

Financial Statements Discussion and Analysis

For the year ended June 30, 2026



With deep gratitude and respect, we are honoured to be learning and unlearning on the ancestral and unceded lands of the xʷməθkʷəy̓əm (Musqueam), Skwxwú7mesh Úxwumixw (Squamish Nation) & səlilwətał (Tsleil-Waututh Nation).

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Introduction

The Vancouver School Board (VSB) is proud to provide exceptional learning experiences for students. As a large, urban school district, VSB is one of Canada's most diverse school systems.

We are privileged to work closely with the three Host Nations, *xʷməθkʷəy̓əm (Musqueam)*, *Skwxwú7mesh Úxwumixw (Squamish Nation)* & *salilwatał (Tsleil-Waututh Nation)*. We embrace Indigenous ways of knowing and learning and work to expand Indigenous perspectives across the curriculum and within our 110 schools and programs, where more than 52,000 students learn and grow.

Equity and inclusivity are at the forefront of our approach to education. More than 7,700 staff work to create learning environments where every student thrives by prioritizing students' needs, applying evidence-informed practices and building relationships.

VSB's culture reflects the diversity of our city. Students enrolled in VSB come from varied backgrounds and lived experiences and are encouraged to explore and share their unique selves and gifts. Our commitment to students goes beyond academics. Students' overall well-being and sense of belonging are equally important. We strive to build a school system where every student can be their authentic self and succeed throughout their learning journey. In doing this work, we champion equity and accountability by making evidence-based decisions. As a learning community, we seek to continually improve student outcomes in service to them, their families and the broader community.

Visit our [website](#) to learn more about VSB, including our schools, programs and services.

This report provides a discussion and analysis of the school district's financial results for the fiscal year ending June 30, 2026. It summarizes the school district's financial activities based on current information, decisions and conditions. The financial results for this year are compared with those of the fiscal year ending June 30, 2025 and the amended annual budget for the 2025-26 fiscal year. This report should be read alongside the school district's audited financial statements for the year ending June 30, 2026.

Education Plan

VSB's [Education Plan](#), created through consultation with students, their families, staff and stakeholders, guides the school district's work. The Board approved the following statements, goals and objectives, which are included in [Policy 1 – Foundational Statements](#).

Values Statement

VSB believes an effective public education system will prepare students to be active, productive, and socially responsible citizens. Students who complete their education with VSB should possess a strong educational foundation; be disposed to treat others with respect and work cooperatively with them; act upon the values and principles that make us human; care for themselves, for others, and for the planet; and exercise a critical intelligence adaptable to new situations.

VSB will foster school communities where students can learn, see themselves, feel supported and connected so that they develop a love of learning and become lifelong learners.

Equity Statement

VSB – a large, urban school district located on the unceded, traditional lands of the xʷməθkʷəy̓əm (Musqueam), Skwxwú7mesh Úxwumixw (Squamish Nation) and səliłwətał (Tsleil-Waututh Nation) – respects and supports Indigenous ways of knowing and learning.

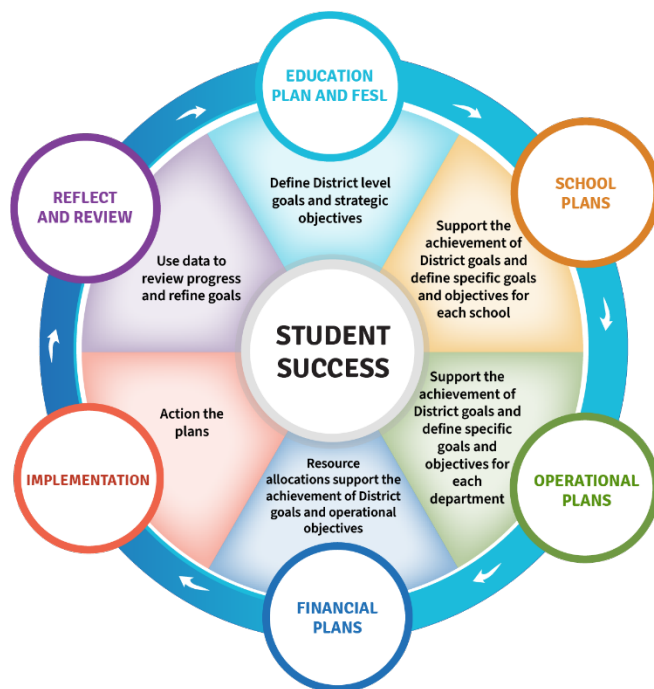
VSB will create an equitable learning environment where every child can experience a deep sense of belonging and is free to pursue pathways of learning in ways that are authentic to themselves. The VSB will achieve this by:

- having students see themselves and their communities in the curriculum and in the staff throughout the district;
- prioritizing student needs by making informed decisions and engaging in open communication with rights holders and stakeholders; and
- actively fighting systems of oppression through relationship building, ongoing communication and transparency.

Goals and Priorities

The Education Plan provides direction for the financial planning process as Goal 2 indicates that “improving stewardship of the district’s resources by focusing on effectiveness, efficiency and sustainability” is essential for VSB to achieve its goal of increasing equity.

The [Framework for Enhancing Student Learning](#) identifies the link between effective planning and enhanced student learning and success. The document includes a commitment to inherent rights holders and Indigenous peoples, education partners and communities to work together to continuously improve student learning.





Financial Statements Discussion and Analysis

The Financial Statements Discussion and Analysis should be read in conjunction with the audited financial statements of School District No. 39 (Vancouver) for the year ended June 30, 2026.

The purpose of the Financial Statements Discussion and Analysis is to highlight information and provide explanations that enhance the reader's understanding of the school district's financial statements and the factors that influenced the financial results presented in these statements.

While the preparation and presentation of the Financial Statements Discussion and Analysis is not a legislative requirement, they are recommended by the Ministry of Education and Child Care (MECC).

The preparation of the Financial Statements Discussion and Analysis is the responsibility of school district management.

Accounting Policies

The financial statements of School District No. 39 (Vancouver) 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. Significant accounting and reporting practices are summarized in Note 2 of the financial statements. These include the following:

- operating expenses are recorded in the year the good or service is received;
- operating grants are not restricted in use and are recorded as revenue when received or receivable;
- restricted contributions are recorded as deferred contributions until the funds are expended;
- contributions for capital projects are recorded as deferred capital contributions once they are invested in capital assets; and
- capital assets and deferred capital contributions are amortized over the estimated useful life of the assets.

