

Financial Statements of

VANCOUVER COMMUNITY COLLEGE

And Independent Auditor's Report thereon

Year ended March 31, 2026

Vancouver Community College

STATEMENT OF MANAGEMENT RESPONSIBILITY

The financial statements have been prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes of the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to 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 reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

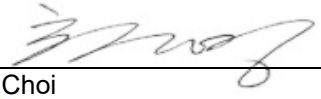
The Vancouver Community College Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Finance and Audit Committee. The Finance and Audit Committee reviews the internal financial statements on a quarterly basis and external audited financial statements yearly. The Finance and Audit Committee also discuss any significant financial reporting or internal control matters prior to their approval of Vancouver Community College's financial statements.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to management of Vancouver Community College and meet when required. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

Approved on behalf of Vancouver Community College:



Ajay Patel
President and CEO
May 27, 2026



Jamie Choi
Executive Director, Finance & CFO
May 27, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Vancouver Community College, and to the Minister of the Ministry of Post-Secondary Education and Future Skills, Province of British Columbia

Opinion

We have audited the financial statements of Vancouver Community College (the "Entity"), which comprise:

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

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

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2026 of the 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 that financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
May 27, 2026

VANCOUVER COMMUNITY COLLEGE

Statement of Financial Position

March 31, 2026, with comparative information for 2025

	2026	2025
Financial Assets		
Cash and cash equivalents	$ 85,370,248	$ 47,783,563
Investments (note 3)	19,523,536	55,756,460
Accounts receivable	6,210,295	7,758,713
Due from government and government organizations (note 4)	9,215,659	1,208,039
Inventories for resale	852,650	943,631
	121,172,388	113,450,406
Financial Liabilities		
Accounts payable and accrued liabilities (note 5)	58,648,577	46,995,913
Due to government and government organizations (note 4)	42,507	-
Employee future benefits (note 6)	3,468,000	3,407,800
Deferred tuition fees (note 7)	8,883,804	15,149,758
Deferred revenue (note 8)	42,201,097	38,903,596
Deferred capital contributions (note 9)	196,642,848	133,024,409
Asset retirement obligation (note 2(l))	4,862,938	4,862,938
Capital lease obligation (note 10)	-	3,993
	314,749,771	242,348,407
Net debt	(193,577,383)	(128,898,001)
Non-Financial Assets		
Tangible capital assets (note 11)	204,381,892	146,850,962
Inventories held for use	171,558	209,487
Prepaid expenses	2,075,747	1,406,168
	206,629,197	148,466,617
Accumulated surplus	$ 13,051,814	$ 19,568,616

Contractual obligations and contractual rights (notes 13 and 14)
Contingent liabilities (note 15)

See accompanying notes to financial statements.

Approved on behalf of the Board:

President

Chair of the Board

VANCOUVER COMMUNITY COLLEGE

Statement of Operations and Accumulated Surplus

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

	Budget (note 2(j))	2026	2025
Revenue:			
Province of British Columbia	$ 80,723,457	$ 82,472,575	$ 58,741,943
Federal Government grants and contracts	329,200	788,958	5,870,904
Tuition and student fees	69,450,751	71,626,571	98,423,666
Sales of goods and services	5,500,968	5,428,913	5,954,065
Other grants and contracts	296,576	951,990	1,176,569
Miscellaneous income	3,976,806	4,908,946	4,308,966
Investment income	3,847,500	3,040,555	4,593,643
Revenue recognized from deferred capital contributions	7,339,000	8,776,575	7,404,634
	171,464,258	177,995,083	186,474,390
Expenses: (note 16)			
Instruction and instructional support	163,136,935	175,505,979	177,076,321
Ancilliary operations	7,125,173	7,039,748	7,736,112
Special purpose	1,202,150	1,966,158	1,470,142
	171,464,258	184,511,885	186,282,575
Annual surplus (deficit)	-	(6,516,802)	191,815
Accumulated surplus, beginning of year	19,568,616	19,568,616	19,376,801
Accumulated surplus, end of year	$ 19,568,616	$ 13,051,814	$ 19,568,616

See accompanying notes to financial statements.

