**

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

The School District manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing 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 School District's reputation.

Risk Management and insurance services for all School Districts in British Columbia are provided by the Risk Management Branch of the Ministry of Finance. There have been no changes to risk exposure from 2025 related to credit, market or liquidity risks.

School District No. 68 (Nanaimo-Ladysmith)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2026

Schedule 1 (Unaudited)

	Operating Fund	Special Purpose Fund	Capital Fund	2026 Actual	2025 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	12,386,676		34,505,253	46,891,929	45,448,561
Changes for the year					
Surplus (Deficit) for the year	4,186,637	604,857	(4,824,332)	(32,838)	1,443,368
Interfund Transfers					
Tangible Capital Assets Purchased	(1,409,079)	(604,857)	2,013,936	-	
Local Capital	(2,313,846)		2,313,846	-	
Other	(159,908)		159,908	-	
Net Changes for the year	303,804	-	(336,642)	(32,838)	1,443,368
Accumulated Surplus (Deficit), end of year - Statement 2	12,690,480	-	34,168,611	46,859,091	46,891,929
Accumulated Remeasurement Gains (Losses) - Statement 3	124,500			124,500	
	12,814,980	-	34,168,611	46,983,591	46,891,929

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2026

	2026 Budget (Note 14) \$	2026 Actual \$	2025 Actual \$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	176,434,881	181,377,426	175,116,838
Other	245,416	244,120	257,741
Tuition	6,485,000	7,067,405	6,394,970
Other Revenue	3,952,784	4,811,740	3,619,459
Rentals and Leases	830,000	953,541	901,378
Investment Income	815,000	825,770	1,086,942
Total Revenue	188,763,081	195,280,002	187,377,328
Expenses			
Instruction	161,091,013	160,911,029	153,225,060
District Administration	8,526,368	7,541,271	7,209,117
Operations and Maintenance	21,122,609	20,325,205	19,196,534
Transportation and Housing	2,109,817	2,315,860	2,170,905
Total Expense	192,849,807	191,093,365	181,801,616
Operating Surplus (Deficit) for the year	(4,086,726)	4,186,637	5,575,712
Budgeted Appropriation (Retirement) of Surplus (Deficit)	6,400,572		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased		(1,409,079)	(853,732)
Tangible Capital Assets - Work in Progress			(228,584)
Local Capital	(2,313,846)	(2,313,846)	(3,540,000)
Other		(159,908)	(159,908)
Total Net Transfers	(2,313,846)	(3,882,833)	(4,782,224)
Total Operating Surplus (Deficit), for the year	-	303,804	793,488
Operating Surplus (Deficit), beginning of year		12,386,676	11,593,188
Operating Surplus (Deficit), end of year		12,690,480	12,386,676
Operating Surplus (Deficit), end of year			
Internally Restricted		8,767,558	8,439,468
Unrestricted		3,922,922	3,947,208
Total Operating Surplus (Deficit), end of year		12,690,480	12,386,676

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2026

	2026 Budget (Note 14) \$	2026 Actual \$	2025 Actual \$
Provincial Grants - Ministry of Education and Child Care			
Operating Grant, Ministry of Education and Child Care	176,361,846	177,401,817	174,164,283
ISC/LEA Recovery	(1,873,644)	(2,443,160)	(1,873,644)
Other Ministry of Education and Child Care Grants			
Pay Equity	160,000	160,000	160,000
Funding for Graduated Adults		33,062	24,539
Student Transportation Fund	244,630	244,630	244,630
Support Staff Benefits Grant			67,920
Foundation Skills Assessment (FSA) Scorer Grant	17,193	17,193	15,693
Child Care Funding	590,000	592,667	269,821
Labour Settlement Funding		3,260,949	1,684,514
ICY Clinical Counsellor Funding	934,856	934,856	257,130
PFA 2019 Benefit Agreement			101,952
Labour Settlement Funding - CUPE		1,175,412	
Total Provincial Grants - Ministry of Education and Child Care	176,434,881	181,377,426	175,116,838
Provincial Grants - Other	245,416	244,120	257,741
Tuition			
International and Out of Province Students	6,485,000	7,067,405	6,394,970
Total Tuition	6,485,000	7,067,405	6,394,970
Other Revenues			
Other School District/Education Authorities	420,000	422,562	424,381
Funding from First Nations	1,873,644	2,443,160	1,873,644
Miscellaneous			
Cafeteria Revenue	600,000	643,398	641,835
BC Hydro Energy Grant	60,000	63,805	63,805
Child Care Fees	725,000	822,106	314,433
Miscellaneous	274,140	416,709	301,361
Total Other Revenue	3,952,784	4,811,740	3,619,459
Rentals and Leases	830,000	953,541	901,378
Investment Income	815,000	825,770	1,086,942
Total Operating Revenue	188,763,081	195,280,002	187,377,328