The school district uses the following funds to meet reporting requirements:

OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND
The operating fund includes operating grants and other revenues used to fund instructional programs, school and district administration, facilities operations, maintenance, and transportation.	Special purpose funds consist of targeted funding provided to the school district for a specific purpose. Pursuant to Sections 156(4) and (5) of the <i>School Act</i> , each special purpose fund must be accounted for in accordance with the terms of that special purpose fund. Treasury Board Restricted Contribution Regulation 198/2011, issued in November 2011, defines a restricted contribution as “a contribution that is subject to a legislative or contractual stipulation or restriction as to its use.”	Capital funds include facilities (purchases and enhancements) and equipment (purchases) that are funded by ministry capital grants, operating funds and special purpose funds. An annual deficit in the capital fund that is a result of amortization expense and budgeted capital assets purchased from operating and special purpose funds exceeding the amortization of deferred capital revenue, plus budgeted local capital revenue is permitted under the Accounting Practices Order of the ministry.

Statement of Financial Position

The following table provides a comparative analysis of the school district's net financial position for fiscal years ending June 30, 2022, through June 30, 2026.

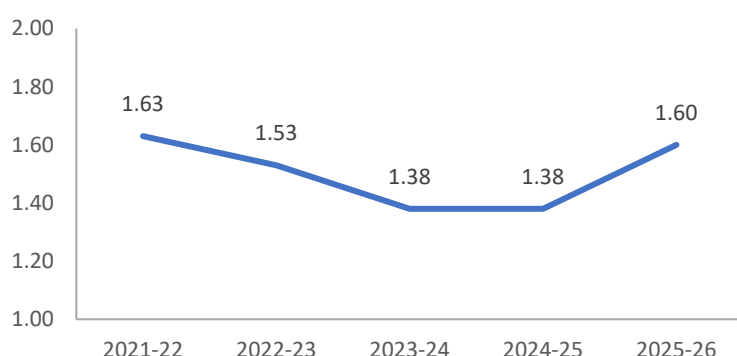
Figure 1 – Statement of Financial Position

(\$ millions)	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Actual
Financial Assets					
Cash and cash equivalents	\$ 246.30	\$ 260.85	\$ 207.57	\$ 204.88	\$ 275.04
Accounts receivable					
Due from MECC	10.26	5.70	5.39	5.18	8.93
Due from Province– Other	-	0.09	0.14	-	-
Other	8.50	18.79	32.45	30.17	7.31
Portfolio Investments	0.42	0.44	50.40	30.21	31.81
Total Financial Assets	265.48	285.87	295.95	270.44	323.09
Liabilities					
Accounts payable and Accrued Liabilities					
Due to Province– MECC	\$ -	\$ -	\$ -	\$ -	\$ 0.53
Due to Province– Other	0.61	0.64	0.23	0.23	0.20
Other	83.91	87.40	115.57	93.38	106.72
Unearned Revenue	52.61	56.32	57.06	63.08	58.97
Deferred Revenue	25.38	42.29	41.66	38.96	35.92
Deferred Capital Revenue	860.97	917.56	953.31	966.41	1,016.11
Employee Future Benefits	32.39	33.24	33.85	33.89	33.05
Asset Retirement Obligation	67.12	67.12	66.97	70.32	79.68
Capital Lease Obligation	5.52	3.68	2.57	2.61	1.10
Other	0.10	-	-	-	-
Total Liabilities	1,128.61	1,208.25	1,271.22	1,268.88	1,332.28
Net Debt	(863.13)	(922.38)	(975.27)	(998.44)	(1,009.19)
Non-Financial Assets					
Tangible Capital Assets	1,007.48	991.05	1,045.75	1,056.65	1,064.41
Prepaid Expenses	1.41	1.69	3.05	3.02	3.11
Supplies Inventory	0.99	1.11	1.29	1.41	1.47
Total Non-Financial Assets	1,009.88	993.85	1,050.09	1,061.08	1,068.99
Accumulated Surplus (Deficit)	\$ 146.75	\$ 71.47	\$ 74.82	\$ 62.64	\$ 59.80

Financial Assets to Current Liabilities Ratio

As at June 30, 2026, VSB's financial assets to current liabilities ratio was 1.60. This ratio compares total financial assets to accounts payable, unearned revenue, and deferred revenue and indicates a strong liquidity position and an ability to meet short-term obligations using existing financial resources.

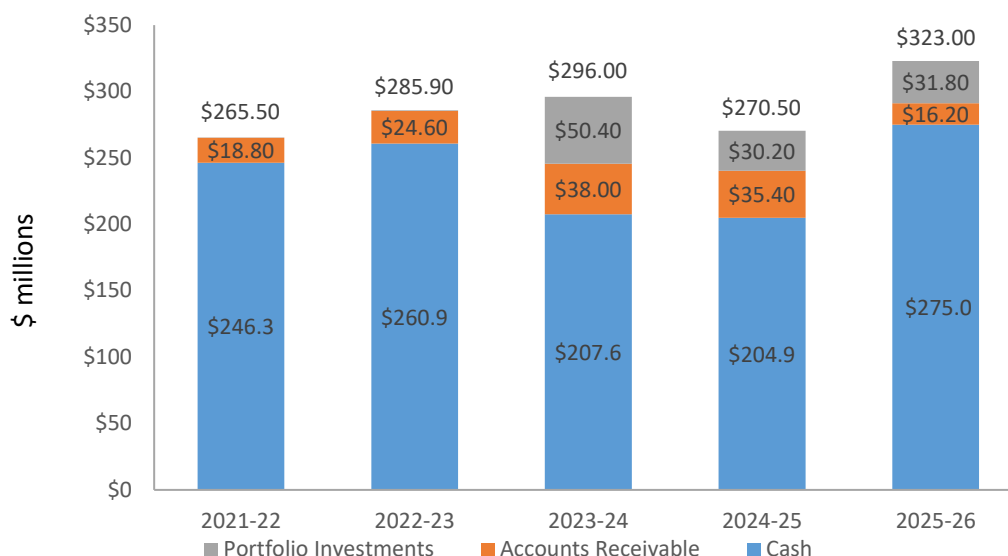
Figure 2 – Financial Assets to Current Liabilities Ratio



Financial Assets

Financial assets include cash and cash equivalents, accounts receivable and portfolio investments.