VANCOUVER COMMUNITY COLLEGE

Statement of Changes in Net Debt

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

	Budget (note 2(j))	2026	2025
Annual surplus	$ -	$ (6,516,802)	$ 191,815
Acquisition of tangible capital assets	(3,000,000)	(68,183,682)	(45,687,541)
Amortization of tangible capital assets	9,982,500	10,652,752	9,683,222
	6,982,500	(57,530,930)	(36,004,319)
Acquisition of inventories held for use	-	(171,558)	(209,487)
Acquisition of prepaid expenses	-	(2,075,747)	(1,406,168)
Use of inventories held for use	-	209,487	129,325
Use of prepaid expenses	-	1,406,168	1,086,609
	-	(631,650)	(399,721)
Decrease (increase) in net debt	6,982,500	(64,679,382)	(36,212,225)
Net debt, beginning of year	(128,898,001)	(128,898,001)	(92,685,776)
Net debt, end of year	$ (121,915,501)	$ (193,577,383)	$ (128,898,001)

See accompanying notes to financial statements.

VANCOUVER COMMUNITY COLLEGE

Statement of Cash Flows

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

	2026	2025
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ (6,516,802)	$ 191,815
Items not involving cash:		
Amortization of tangible capital assets	10,652,752	9,683,222
Revenue recognized from deferred capital contributions	(8,776,575)	(7,404,634)
Change in employee future benefits	60,200	138,800
Changes in non-cash operating working capital:		
Decrease in accounts receivable	1,548,417	1,451,771
Decrease in inventories for resale	90,981	198,695
Decrease (increase) in due from government and other government organizations	(8,007,620)	1,283,242
Increase in prepaid expenses	(669,579)	(319,559)
Increase (decrease) in inventories held for use	37,929	(80,162)
Increase (decrease) in accounts payable and accrued liabilities	11,652,664	(10,420,689)
Increase (decrease) in due to government and other government organizations	42,507	(28,361)
Decrease in deferred tuition fees	(6,265,954)	(1,987,715)
Increase (decrease) in deferred revenues	3,297,501	27,523,826
Net change in cash from operating activities	(2,853,579)	20,230,251
Investing activities:		
Redemption of investments	53,095,500	1,699,040
Purchase of investments	(16,862,576)	(50,858,000)
Net change in cash from investing activities	36,232,924	(49,158,960)
Capital activities:		
Acquisition of tangible capital assets	(68,183,682)	(45,687,541)
Net change in cash from capital activities	(68,183,682)	(45,687,541)
Financing activities:		
Principal payment on capital lease obligation	(3,993)	(134,043)
Deferred capital contributions received	72,395,015	33,010,370
Net change in cash from financing activities	72,391,022	32,876,327
Net (decrease) increase in cash and cash equivalents	37,586,685	(41,739,923)
Cash and cash equivalents, beginning of year	47,783,563	89,523,486
cash and cash equivalents, end of year	$ 85,370,248	$ 47,783,563

See accompanying notes to financial statements.

1. Authority, purpose and nature of operations:

Vancouver Community College (the "College") is a post-secondary educational institution funded in part by the Province of British Columbia and incorporated under the *College and Institute Act* on November 28, 1978. The College is a not-for-profit entity governed by a Board of Governors, the majority of whom are appointed by the provincial government of British Columbia. The College is exempt from income taxes under Section 149 of the *Income Tax Act*.

The College serves a diverse urban community by providing excellent programs and services that prepare learners for ongoing education, direct entry into employment, career advancement and greater participation in the community.

2. Significant accounting policies:

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

(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 supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

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

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian Public Sector Accounting Standards without any PS 4200 elections effective their first fiscal year commencing after January 1, 2012.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors. Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.

2. Significant accounting policies (continued):

(a) Basis of accounting (continued):

Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contributions have been met. For British Columbia taxpayer supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian Public Sector Accounting Standards which requires government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS 3410. As a result, revenue recognized in the Statement of Operations and Accumulated Surplus and certain related deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

(b) Cash and cash equivalents:

Cash and cash equivalents include highly liquid investments with a term to maturity of three months or less at the date of purchase and redeemable guaranteed investment certificates ("GICs").