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2026

	2026 Budget (Note 14)	2026 Actual	2025 Actual
	\$	\$	\$
Salaries			
Teachers	80,725,277	81,317,084	79,769,835
Principals and Vice Principals	11,222,173	10,899,194	10,406,933
Educational Assistants	15,685,982	15,573,152	13,727,420
Support Staff	14,469,629	14,791,789	14,229,696
Other Professionals	6,492,977	6,305,166	5,878,908
Substitutes	8,355,404	8,834,417	7,926,191
Total Salaries	136,951,442	137,720,802	131,938,983
Employee Benefits	35,545,715	36,550,229	33,809,002
Total Salaries and Benefits	172,497,157	174,271,031	165,747,985
Services and Supplies			
Services	6,252,435	5,361,653	5,115,953
Student Transportation	143,314	134,832	146,589
Professional Development and Travel	1,261,513	1,089,273	1,105,169
Rentals and Leases	81,395	81,576	80,710
Dues and Fees	828,288	896,747	821,459
Insurance	480,000	466,792	447,374
Supplies	8,465,705	6,005,826	5,747,309
Utilities	2,840,000	2,785,635	2,589,068
Total Services and Supplies	20,352,650	16,822,334	16,053,631
Total Operating Expense	192,849,807	191,093,365	181,801,616

School District No. 68 (Nanaimo-Ladysmith)

Operating Expense by Function, Program and Object

Year Ended June 30, 2026

Schedule 2C (Unaudited)

	Teachers Salaries	Principals and Vice Principals Salaries	Educational Assistants Salaries	Support Staff Salaries	Other Professionals Salaries	Substitutes Salaries	Total Salaries
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	62,578,560	1,821,904	290,961		455,778	5,885,072	71,032,275
1.03 Career Programs			8,857				8,857
1.07 Library Services	2,679,568			323,038		160,191	3,162,797
1.08 Counselling	2,849,695		229,778		503,388	17,579	3,600,440
1.10 Special Education	10,654,702	121,467	13,044,605			1,254,447	25,075,221
1.20 Early Learning and Child Care			667,889			66,457	734,346
1.30 English Language Learning	488,689		101,715			3,245	593,649
1.31 Indigenous Education	1,744,623	158,000	1,083,611	52,708		132,658	3,171,600
1.41 School Administration	59,673	8,478,366		3,192,285		942,602	12,672,926
1.62 International and Out of Province Students	261,574	319,457		142,273	334,589	20,211	1,078,104
1.64 Other			40,539				40,539
Total Function 1	81,317,084	10,899,194	15,467,955	3,710,304	1,293,755	8,482,462	121,170,754
4 District Administration							
4.11 Educational Administration				249,219	1,061,548	1,200	1,311,967
4.20 Early Learning and Child Care				49,999	184,180		234,179
4.40 School District Governance				128,081	424,960		553,041
4.41 Business Administration				1,047,839	2,147,398	39,936	3,235,173
Total Function 4	-	-	-	1,475,138	3,818,086	41,136	5,334,360
5 Operations and Maintenance							
5.20 Early Learning and Child Care				15,111			15,111
5.41 Operations and Maintenance Administration			105,197	996,314	780,132	22,577	1,904,220
5.50 Maintenance Operations				6,602,344	279,885	284,044	7,166,273
5.52 Maintenance of Grounds				639,120			639,120
5.56 Utilities				89,163			89,163
Total Function 5	-	-	105,197	8,342,052	1,060,017	306,621	9,813,887
7 Transportation and Housing							
7.41 Transportation and Housing Administration				131,414	133,308		264,722
7.70 Student Transportation				1,132,881		4,198	1,137,079
Total Function 7	-	-	-	1,264,295	133,308	4,198	1,401,801
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	81,317,084	10,899,194	15,573,152	14,791,789	6,305,166	8,834,417	137,720,802