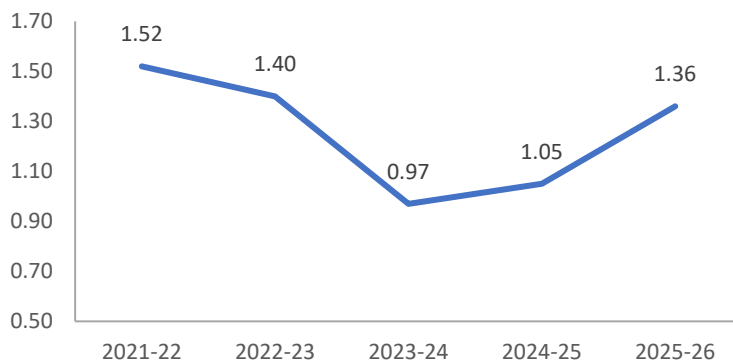
Figure 3 – Financial Assets



Cash and Cash Equivalents

Cash and cash equivalents comprise \$275.04 million (2025 – 204.88 million) of the \$323.09 million (2025 – \$270.44 million) of financial assets as at June 30, 2026. VSB earns interest on cash balances held with the Bank of Montreal and on deposits invested through the Provincial Central Deposit Program, with rates generally linked to the Bank of Canada's target overnight rate.

Figure 4 – Cash Ratio



The cash ratio, which measures cash and cash equivalents as a proportion of current liabilities, increased to 1.36 in 2025-26 from 1.05 in the prior year. The increase was primarily attributable to higher cash and cash equivalent balances at year-end. Growth in accounts payable and accrued liabilities of \$13.80 million partially offset this improvement.

Accounts Receivable

VSB's accounts receivable was \$16.24 million as at June 30, 2026, compared to \$35.35 million a year ago.

Figure 5 – Accounts Receivable

(\$ millions)	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Actual
Due from MECC	\$ 10.26	\$ 5.70	\$ 5.39	\$ 5.18	\$ 8.93
Due from Province - Other	-	0.09	0.14	-	-
Due from Federal Government	0.40	0.52	0.49	1.25	-
Due from Municipalities	3.63	10.65	18.05	19.69	0.02
Due from Other School Districts	-	0.20	0.30	0.19	0.24
Rentals and Leases	40.90	48.46	56.77	3.99	0.60
Other Receivables	3.96	7.36	13.20	5.05	6.97
	59.15	72.98	94.34	35.35	16.76
Allowance for Doubtful Accounts	(40.39)	(48.40)	(56.36)	-	(0.52)
	\$ 18.76	\$ 24.58	\$ 37.98	\$ 35.35	\$ 16.24

The receivable from MECC includes anticipated funding for eligible capital project expenditures incurred prior to year-end and estimated funding related to labour settlements for unionized employee groups other than teachers, including the Vancouver Adult Educators' Association, the Canadian Union of Public Employees Local 407, the Canadian Union of Public Employees Local 15, the International Union of Operating Engineers Local 963, and the Trades Bargaining Council.

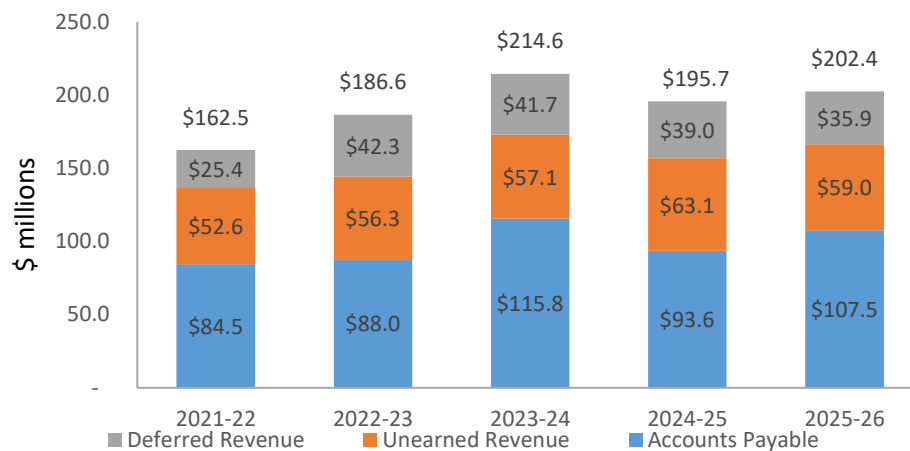
The amounts Due from Municipalities are for construction costs of child care spaces funded by City of Vancouver and built on VSB school grounds.

As noted in the Risk Factors section below, on December 22, 2024, the court set aside an arbitration award related to market value of Kingsgate Mall for setting rent on the property. As a result of this ruling, VSB now invoices the tenant a lower amount and the balance due from the tenant based on the arbitration award has been reduced with a corresponding reduction in the allowance for doubtful accounts. Previously, VSB had been invoicing the tenant based on an arbitration ruling and the tenant had been paying a lower rental amount which resulted in the difference being included in the allowance for doubtful accounts.

Current Liabilities

Current liabilities include accounts payable, unearned revenue and deferred revenue.

Figure 6 – Current Liabilities



Accounts Payable

Accounts payable and accrued liabilities totalled \$107.5 million as at June 30, 2026, compared to \$93.6 million a year ago. The current year balance includes City of Vancouver accrual of \$11 million for the Coal Harbour mixed use development which includes cəwās Ch'elxwá7elch Skwuláwtxw Seaside elementary school. The project was completed in July 2026 and students will begin attending the school in September 2026.

Figure 7 – Accounts Payable

(\$ millions)	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Actual
Due to Province	\$ 0.61	\$ 0.64	\$ 0.23	\$ 0.23	\$ 0.73
Accrued vacation payable	11.20	11.27	11.43	12.01	10.73
Salaries and benefits payable	36.52	40.36	43.98	46.92	56.67
Trade payables	16.51	15.39	12.91	9.24	19.91
Other	19.68	20.38	47.25	25.21	19.41
	<u>\$ 84.52</u>	<u>\$ 88.04</u>	<u>\$ 115.80</u>	<u>\$ 93.61</u>	<u>\$ 107.45</u>

The year-over-year increase of \$9.75 million in Salaries and Benefits reflects higher employer contribution rates for extended health and dental benefits, as well as general wage increases. This includes approximately \$5.0 million related to retroactive salary adjustments for collective agreements that had not yet been finalized as of June 30, 2026.

Unearned Revenue

Unearned Revenue represents amounts that have been collected by the school district in advance of providing the related programming or service. These unearned revenues are comprised of international student tuition fees, prepaid program of choice fees and facilities rentals and leases.

In November 2024, VSB, with ministry approval, finalized a 99-year ground lease with Vittori Developments Ltd. for the southern portion of Sir Sandford Fleming (Fleming). In alignment with PSAB revenue recognition principles, the gross proceeds of \$8.52 million had been recorded as unearned revenue and VSB will recognize these lease proceeds over the term of the ground lease. The annual lease income of approximately \$86 thousand will be recognized as lease revenue in Local Capital. At the end of fiscal year 2026, the remaining unearned lease revenue balance is \$8.23 million.