(c) Financial instruments:

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

(*i*) *Fair value category:* Portfolio investments in equity instruments that are quoted in an active market and derivative instruments are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

(*ii*) *Cost category:* 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 trade date. Transaction costs related to the acquisition of investments is included in the cost of the related investments.

(*iii*) The College does not have any financial instruments that are recorded at fair value and hence does not have any remeasurement gains and losses. As a result, the College does not have a Statement of Remeasurement Gains and Losses.

2. Significant accounting policies (continued):

(c) Financial instruments (continued):

(*iv*) The following items are included in the cost category and measured as follows (continued):

(A) Accounts receivable are measured at amortized cost using the effective interest method.

(B) Investments are comprised of GICs which are capable of prompt liquidation and redeemable annually for the next 2-years. A portion of the investments are redeemable on an annual basis and are recorded at amortized cost based on the transaction price on the trade date. All interest income, gains and losses are recognized in the Statement of Operations and Accumulated Surplus in the period in which they arise.

(C) Accounts payable and accrued liabilities are measured at amortized cost using the effective interest method.

(d) Inventories for resale:

Inventories held for resale, including books and school supplies, are recorded at the lower of cost or net realizable value. Cost includes the original purchase cost, plus shipping and applicable duties. Net realizable value is the estimated selling price less any costs to sell. Inventories are written down to net realizable value when the cost of inventories is estimated not to be recoverable. When circumstances that previously caused inventories to be written down below cost no longer exist, the amount of write down previously recorded is reversed.

(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.

(*i*) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Interest during construction is capitalized whenever external debt is issued to finance the construction of tangible capital assets. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives shown below. Land is not amortized as it is deemed to have a permanent value.

Asset	Basis
Buildings	30 - 50 years
Building improvements	15 years
Furniture and equipment	5 years
Leasehold improvements	remaining lease term
Computer hardware and software	4 years
Computer equipment under capital lease	3 - 5 years

2. Significant accounting policies (continued):

(e) Non-financial assets (continued):

(*i*) Tangible capital assets (continued):

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

Tangible capital assets are written down when conditions indicate that they no longer contribute to the College's ability to provide goods and services.

Leases of tangible capital assets which transfer substantially all the benefits and risks of ownership are accounted for as leased tangible capital assets. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs. The maximum recorded value of the leased assets cannot exceed the leased property's fair value when determining the discount rate to be used.

(*ii*) Inventories held for use:

Inventories held for use are recorded at the lower of cost and replacement cost.

Cost includes the original purchase cost, plus shipping and applicable duties. Replacement cost is the estimated current cost to replace the items.

(*iii*) Prepaid expenses:

Prepaid expenses are recorded at cost and amortized over the period where the service benefits are received.

(f) Employee future benefits:

(*i*) The College and its employees make contributions to the College Pension and Municipal Pension Plans which are multi-employer joint trustee plans. These plans are defined benefit plans, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings. Defined contribution plan accounting is applied because the assets and liabilities of the plan are not segregated by employer. Contributions are expensed as they become payable.

(*ii*) Sick leave benefits are also available to the College's employees. The costs of these benefits are actuarially determined based on length of service and best estimates of benefit usage, retirement ages and expected future salary and wage increases. The obligation under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits. Actuarial gains and losses are amortized over the expected employee average remaining service life.

(*iii*) The College provides long service and gratuity benefits to the employees. The costs of these benefits are actuarially determined based on length of service and best estimates of benefit usage, retirement ages and expected future salary and wage increases.

2. Significant accounting policies (continued):

(f) Employee future benefits (continued):

(*iii*) (continued):

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

(*iv*) Employees who are retiring at age 55 or over and who receive pension under the provisions of the *Pension Act*, receive a benefit where the College pays for the premiums of Group Life Insurance coverage in the amount of $10,000 for a period of 5-years from the date of retirement.

(*v*) Certain College employees are entitled to the continuation of health and dental benefits while on disability leave. The costs of insured benefits reflected in these financial statements are the employer's portion of the insurance premiums owed for coverage of employees during the period.