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2026

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2026 Actual	2026 Budget (Note 14)	2025 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	71,032,275	19,824,291	90,856,566	3,610,774	94,467,340	94,750,112	91,502,438
1.03 Career Programs	8,857	1,329	10,186	647,434	657,620	600,000	641,835
1.07 Library Services	3,162,797	851,835	4,014,632	105,545	4,120,177	4,029,566	3,835,171
1.08 Counselling	3,600,440	959,156	4,559,596	75,756	4,635,352	5,296,259	4,832,698
1.10 Special Education	25,075,221	6,560,057	31,635,278	483,712	32,118,990	30,946,167	28,532,490
1.20 Early Learning and Child Care	734,346	208,323	942,669	76,759	1,019,428	1,002,591	478,824
1.30 English Language Learning	593,649	149,481	743,130	493	743,623	766,250	1,117,245
1.31 Indigenous Education	3,171,600	795,496	3,967,096	210,511	4,177,607	5,037,132	4,447,272
1.41 School Administration	12,672,926	3,023,612	15,696,538	154,693	15,851,231	15,736,522	14,970,281
1.62 International and Out of Province Students	1,078,104	265,244	1,343,348	1,720,106	3,063,454	2,925,414	2,796,416
1.64 Other	40,539	14,387	54,926	1,281	56,207	1,000	70,390
Total Function 1	121,170,754	32,653,211	153,823,965	7,087,064	160,911,029	161,091,013	153,225,060
4 District Administration							
4.11 Educational Administration	1,311,967	264,281	1,576,248	219,670	1,795,918	2,065,646	2,266,014
4.20 Early Learning and Child Care	234,179	57,293	291,472	8,459	299,931	335,703	140,947
4.40 School District Governance	553,041	87,579	640,620	271,739	912,359	1,130,735	940,036
4.41 Business Administration	3,235,173	706,544	3,941,717	591,346	4,533,063	4,994,284	3,862,120
Total Function 4	5,334,360	1,115,697	6,450,057	1,091,214	7,541,271	8,526,368	7,209,117
5 Operations and Maintenance							
5.20 Early Learning and Child Care	15,111	4,036	19,147	23,206	42,353	24,800	19,669
5.41 Operations and Maintenance Administration	1,904,220	423,377	2,327,597	627,740	2,955,337	2,745,395	2,823,996
5.50 Maintenance Operations	7,166,273	1,829,985	8,996,258	4,364,208	13,360,466	14,318,214	12,639,367
5.52 Maintenance of Grounds	639,120	154,940	794,060	176,471	970,531	972,012	925,834
5.56 Utilities	89,163	21,348	110,511	2,886,007	2,996,518	3,062,188	2,787,668
Total Function 5	9,813,887	2,433,686	12,247,573	8,077,632	20,325,205	21,122,609	19,196,534
7 Transportation and Housing							
7.41 Transportation and Housing Administration	264,722	67,246	331,968	33,017	364,985	309,217	314,059
7.70 Student Transportation	1,137,079	280,389	1,417,468	533,407	1,950,875	1,800,600	1,856,846
Total Function 7	1,401,801	347,635	1,749,436	566,424	2,315,860	2,109,817	2,170,905
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	137,720,802	36,550,229	174,271,031	16,822,334	191,093,365	192,849,807	181,801,616

School District No. 68 (Nanaimo-Ladysmith)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2026

	2026 Budget (Note 14) \$	2026 Actual \$	2025 Actual \$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	28,560,135	27,685,353	24,606,228
Other		143,118	185,882
Other Revenue	3,639,358	4,220,911	4,070,217
Investment Income	60,000	64,453	84,666
Total Revenue	32,259,493	32,113,835	28,946,993
Expenses			
Instruction	29,054,575	29,786,807	26,720,488
District Administration	1,070,326	407,123	669,617
Operations and Maintenance	1,786,653	985,551	809,669
Transportation and Housing	347,939	329,497	262,675
Total Expense	32,259,493	31,508,978	28,462,449
Special Purpose Surplus (Deficit) for the year	-	604,857	484,544
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased		(604,857)	(484,544)
Total Net Transfers	-	(604,857)	(484,544)
Total Special Purpose Surplus (Deficit) for the year	-	-	-
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		-	-

School District No. 68 (Nanaimo-Ladysmith)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2026

Schedule 3A (Unaudited)