Deferred Revenue

Deferred Revenue consists of non-capital amounts that are subject to a legislative or contractual stipulation or restriction as to their use. These amounts will be recognized as revenue in the special purpose fund when eligible expenses are incurred. Details on the deferred revenue balances are provided in the table below.

Figure 8 – Deferred Revenue

(\$ millions)	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Actual
Annual Facility Grant (AFG)	\$ -	\$ -	\$ -	\$ -	\$ 0.12
Assistive Technology BC (AT-BC)	10.64	12.23	13.61	14.47	15.00
Communication Assistance for Youth and Adults (CAYA)	3.65	18.93	16.44	12.82	8.96
Classroom Enhancement Fund (CEF)	0.89	1.32	1.37	1.39	1.30
CommunityLINK	0.38	0.37	0.06	0.58	0.35
CommunityLINK - Other	0.78	0.47	0.44	0.41	0.34
Dual Credit Program Expansion					0.24
Early Childhood Education Dual Credit Program	-	-	-	0.07	0.06
Early Care & Learning (ECL)	0.04	0.09	0.06	0.03	0.34
Learning Improvement Fund (LIF)	0.48	0.59	0.59	0.83	1.08
Mental Health in School	0.05	0.04	-	0.03	0.03
Miscellaneous	0.65	0.63	0.51	0.66	0.79
National School Food Program				0.12	0.27
Official Languages in Education French Program (OLEP)	0.19	0.18	0.25	0.18	0.09
Professional Learning Grant				0.20	0.16
Provincial Resource Centre for the Visually Impaired (PRCVI)	0.63	0.86	1.01	1.25	0.96
Provincial Resource Programs (PRP)	0.31	0.28	0.15	0.15	0.13
Ready, Set, Learn	-	-	-	0.04	0.03
Safe Return to School	1.08	-	-	-	-
Scholarships and Bursaries	0.53	0.57	0.56	0.58	0.57
School Generated Funds	4.02	3.85	4.36	4.48	4.87
Seamless Day Kindergarten Funding	-	0.05	-	-	0.03
Settlement Workers in School (SWIS)	0.39	0.30	-	-	-
Strengthening early Years Transition to Kindergarten Transition (SEY2KT)	-	-	-	0.03	-
Special Education Technology (SET-BC)	0.67	0.49	0.21	0.19	0.10
Student & Family Affordability Fund	-	1.04	2.04	0.40	-
Strong Start	-	-	-	-	0.03
Work Experience Grant	-	-	-	0.05	0.07
	<u>\$ 25.38</u>	<u>\$ 42.29</u>	<u>\$ 41.66</u>	<u>\$ 38.96</u>	<u>\$ 35.92</u>

Deferred Capital Revenue

Deferred Capital Revenue (DCR) is accounted for in accordance with Treasury Board Regulation 198/2011. These contributions are recorded as DCR and over time this liability is reduced and recognized as revenue over the expected life of the asset acquired. The DCR balance consists of amounts related to completed capital projects, work in progress and contributions received that have not been spent. Capital grants received and related interest income are initially accounted for as unspent DCR.

The balance in DCR related to completed projects is amortized to revenue throughout the expected life of the completed assets. The balance in DCR is explained in the following table.

Figure 9 – Deferred Capital Revenue (DCR)

(\$ millions)	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Actual
Deferred Capital Revenue, beginning of year	\$ 624.65	\$ 669.33	\$ 754.01	\$ 870.74	\$ 901.50
Transferred from DCR, Work in Progress	67.11	109.23	141.50	62.76	31.39
Other items, net	-	-	1.76	(0.29)	-
Transfers from DCR to DCR, Unspent	-	-	-	(1.42)	-
Amount Recognized in Revenue	(22.43)	(24.55)	(26.53)	(30.29)	(31.18)
Deferred Capital Revenue, end of year	669.33	754.01	870.74	901.50	901.71
DCR, Work in Progress, beginning of year	116.29	149.53	120.56	59.82	44.09
Transfers from Deferred Revenue, unspent	100.35	80.26	80.76	47.59	42.93
Transferred to DCR, completed projects	(67.11)	(109.23)	(141.50)	(62.76)	(31.39)
Write-off/down of Buildings and Sites	-	-	-	(0.56)	-
Settlement of asset retirement obligation	-	-	-	-	(0.28)
DCR, Work in Progress, end of year	149.53	120.56	59.82	44.09	55.35
DCR, Unspent, beginning of year	42.12	42.11	42.99	22.75	20.82
Provincial Grants	94.56	70.38	51.85	40.98	35.95
Other Grants	5.21	8.75	8.55	3.56	0.92
Investment Income	0.51	2.01	2.39	0.94	1.86
Transfers to DCR, WIP	(100.35)	(80.26)	(80.92)	(47.59)	(42.93)
Transfers from DCR to DCR, Unspent	-	-	-	1.42	-
99 Year Lease Queen Elizabeth Annex	-	-	-	-	42.72
Other items, net	0.06	-	(2.11)	(1.24)	(0.29)
DCR, Unspent, end of year	42.11	42.99	22.75	20.82	59.05
TOTAL	\$ 860.97	\$ 917.56	\$ 953.31	\$ 966.41	\$ 1,016.11

During the year, \$31.39 million was transferred from DCR, Work in Progress to DCR for completed projects. This included \$13.00 million for completed facility renewal and maintenance projects funded through the Annual Facility Grant, \$13.36 million for the Henry Hudson Elementary addition and seismic replacement project, \$2.54 million for the David Lloyd George Elementary seismic replacement project, \$1.04 million for projects funded under the Carbon Neutral Capital Program, and \$0.46 million for new child care spaces. Additional details are provided in the capital fund section.

Other Liabilities

Other liabilities include employee future benefits, asset retirement obligations and capital lease obligations.

Employee Future Benefits

Employee Future Benefits is a liability that measures the estimated future cost to the school district to provide employee benefits such as retirement allowances, vacation and sick pay, as well as other leave benefits. The annual increase is linear and predictable, suggesting that the cost of benefits increases over time as wages increase and the workforce ages. MECC provides this amount annually to the school district based on actuarial valuations and the school district's benefit plans. Although no plan assets are uniquely identified, the school district provided for the payment of these benefits.