The most recent valuation of the College's future employee benefits as described in (*ii*) to (*v*) was estimated by an actuarial valuation completed on March 31, 2026.

(g) Revenue recognition:

(*i*) Fees for services and sale of goods:

Revenues from transactions with performance obligations are recognized when (at a point in time) or as (over a period of time) the College satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

Revenues from transactions without performance obligations are recognized at realizable value when the College has the right to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

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

2. Significant accounting policies (continued):

(g) Revenue recognition (continued):

(*ii*) Contributions:

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

Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded in accordance with Regulation 198/2011 (note 2(a)) which requires that they be recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.

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

(*iii*) Investment income:

Investment income includes interest recorded on an effective interest method, realized gains and losses on the sale of investments, and write-downs on investments where the loss in value is determined to be other-than-temporary.

(h) Expense recognition:

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

(i) Foreign currency translation:

The College's functional currency is the Canadian dollar. Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities which were designated in the financial instruments fair value category (note 2(c)(*i*)) are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the Statement of Financial Position date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or Statement of Financial Position date is recognized in the Statement of Remeasurement Gains and Losses. There are no gains or losses as at March 31, 2026 (2025 - nil). As a result, the College does not have a Statement of Remeasurement Gains and Losses.

2. Significant accounting policies (continued):

(j) Budget information:

The budget information has been derived from the 2025/26 budget approved by the Board of Governors of the College on March 26, 2025. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Debt.

(k) Use of estimates:

The preparation of these financial statements in accordance with the financial reporting framework described in note 2(a) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and the disclosure of contingent assets and liabilities at the date of these financial statements, and revenue and expenses for the periods reported.

Key areas where management has made estimates and assumptions include the useful lives of tangible capital assets, amortization of related deferred capital contributions, the present value of employee future benefits, and provisions for contingencies and commitments. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(l) Asset retirement obligations:

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

(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's asset retirement obligation is primarily related to the removal of asbestos in buildings.

The estimate of the asset retirement obligation includes undiscounted costs directly attributable to the asset retirement activities and is recorded as a liability and increase to the related tangible capital assets. The amount capitalized in tangible capital assets is amortized using the amortization accounting policy outlined in note 2(e)(i).

The carrying value of the liability is reconsidered at each financial reporting date with changes to the timing or amount of the original estimate of cash flows recorded as an adjustment to the asset retirement obligation liability and tangible capital assets.

3. Investments:

Investments consist of:

(a) $154,533 - a GIC with a one-year term that bears interest at 2.5% per annum. This is held as security for the letter of credit with the City of Vancouver (note 13(a)).

(b) $237,500 - a GIC with a one-year term that bears interest at 2.5% per annum. This is held as security for the letter of credit with the City of Vancouver (note 13(a)).

(c) $730,748 - a GIC with a one-year term that bears interest at 2.7% per annum. This is held as security for the letter of credit with the City of Vancouver (note 13(a)).

(d) $2,900,755 (2025 - $4,660,960) - Five-in-One GIC with a $2,000,000 distribution amount redeemable annually in April that bears interest at 3.60% per annum. As at March 31, 2026, $4,000,000, from the $10,000,000 original amount plus reinvested interest totaling $900,755 remain outstanding. The redeemable portion of $2,000,000 in April 2026 has been classified as cash and cash equivalents with the remaining balance of $2,900,755 classified as investments.

(e) $5,000,000 - a GIC with a one-year term that bears interest at 2.8% per annum.

(f) $10,500,000 - a GIC with a one-year term that bears interest at 2.75% per annum.

4. Due from / to government and government organizations:

	2026	2025
Due from the Province of British Columbia	$ 8,230,028	$ 108,754
Due from the Federal Government	985,631	1,099,285
	$ 9,215,659	$ 1,208,039
Due to the Province of British Columbia	$ 42,507	$ -

The amounts due from / to government and government organizations are due on demand and are non-interest bearing.

5. Accounts payable and accrued liabilities:

	2026	2025
Accounts payable and accrued liabilities	$ 28,608,957	$ 17,996,315
Salaries and benefits payable	15,557,066	9,498,257
Accrued vacation payable	5,315,056	5,468,082
Student deposits	9,167,498	14,033,259
	$ 58,648,577	$ 46,995,913

5. Accounts payable and accrued liabilities (continued):

Accounts payable and accrued liabilities include a construction holdback of $7,479,433, which is expected to be released upon completion of the CCEAI building.