	Annual Facility Grant \$	Learning Improvement Fund \$	Special Education Equipment \$	School Generated Funds \$	Strong Start \$	Ready, Set, Learn \$	OLEP \$	CommunityLINK \$	Classroom Enhancement Fund - Overhead \$
Deferred Revenue, beginning of year	17,500	-	1,359	1,976,626	-	11,597	-	32,573	-
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	555,747	629,230			272,000	68,600	298,099	2,696,108	1,647,375
Provincial Grants - Other									
Other				3,812,550					
Investment Income				64,453					
	555,747	629,230	-	3,877,003	272,000	68,600	298,099	2,696,108	1,647,375
Less: Allocated to Revenue	573,247	629,230	1,359	3,911,839	272,000	62,555	298,099	2,699,189	1,647,375
Deferred Revenue, end of year	-	-	-	1,941,790	-	17,642	-	29,492	-
Revenues									
Provincial Grants - Ministry of Education and Child Care	573,247	629,230	1,359		272,000	62,555	298,099	2,699,189	1,647,375
Provincial Grants - Other									
Other Revenue				3,847,386					
Investment Income				64,453					
	573,247	629,230	1,359	3,911,839	272,000	62,555	298,099	2,699,189	1,647,375
Expenses									
Salaries									
Teachers									
Principals and Vice Principals							92,450	402,544	
Educational Assistants		473,481		17,151	201,187			1,570,928	194,092
Support Staff				15,662					464,164
Other Professionals									66,151
Substitutes		22,688		73,359		32,037	10,069	82,104	549,290
Employee Benefits	-	496,169	-	106,172	201,187	32,037	102,519	2,055,576	1,273,697
Services and Supplies	573,247	133,061		25,794	57,902	6,269	28,700	559,441	318,678
	573,247	629,230	1,359	3,721,630	12,911	24,249	110,929	84,172	55,000
	573,247	629,230	1,359	3,853,596	272,000	62,555	242,148	2,699,189	1,647,375
Net Revenue (Expense) before Interfund Transfers	-	-	-	58,243	-	-	55,951	-	-
Interfund Transfers									
Tangible Capital Assets Purchased				(58,243)			(55,951)		
	-	-	-	(58,243)	-	-	(55,951)	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-
Additional Expenses funded by, and reported in, the Operating Fund					43,549				

School District No. 68 (Nanaimo-Ladysmith)

Schedule 3A (Unaudited)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2026

	Classroom Enhancement Fund - Staffing	Classroom Enhancement Fund - Remedies	First Nation Student Transportation	Mental Health in Schools	Changing Results for Young Children (CR4YC)	Seamless Day Kindergarten	Early Childhood Education (ECE) Dual Credit Program	Strengthening Early Years to Kindergarten (SEY2KT)	Early Care & Learning (ECL)
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	282,654	58,341	-	1,578	-	14,909	23,203	-
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	17,638,849	915,545	289,596	51,000	-	55,400	-	-	525,000
Provincial Grants - Other									
Other									
Investment Income									
	17,638,849	915,545	289,596	51,000	-	55,400	-	-	525,000
Less: Allocated to Revenue	17,638,849	917,706	329,497	51,000	1,578	55,400	5,205	8,335	175,000
Deferred Revenue, end of year	-	280,493	18,440	-	-	-	9,704	14,868	350,000
Revenues									
Provincial Grants - Ministry of Education and Child Care	17,638,849	917,706	329,497	51,000	1,578	55,400	5,205	8,335	175,000
Provincial Grants - Other									
Other Revenue									
Investment Income									
	17,638,849	917,706	329,497	51,000	1,578	55,400	5,205	8,335	175,000
Expenses									
Salaries									
Teachers	13,932,740								
Principals and Vice Principals									144,063
Educational Assistants						41,655			
Support Staff			230,592						
Other Professionals									
Substitutes		751,792	7,840	8,689	1,276			3,893	
	13,932,740	751,792	238,432	8,689	1,276	41,655	-	3,893	144,063
Employee Benefits	3,706,109	165,914	63,421	2,352	288	13,745		758	30,937
Services and Supplies			27,644	39,959	14		5,205	3,684	
	17,638,849	917,706	329,497	51,000	1,578	55,400	5,205	8,335	175,000
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	-	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-
Additional Expenses funded by, and reported in, the Operating Fund									

School District No. 68 (Nanaimo-Ladysmith)