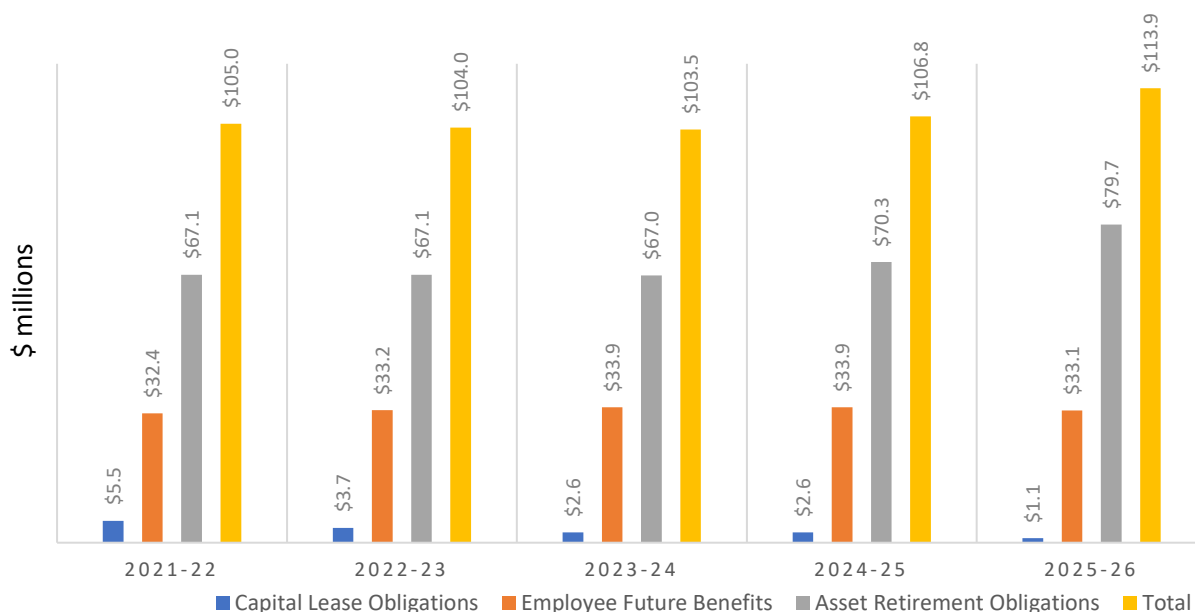
Asset Retirement Obligations

The school district adopted a new accounting standard in 2023 using the modified retroactive approach as at July 1, 2022, related to legal liabilities that exist for the removal and disposal of asbestos, harmful lead in paint and other environmentally hazardous materials within some school district-owned buildings that will undergo major renovations or demolition in the future. A reasonable estimate of the fair value of the obligation has been recorded in the current year.

Capital Lease Obligations

Capital Lease Obligations decreased by \$1.5 million during the year, due to leases expiring June 30, 2026 for fleet vehicles and computer hardware.

Figure 10 – Other Liabilities



Tangible Capital Assets

The school district undertakes capital work each year by upgrading and extending the life of existing buildings. The funds expended on these capital projects, as well as those spent on furniture and equipment, vehicles and computer hardware and software are reported as tangible capital assets. The costs of these assets are amortized over their expected useful lives.

These assets are deemed to be disposed of at the end of their useful life and the asset value and corresponding accumulated amortization are removed from the asset register.

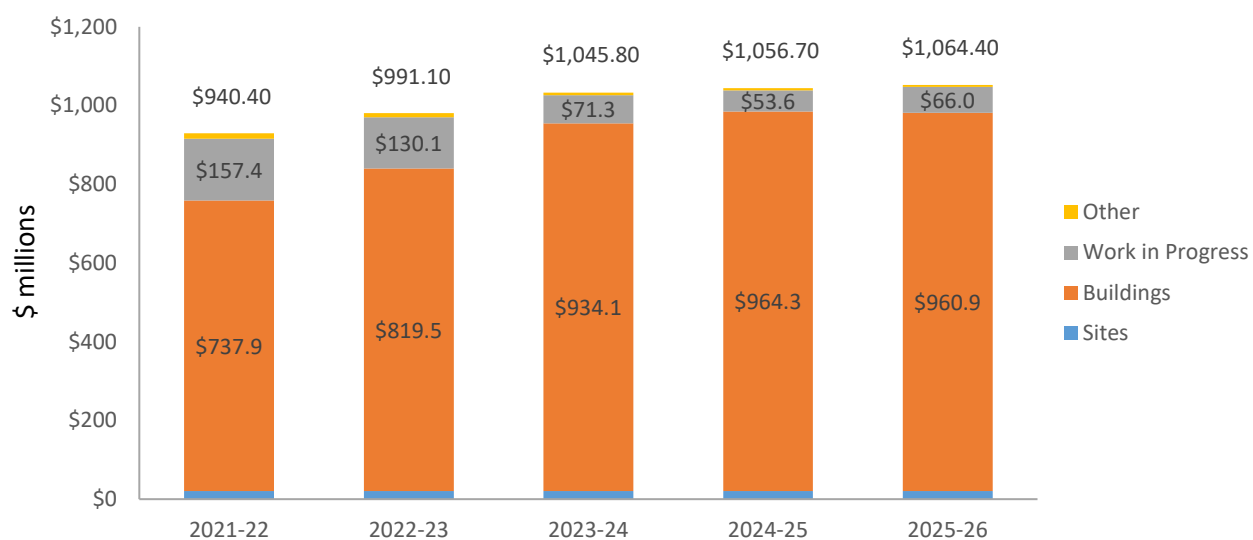
A summary of the school district's tangible capital assets is provided in Figure 11.

Figure 11 – Tangible Capital Assets

Tangible Capital Assets (\$ millions)	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	2025-26	2024-25
Cost, beginning of year	\$ 20.78	\$ 1,550.02	\$ 21.26	\$ 1.54	\$ 0.10	\$ 15.94	\$ 1,609.64	\$ 1,546.11
Additions	-	30.97	1.71	1.30	-	0.75	34.73	67.46
Disposals	-	-	1.10	0.18	0.04	7.07	8.39	3.86
Other items, net	-	12.99	-	-	-	-	12.99	(0.07)
Cost, end of year	20.78	1,593.98	21.87	2.66	0.06	9.62	1,648.97	1,609.64
Add: WIP Balance	-	65.98	-	-	-	-	65.98	53.56
Cost and WIP, end of year	20.78	1,659.96	21.87	2.66	0.06	9.62	1,714.95	1,663.20
Accumulated Amortization - Opening	-	585.70	9.00	1.02	0.07	10.76	606.55	571.63
Amortization Expense	-	34.40	2.16	0.21	0.02	2.61	39.40	38.78
Deemed Disposal Recapture	-	-	1.10	0.18	0.05	7.07	8.40	3.86
Other items, net	-	12.99	-	-	-	-	12.99	-
Accumulated Amortization - Closing	-	633.09	10.06	1.05	0.04	6.30	650.54	606.55
Tangible Capital Assets - Net Book Value	\$ 20.78	\$ 1,026.87	\$ 11.81	\$ 1.61	\$ 0.02	\$ 3.32	\$ 1,064.41	\$ 1,056.65

The net book value of tangible capital assets was \$1,064.41 million as at June 30, 2026, compared to \$1,056.65 million the previous year.