6. Employee future benefits:

(a) Pension plan:

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.

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.

The College paid $9,323,823 (2025 - $9,512,593) for employer contributions to the Plans in fiscal 2026.

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

6. Employee future benefits (continued):

(b) Employee future benefits:

(*i*) Certain employees of the College are entitled to sick leave benefits in accordance with the terms and conditions of their employment contracts. These include post-retirement benefits, benefits that are expected to be provided after employment but prior to retirement and which vest or accumulate during service; and compensated absence benefits, benefits paid during employment, including sick pay benefits that accumulate and are payable upon a future illness or injury-related absence.

The benefit expense associated with the covered benefits attributed to the accounting period is included in the College's Statement of Operations and Accumulated Surplus and the accrued benefit liability for the benefits attributed to employee service to the accounting date are included in the College's Statement of Financial Position.

(*ii*) Certain excluded employees (employed prior to August 2010) earn 3-days per year in addition to vacation in accordance with the terms and conditions of their employment contracts. The current gratuity plan for support staff ceased to accumulate as of December 31, 2016, and the balance of gratuity plan will not increase in the future.

(*iii*) Certain employees of the College are entitled to the continuation of extended health and dental benefits in accordance with the terms and conditions of their employment contracts. Coverage is extended to disabled employees, their spouses and dependent children while on disability. Faculty and exempt employees receive these benefits from their date of disability to the earlier of recovery from disability and return to work or age 65.

(*iv*) Employees who are retiring at age 55 or over and who receive pension under the provisions of the *Pension Act*, receive a benefit where the College pays for the premiums of Group Life Insurance coverage in the amount of $10,000 for a period of five years from the date of retirement.

	2026	2025
Balance, beginning of year	$ 5,131,900	$ 4,827,000
Current benefit cost	300,200	230,000
Interest cost	217,400	214,600
Benefits paid	(878,700)	(574,700)
Expense for long-term disability, health and dental benefits	222,100	102,900
Recognized actuarial (gain) loss	(107,500)	332,100
Accrued benefit obligation, end of year	$ 4,885,400	$ 5,131,900
Accrued benefit obligation, end of year consists of:		
Accrued obligation, end of year	$ 4,885,400	$ 5,131,900
Unamortized actuarial gain	(1,417,400)	(1,724,100)
Accrued benefit liability, end of year	$ 3,468,000	$ 3,407,800

6. Employee future benefits (continued):

(b) Employee future benefits (continued):

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

	2026	2025
Discount rate	4.60%	4.30%
Expected future base wage and salary increases	2.50%	2.50%

7. Deferred tuition fees:

Deferred tuition includes tuition received in advance of the related activity performed.

	Opening balance	Receipts during year	Recognized as revenue	2026
Deferred tuition	$ 15,149,758	$ 65,360,617	$ (71,626,571)	$ 8,883,804

	Opening balance	Receipts during year	Recognized as revenue	2025
Deferred tuition	$ 17,137,473	$ 96,435,951	$ (98,423,666)	$ 15,149,758

8. Deferred revenue:

Deferred revenue includes grants, contributions and contract fees received in advance of the related activity being performed.

	Opening balance	Receipts during year	Recognized as revenue	2026
Deferred contract fees	$ 6,986,230	$ 6,323,743	$ (6,426,412)	$ 6,883,561
Deferred contributions	31,917,366	16,061,953	(12,661,783)	35,317,536
Deferred revenue	$ 38,903,596	$ 22,385,696	$ (19,088,195)	$ 42,201,097

	Opening balance	Receipts during year	Recognized as revenue	2025
Deferred contract fees	$ 1,832,171	$ 14,996,050	$ (9,841,991)	$ 6,986,230
Deferred contributions	9,547,599	35,774,817	(13,405,050)	3,1917,366
Deferred revenue	$ 11,379,770	$ 50,770,867	$ (23,247,041)	$ 38,903,596

9. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of externally restricted grants and other funding received for the purchase of tangible capital assets. Amortization of deferred capital contributions is recorded as revenue in the Statement of Operations and Accumulated Surplus over the useful life of the related asset.