Schedule 3A (Unaudited)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2026

	Feeding Futures Fund	Health Career Grants	Professional Learning Grant	National School Food Program	Work Experience Enhancement	School Age Child Care Pilot	Project Penny	Other Misc. Grants	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	82,840	18,918	221,496	251,773	16,527	591,745	12,657	327,958	3,944,254
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	1,682,926	-	-	484,730	-	23,211			27,833,416
Provincial Grants - Other								142,000	142,000
Other								262,333	4,074,883
Investment Income									64,453
	1,682,926	-	-	484,730	-	23,211	-	404,333	32,114,752
Less: Allocated to Revenue	1,765,766	15,178	126,647	408,905	3,233	-	-	516,643	32,113,835
Deferred Revenue, end of year	-	3,740	94,849	327,598	13,294	614,956	12,657	215,648	3,945,171
Revenues									
Provincial Grants - Ministry of Education and Child Care	1,765,766	15,178	126,647	408,905	3,233				27,685,353
Provincial Grants - Other								143,118	143,118
Other Revenue								373,525	4,220,911
Investment Income									64,453
	1,765,766	15,178	126,647	408,905	3,233	-	-	516,643	32,113,835
Expenses									
Salaries									
Teachers	106,984								14,534,718
Principals and Vice Principals									338,155
Educational Assistants	288,175							33,628	2,626,205
Support Staff								10,428	720,846
Other Professionals	97,950								164,101
Substitutes	11,506	10,140	96,975					26,796	1,688,454
	504,615	10,140	96,975	-	-	-	-	70,852	20,072,479
Employee Benefits	150,045	2,293	19,836					10,066	5,295,609
Services and Supplies	1,105,410	2,745	9,836		3,233			359,663	6,140,890
	1,760,070	15,178	126,647	-	3,233	-	-	440,581	31,508,978
Net Revenue (Expense) before Interfund Transfers	5,696	-	-	408,905	-	-	-	76,062	604,857
Interfund Transfers									
Tangible Capital Assets Purchased	(5,696)			(408,905)				(76,062)	(604,857)
	(5,696)	-	-	(408,905)	-	-	-	(76,062)	(604,857)
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-
Additional Expenses funded by, and reported in, the Operating Fund									43,549

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2026

	2026 Budget (Note 14) \$	2026 Actual Invested in Tangible Capital Assets \$	Local Capital \$	Fund Balance \$	2025 Actual \$
Revenues					
Provincial Grants					
Ministry of Education and Child Care		270,464		270,464	598,421
Investment Income	170,000		229,613	229,613	237,849
Amortization of Deferred Capital Revenue	8,150,000	8,420,091		8,420,091	7,888,100
Total Revenue	8,320,000	8,690,555	229,613	8,920,168	8,724,370
Expenses					
Operations and Maintenance		270,464	268,665	539,129	795,507
Amortization of Tangible Capital Assets					
Operations and Maintenance	12,200,000	13,168,085		13,168,085	12,496,652
Debt Services					
Capital Lease Interest			37,286	37,286	49,099
Total Expense	12,200,000	13,438,549	305,951	13,744,500	13,341,258
Capital Surplus (Deficit) for the year	(3,880,000)	(4,747,994)	(76,338)	(4,824,332)	(4,616,888)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased		2,013,936		2,013,936	1,338,276
Tangible Capital Assets - Work in Progress				-	228,584
Local Capital	2,313,846		2,313,846	2,313,846	3,540,000
Capital Lease Payment			159,908	159,908	159,908
Total Net Transfers	2,313,846	2,013,936	2,473,754	4,487,690	5,266,768
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		1,484,840	(1,484,840)	-	
Tangible Capital Assets WIP Purchased from Local Capital		451,229	(451,229)	-	
Principal Payment					
Capital Lease		122,623	(122,623)	-	
Project Reclassification		(290,058)	290,058	-	
Total Other Adjustments to Fund Balances		1,768,634	(1,768,634)	-	
Total Capital Surplus (Deficit) for the year	(1,566,154)	(965,424)	628,782	(336,642)	649,880
Capital Surplus (Deficit), beginning of year		28,182,930	6,322,323	34,505,253	33,855,373
Capital Surplus (Deficit), end of year		27,217,506	6,951,105	34,168,611	34,505,253

School District No. 68 (Nanaimo-Ladysmith)

Tangible Capital Assets

Year Ended June 30, 2026

Schedule 4A (Unaudited)