Figure 12 – Tangible Capital Assets Net Book Value



Consolidated Statement of Operations

Statement 2 includes the revenues and expenses for all three funds, with expenses shown by function. The following schedule shows an alternative presentation of consolidated expenses by type.

Figure 13 – Consolidated Statement of Operations

(\$ millions)	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Actual
Revenue						
Provincial Grants - MECC	\$ 547.61	\$ 590.03	\$ 646.11	\$ 682.30	\$ 694.18	\$ 709.79
Provincial Grants - Other	7.31	7.91	9.21	10.06	8.99	9.47
Federal Grants	2.38	2.69	3.19	3.38	3.07	3.06
Tuition	22.27	23.47	26.79	26.40	23.26	23.98
Other Revenue	25.42	27.85	27.65	31.36	26.46	30.86
Rentals and Leases	9.44	7.73	7.98	8.92	8.08	10.43
Investment Income	2.02	7.24	9.24	7.53	5.51	5.21
Amortization of Deferred Capital Revenue	22.43	24.55	26.53	30.29	31.42	31.19
Total Revenue	638.88	691.47	756.70	800.24	800.97	823.99
Expense						
Salaries and Benefits	545.33	578.77	629.46	669.25	677.92	687.95
Services and Supplies	72.74	86.62	88.64	97.32	91.44	89.85
Amortization of Tangible Capital Assets	32.38	34.35	35.25	38.79	39.54	52.38
Write-off/down of Buildings and Sites	-	-	-	3.71	-	-
ARO Accretion	-	-	-	3.35	-	(3.35)
Total Expense	650.45	699.74	753.35	812.42	808.90	826.83
Net Revenue (Expense)	(11.57)	(8.27)	3.35	(12.18)	(7.93)	(2.84)
Capital Assets Purchased	(5.28)	(4.74)	(4.13)	(3.11)	(5.67)	3.19
Net Transfers (to) from other funds	5.28	4.74	4.13	3.11	5.67	(3.19)
Surplus (Deficit) for the year	\$ (11.57)	\$ (8.27)	\$ 3.35	\$ (12.18)	\$ (7.93)	\$ (2.84)

Revenue

Consolidated revenues were \$23.02 million higher than budget due to several factors. Other revenue was \$4.40 million higher than budget primarily due to school generated funds, which exceeded budget by \$3.46 million. Additionally, rentals and leases revenue exceeded budget by \$2.35 million, tuition revenues were \$0.72 million higher than budget, and investment income was \$0.30 million lower than budget.

Consolidated revenues increased by \$23.75 million compared to the 2024-25 year, primarily due to a \$20.11 million increase in provincial grants - MECC revenue reported in the Operating Fund. Additionally, provincial grants - MECC revenue reported in the Special Purpose Fund increased by \$7.08 million. These increases included higher annual operating grant revenue, labour settlement funding and increased grant revenue recognized under the Classroom Enhancement Fund, partially offset by lower tuition and investment income.

Expense

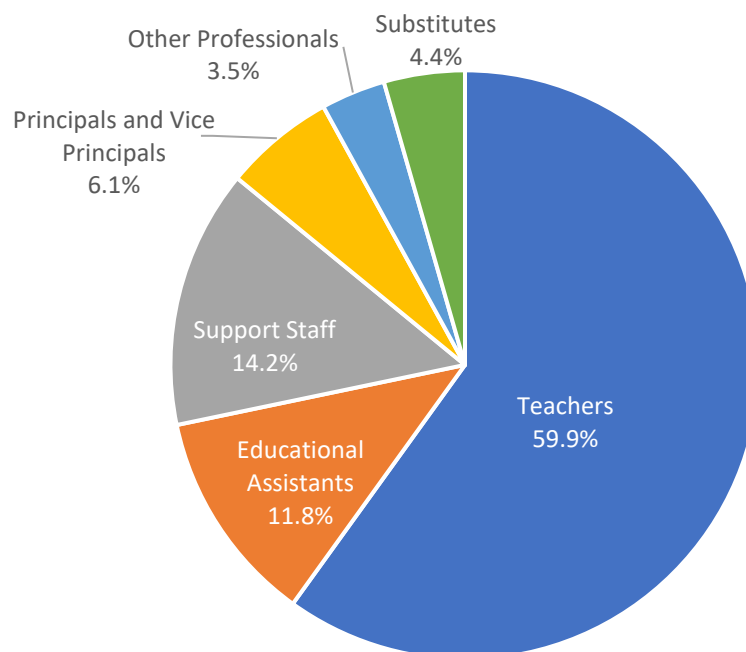
Consolidated expenses were \$17.93 million higher than budget. The budget variance included salaries and benefits costs exceeding budget by \$10.03 million primarily due to salary increases from new collective agreements and wage lifts. Other expenses exceeded budget totalling approximately \$7.90 million and were primarily attributable to the net impact of \$12.71 million as the estimated obligation was revised, resulting in an increase to the asset retirement obligation liability and related tangible capital assets. Accretion previously recognized was reversed to conform with the current-cost measurement approach.

Actual consolidated expenses were \$14.41 million higher in 2025-26 compared to the prior year due to a combination of factors, including the items noted above. Salaries and benefits were \$18.70 million higher than 2024-25 reflecting general wage increases for unionized staff and performance-based pay increases for exempt staff, and increases in monthly contribution rates for the provision of dental and extended health benefits.

Salaries and Benefits

Teachers, educational assistants and support staff comprise the majority of VSB's personnel and together they accounted for 85.9 per cent of total salaries in the 2025-26 year, as depicted in the chart below.

Figure 14 – Salaries by Employee Group – All Funds



Employee salaries and benefits are primarily reported in the operating fund, but VSB also administers a series of special purpose funds that include funding for salaries and benefits. The table below reports total salaries across all funds from 2021-22 to 2025-26.