	2026	2025
Balance, beginning of year	$ 133,024,409	$ 107,418,673
Contributions received	63,707,963	32,926,526
Contributions accrued	8,687,051	83,844
	205,419,423	140,429,043
Less amortization to revenue	(8,776,575)	(7,404,634)
	$ 196,642,848	$ 133,024,409

Deferred capital contributions are comprised of the following:

	2026	2025
Unamortized capital contributions	$ 181,493,265	$ 116,939,433
Unspent contributions	15,149,583	16,084,976
	$ 196,642,848	$ 133,024,409

10. Capital lease obligation:

From fiscal 2018 to fiscal 2023, the College entered into various capital leases for computer and copier equipment. As at March 31, 2026, all such leases have been fully satisfied, and there are no remaining future minimum lease payments.

Capital lease obligation for computer and copier equipment as of March 31, 2025, was $4,011.

11. Tangible capital assets:

	Land	Buildings	Building improvements	Building - Construction in progress	Furniture and equipment	Computer hardware and software	Computer equipment under capital lease	2026 Total
Cost:								
Opening balance	$ 7,744,768	$149,277,585	$ 46,858,658	$ 43,811,082	$41,510,814	$ 25,124,887	$ 7,031,215	$ 321,359,009
Additions	-	-	5,134,043	57,340,671	4,086,480	1,622,488	-	68,183,682
Disposals	-	-	-	-	(24,719,979)	(20,641,372)	(7,031,215)	(52,392,566)
Closing balance	7,744,768	149,277,585	51,992,701	101,151,753	20,877,315	6,106,003	-	337,150,125
Accumulated amortization:								
Opening balance	-	97,672,810	16,210,352	-	30,973,756	22,623,410	7,027,719	174,508,047
Disposals	-	-	-	-	(24,719,979)	(20,641,372)	(7,031,215)	(52,392,566)
Amortization	-	2,581,559	3,295,046	-	3,562,230	1,210,421	3,496	10,652,752
Closing balance	-	100,254,369	19,505,398	-	9,816,007	3,192,459	-	132,768,233
Net book value	$ 7,744,768	$ 49,023,216	$ 32,487,303	$101,151,753	$11,061,308	$ 2,913,544	$ -	$ 204,381,892

	Land	Buildings	Building improvements	Building - Construction in progress	Furniture and equipment	Computer hardware and software	Computer equipment under capital lease	2025 Total
Cost:								
Opening balance	$ 7,744,768	$149,277,585	$ 41,546,759	$ 9,400,190	$36,860,404	$ 23,810,547	$ 7,031,215	$ 275,671,468
Additions	-	-	5,311,899	34,410,892	4,650,410	1,314,340	-	45,687,541
Disposals	-	-	-	-	-	-	-	-
Closing balance	7,744,768	149,277,585	46,858,658	43,811,082	41,510,814	25,124,887	7,031,215	321,359,009
Accumulated amortization:								
Opening balance	-	95,079,295	13,263,510	-	27,971,019	21,615,650	6,895,351	164,824,825
Disposals	-	-	-	-	-	-	-	-
Amortization	-	2,593,515	2,946,842	-	3,002,737	1,007,760	132,368	9,683,222
Closing balance	-	97,672,810	16,210,352	-	30,973,756	22,623,410	7,027,719	174,508,047
Net book value	$ 7,744,768	$ 51,604,775	$ 30,648,306	$ 43,811,082	$10,537,058	$ 2,501,477	$ 3,496	$ 146,850,962

12. Associated organization:

The Vancouver Community College Foundation (the "Foundation") is a separate society formed to raise funds to further the interests of the College and to provide scholarships and bursaries for students of the College. The College does not control the Foundation; therefore, the Foundation's assets, liabilities, revenues and expenses are not included in these financial statements.