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	16,063,545	377,257,378	18,907,218	7,018,899	32,470	7,122,471	426,401,981
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		9,471,464	532,940	921,359		66,183	10,991,946
Deferred Capital Revenue - Other		187,601	2,576,727				2,764,328
Operating Fund			613,843			795,236	1,409,079
Special Purpose Funds		40,553	497,164			67,140	604,857
Local Capital		45,274	676,846	109,091		653,629	1,484,840
Asset Retirement Obligation Adjustment		608,289					608,289
Transferred from Work in Progress		7,068,220	682,037				7,750,257
	-	17,421,401	5,579,557	1,030,450	-	1,582,188	25,613,596
Decrease:							
Deemed Disposals			355,952	49,861	32,470	1,185,098	1,623,381
	-	-	355,952	49,861	32,470	1,185,098	1,623,381
Cost, end of year	16,063,545	394,678,779	24,130,823	7,999,488	-	7,519,561	450,392,196
Work in Progress, end of year		13,120,434	308,567				13,429,001
Cost and Work in Progress, end of year	16,063,545	407,799,213	24,439,390	7,999,488	-	7,519,561	463,821,197
Accumulated Amortization, beginning of year		203,103,907	8,586,837	2,390,339	(1,962)	3,629,053	217,708,174
Changes for the Year							
Amortization for the Year		8,797,813	2,151,902	750,919	3,246	1,464,205	13,168,085
		8,797,813	2,151,902	750,919	3,246	1,464,205	13,168,085
Deemed Disposals			355,952	49,861	32,470	1,185,098	1,623,381
Written-off During Year							-
District Entered							-
	-	-	355,952	49,861	32,470	1,185,098	1,623,381
Accumulated Amortization, end of year		211,901,720	10,382,787	3,091,397	(31,186)	3,908,160	229,252,878
Tangible Capital Assets - Net	16,063,545	195,897,493	14,056,603	4,908,091	31,186	3,611,401	234,568,319

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2026

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year	9,069,783	880,345			9,950,128
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	8,701,550	669			8,702,219
Deferred Capital Revenue - Other	2,075,682				2,075,682
Local Capital	341,639	109,590			451,229
	11,118,871	110,259	-	-	11,229,130
Decrease:					
Transferred to Tangible Capital Assets	7,068,220	682,037			7,750,257
	7,068,220	682,037	-	-	7,750,257
Net Changes for the Year	4,050,651	(571,778)	-	-	3,478,873
Work in Progress, end of year	13,120,434	308,567	-	-	13,429,001

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2026

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	136,040,483	17,064,742	1,058,429	154,163,654
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	10,991,946	189,702	2,574,626	13,756,274
Transferred from Work in Progress	5,166,128	1,675,041	429,099	7,270,268
	16,158,074	1,864,743	3,003,725	21,026,542
Decrease:				
Amortization of Deferred Capital Revenue	7,374,333	656,214	389,544	8,420,091
	7,374,333	656,214	389,544	8,420,091
Net Changes for the Year	8,783,741	1,208,529	2,614,181	12,606,451
Deferred Capital Revenue, end of year	144,824,224	18,273,271	3,672,610	166,770,105
Work in Progress, beginning of year	5,984,919	2,399,927	429,098	8,813,944
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	8,702,219	1,716,973	358,709	10,777,901
Capital Additions already in Work in Progress	290,058			290,058
	8,992,277	1,716,973	358,709	11,067,959
Decrease				
Transferred to Deferred Capital Revenue	5,166,128	1,675,041	429,099	7,270,268
	5,166,128	1,675,041	429,099	7,270,268
Net Changes for the Year	3,826,149	41,932	(70,390)	3,797,691
Work in Progress, end of year	9,811,068	2,441,859	358,708	12,611,635
Total Deferred Capital Revenue, end of year	154,635,292	20,715,130	4,031,318	179,381,740

School District No. 68 (Nanaimo-Ladysmith)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2026

Schedule 4D (Unaudited)

	Bylaw Capital	MECC Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	1,188,643	2,828,034	3,387,190	583,279		7,987,146
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education and Child Care	19,436,338		1,853,320			21,289,658
Other				428,369	2,933,335	3,361,704
Investment Income		94,772		23,465		118,237
Transfer project surplus to MECC Restricted (from) Bylaw	(3,045)	3,045				-
	19,433,293	97,817	1,853,320	451,834	2,933,335	24,769,599
Decrease:						
Transferred to DCR - Capital Additions	10,991,946		189,702		2,574,626	13,756,274
Transferred to DCR - Work in Progress	8,702,219		1,716,973		358,709	10,777,901
Non Capital Expenditures	270,464					270,464
Capital Additions already in Work in Progress	290,058					290,058
	20,254,687	-	1,906,675	-	2,933,335	25,094,697
Net Changes for the Year	(821,394)	97,817	(53,355)	451,834	-	(325,098)
Balance, end of year	367,249	2,925,851	3,333,835	1,035,113	-	7,662,048