Figure 15 – Salaries and Benefits - All Funds

(\$ millions)	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Actual
Teachers	\$ 262.83	\$ 275.24	\$ 299.79	\$ 316.88	\$ 312.58	\$ 321.33
Principals and Vice Principals	27.27	28.40	32.10	31.96	31.26	32.62
Educational Assistants	50.82	52.33	56.33	60.48	68.23	63.19
Support Staff	62.45	66.53	72.07	73.64	75.60	76.15
Other Professionals	15.80	16.20	16.86	18.57	18.27	18.97
Substitutes	16.10	17.23	18.48	19.33	20.31	23.83
Total Salaries	435.27	455.93	495.63	520.86	526.25	536.09
Employee Benefits	110.07	122.84	133.83	148.39	151.66	151.86
Total Salaries and Benefits	\$ 545.34	\$ 578.77	\$ 629.46	\$ 669.25	\$ 677.91	\$ 687.95

The key drivers of the variances between budgeted salaries and actual salaries are summarized below.

Teachers salaries were \$4.45 million higher than 2024-25 and \$8.75 million above the 2025-26 budget. The budget variance was primarily due to higher-than-budgeted average teacher salary costs. When the amended budget was prepared, the provincial collective agreement for teachers had not yet been finalized, and therefore the related salary increases were not fully reflected in the budget. Classroom Enhancement Fund remedy costs for the current and prior years were \$0.86 million below budget. This variance is attributable to timing differences between when remedy entitlements are earned and when agreements governing their distribution are finalized with the applicable teachers' associations.

Principals and Vice Principals salaries were \$0.66 million higher than in 2024-25 and \$1.36 million above the 2025-26 budget. This variance reflects a performance-based exempt compensation increase of up to 2.5%, which was not known at the time the amended budget was prepared.

Educational Assistants salaries were \$2.71 million higher than 2024-25, but \$5.04 million lower than budgeted for the 2025-26 year. The VSB hired additional educational assistants in 2025-26 to support students with disabilities or diverse abilities. The budget variance is a result of vacancies from unpaid leaves, incidental unpaid absences, and temporarily vacant positions. Additionally, casual educational assistants have been reclassified under the category of Substitutes to align with MECC reporting requirements.

Support Staff salaries were \$2.51 million higher than 2024-25, and \$0.55 million higher than budgeted for the 2025-26 year. The year-over-year increase and budget variance reflects an accrual for the general wage increases for support staff, which was not measurable at the time the amended budget was finalized.

Other Professionals salaries were \$0.4 million higher than 2024-25 and exceeded the 2025-26 budget by \$0.70 million. This variance reflects a performance-based exempt compensation increase of up to 2.5%, which was not known at the time the amended budget was prepared.

Substitutes salaries were \$4.50 million higher than 2024-25 and \$3.52 million higher than budget for the 2025-26 year. The year-over-year increase reflects general wage increases. Teachers teaching on call budget variance was \$1.1 million higher than budget, Support staff budget variance was \$0.74 million higher than budget and the balance reflected by the other groups. Additionally, casual educational assistants have been reclassified under the category of Substitutes to align with MECC reporting requirements.

Employee Benefits were \$3.47 million higher than in 2024-25 and \$0.20 million higher than budgeted for the 2025-26 year. The year-over-year increase reflects an increased cost of benefits related to the negotiated wage increases offset by revised estimates for the benefits costs relates to leaves liability accruals.

Additional details on the revenues and expenses reported in the operating, special purpose and capital funds are provided in the sections that follow.

Statement of Operations - Operating Fund

Activity in the school district's operating fund is comprised of normal operations and operations related to school generated funds (SGF) that do not meet the criteria to be reported as special purpose funds as they do not have a restriction on their use. These SGF are maintained in schools and any surplus accumulated at the school level funds school operations.

The schedule below illustrates the operating fund results for the school district for the years ending June 30, 2025, and June 30, 2026. Revenues are shown as presented on Schedule 2 of the Financial Statements and the expenses are shown by object as presented on Schedule 2B of the Financial Statements.

Figure 16 – Operating Fund Summary

Operating Fund (\$ millions)	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Actual
Revenue						
Provincial Grants - MECC	\$ 485.53	\$ 520.37	\$ 569.43	\$ 594.09	\$ 598.31	\$ 614.21
Provincial Grants - Other	0.06	0.06	0.06	0.06	0.09	0.07
Federal Grants	2.38	2.69	3.19	3.38	3.07	3.06
Tuition	22.27	23.47	26.79	26.40	23.26	23.98
Other Revenue	18.19	18.66	19.71	23.01	18.79	22.52
Rentals and Leases	3.85	5.11	5.67	6.70	6.03	7.90
Investment Income	1.62	5.80	7.61	6.28	4.22	3.63
Total Revenue	533.90	576.16	632.46	659.92	653.77	675.37
Expense						
Salaries and Benefits	488.50	518.76	560.01	590.47	590.90	601.20
Services and Supplies	53.35	60.88	63.57	68.62	66.06	61.71
Total Expense	541.85	579.64	623.58	659.09	656.96	662.91
Net Revenue (Expense)	(7.95)	(3.48)	8.88	0.83	(3.19)	12.46
Capital Assets Purchased	(4.34)	(4.08)	(3.61)	(2.93)	(4.53)	(2.36)
Interfund Transfers	-	-	-	1.04	(0.22)	(0.22)
Surplus (Deficit) for the year	\$ (12.29)	\$ (7.56)	\$ 5.27	\$ (1.06)	\$ (7.94)	\$ 9.88

The operating fund reported a surplus of \$9.88 million for the year, compared to a budgeted deficit of \$7.94 million and a deficit of \$1.06 million in 2024-25.

When reviewing the operating fund results, it is important to distinguish between school district operations and school generated funds. School generated fund revenues are reported in Other Revenue, while the related expenditures are reported in Supplies.

Included in the operating fund results is a net surplus of \$0.53 million arising from school generated fund activities. School generated fund revenues totaled \$14.81 million and related expenditures totaled \$14.28 million during the year. As these funds are held on behalf of schools for school-based purposes, the resulting surplus is not available to support school district operations and will remain available for future school-based initiatives. School generated funds revenue and expense are summarized in the following table.