The College had the following transactions with the Foundation:

	2026	2025
Foundation contributed awards and bursaries to the College	$ 1,118,430	$ 665,539
Foundation provided project funding and equipment to the College	1,051,691	238,125
Foundation reimbursed the College for salaries expenses	373,281	1,005,633
College contributed grants to the Foundation for operating expenses	782,085	1,310,707

As of March 31, 2026, the College had accounts receivable from the Foundation of $130,882 (2025 - $312,265) for expenses that were paid for by the College on behalf of the Foundation. At March 31, 2026, the Foundation had net assets of $29,036,158 (2025 - $28,432,000).

For the year ended March 31, 2026, gift-in-kind donations from the Foundation to the College were $221,726 (2025 - $62,607).

The College contributed $450,000 (2025 - $450,000) to the Foundation for the restricted purpose of future campus projects and $506,000 (2025 - $1,145,000) for the entrance awards for the College's students.

13. Contractual obligations:

(a) Building construction contracts:

During the year ended March 31, 2026, the College started construction of the Center for Clean Energy and Automotive Innovation ("CCEAI") building. At year end, the College has three outstanding letters of credit with the City of Vancouver totaling $1,121,781, secured by term deposits (notes 3(a) to 3(c)).

These letters of credit are expected to remain in place until the respective obligations have been satisfied:

(i) $154,533 for the provision of three shared vehicles through Modo, a car-share service;

(ii) $237,500 for the completion of Phase II of the campus redevelopment; and

(iii) $730,748 for off-site street improvements associated with the property at 1111 East 7th Avenue.

13. Contractual obligations (continued):

(a) (continued):

The College has entered into a number of long-term service contracts for the construction of the CCEAI building as part of the College's campus redevelopment building in construction project (note 11). These contracts have total expected payments as follows:

2027	$ 124,010,771
2028	48,128,002
2029	37,323
	$ 172,176,096

The College has entered into a series of contractual agreements with Bird Construction, the construction management firm engaged for the CCEAI building project. The total value of these commitments is $243,479,356, exclusive of Goods and Services Tax ("GST"). These agreements will remain in effect until the completion of the project, which is scheduled for January 2028. At this time, the annual allocation of these obligations cannot be reasonably determined, as the amounts are contingent upon the progress of the construction.

(b) Service contracts:

The College entered into a number of long-term service contracts for equipment rentals and services with expected payments as follows:

2027	$ 4,103,154
2028	1,741,220
2029	1,274,145
2030	31,914
2031	15,957
	$ 7,166,390

14. 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's contractual rights arise from contracts entered into to lease building space and to provide educational services.

The following table summarize the contractual rights of the College for future assets:

2027	$ 1,341,831
2028	898,281
	$ 2,240,112

15. Contingent liabilities:

The College is currently engaged in or party to certain pending matters and the outcome of which cannot be determined. A reasonable estimate of these future contingent liabilities is made and recorded in the financial statements as a liability where the outcome is assessed as likely and the amount is determinable. No amounts are recorded where the outcomes of amounts or losses are uncertain.

16. Expenses by object:

The following is a summary of expenses by object:

	2026	2025
Salaries and benefits	$ 135,268,665	$ 134,416,210
Supplies and services	27,389,208	30,435,338
Building and telecom	8,035,719	8,117,930
Cost of goods sold	3,165,541	3,629,876
Amortization	10,652,752	9,683,221
	$ 184,511,885	$ 186,282,575

Salaries and benefits include one-time restructuring costs, early retirement incentives, and voluntary departure incentives paid to its eligible faculty, CUPE employees and college administration. These costs were incurred due to lower enrolment in a number of programs resulting from IRCC policy changes. These one-time costs amount to $5,353,986.

17. Financial risk management:

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

The Board of Governors ensures that the College has identified its major risks and ensures that management monitors and controls them.

(a) Credit risk:

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

The College assesses these financial assets, on a continuous basis for any amounts that are not collectible or realizable.

Cash and cash equivalents and investments are held with reputable financial institutions and the Province of British Columbia's Central Deposit Program from which management believes the risk of loss to be remote.

17. Financial risk management (continued):

(b) Market and interest 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 risk.

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.

It is management's opinion that the College is not exposed to other significant market risks or interest rate risk arising from its financial instruments.

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