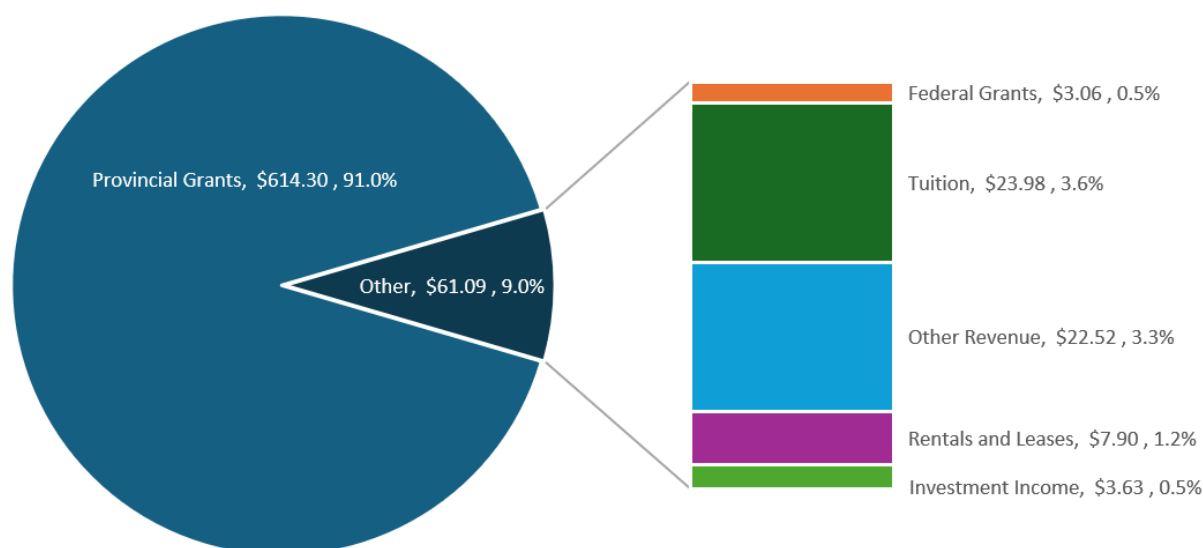
Figure 17 – School Generated Funds

School Generated Funds (SGF) (\$ millions)	2024-25 Actual	2025-26 Budget	2025-26 Actual
SGF - Other Revenue	14.56	12.61	14.81
SGF - Supplies	14.48	13.75	14.28

Revenues

Grants from MECC are VSB's primary source of funding, accounting for approximately 91% of total operating fund revenue. Figure 18 illustrates the composition of operating fund revenue by source for the 2025-26 fiscal year.

Figure 18 – Operating Fund - Revenue Sources



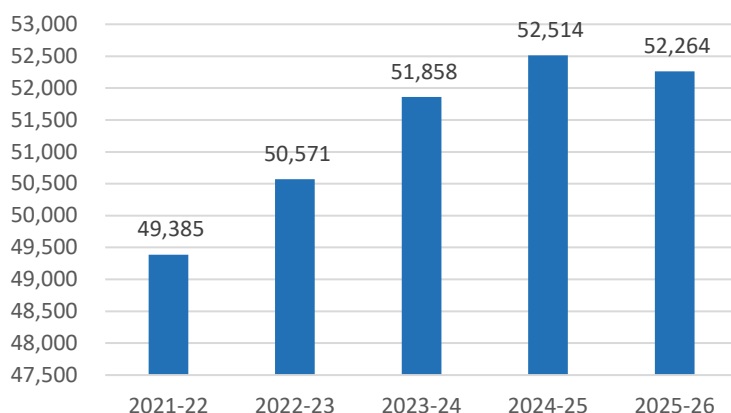
MECC Grants

The annual operating grant is the primary source of funding for the operating fund which is determined based on student enrolments. In 2025-26, operating grant revenue was \$15.90 million higher than budgeted due to estimated labour settlement funding.

The enrolment figures presented below represent funded full-time equivalent (FTE) students and include regular, alternate, online learning (school-age), continuing education (school-age), summer learning and non-graduated learners.

Figure 19 shows actual funded enrolment from 2021-22 to 2025-26. Following several years of enrolment decline, VSB experienced enrolment growth from 2022-23 through 2024-25. In 2025-26, this trend reversed, with funded enrolment decreasing by 250 FTE students compared to the prior year.

Figure 19 – MECC Funded Student Enrolment



Enrolment data is collected by MECC from school districts in July, September, February, and May. The table below provides details of VSB's actual MECC funded student enrolment for 2021-22 to 2025-26 and budgeted for 2025-26.

Figure 20 – MECC Funded Student Enrolment

MECC Funded FTE Students	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Actual
Enrolment Categories						
Standard (Regular) Schools	47,123	48,323	49,254	49,822	49,578	49,578
Continuing Education (School-Age)	64	68	84	77	75	75
Alternate Schools	308	307	343	339	339	339
Online Learning (School-Age)	893	707	845	880	770	843
Non-Graduated Adults	182	167	182	137	167	163
Summer Learning	813	970	1,111	1,243	1,237	1,237
Newcomer Refugees	1	27	34	16	25	18
Youth Train in Trades	1	2	5	-	-	11
Total Funded Enrolment	49,385	50,571	51,858	52,514	52,191	52,264
Supplemental Funding						
Level 1 - Inclusive Education	68	62	61	69	59	59
Level 2 - Inclusive Education	2,343	2,524	2,709	2,941	3,275	3,262
Level 3 - Inclusive Education	519	504	505	485	445	445
English Language Learners	7,927	8,712	9,274	9,536	9,326	9,321
Indigenous Education	2,154	2,161	2,109	2,065	2,043	2,043

The table below outlines grants received from MECC.

Figure 21 – MECC Grants

(\$ millions)	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Actual
Operating Grant	\$ 476.99	\$ 492.19	\$ 551.13	\$ 579.19	\$ 588.97	\$ 588.80
Pay Equity	7.29	7.29	7.29	7.29	7.29	7.29
Funding for Graduated Adults	1.15	1.00	1.53	1.68	1.96	2.48
Early Career Mentorship Funding	-	-	-	-	-	-
Labour Settlement Funding	-	19.79	9.38	5.78	-	15.54
Other	0.10	0.10	0.10	0.15	0.09	0.10
	<u>\$ 485.53</u>	<u>\$ 520.37</u>	<u>\$ 569.43</u>	<u>\$ 594.09</u>	<u>\$ 598.31</u>	<u>\$ 614.21</u>

Other Revenue

VSB's other sources of operating fund revenues are summarized in the table below.

Figure 22 – Other Revenue

(\$ millions)	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Actual
Other Provincial Grants	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.09	\$ 0.07
Federal Grants	2.38	2.69	3.19	3.38	3.07	3.06
Tuition	22.27	23.47	26.79	26.40	23.26	23.98
Other Revenue	18.19	18.66	19.71	23.01	18.79	22.52
Rentals and Leases	3.85	5.11	5.67	6.70	6.03	7.90
Investment Income	1.62	5.80	7.61	6.28	4.22	3.63
	<u>\$ 48.37</u>	<u>\$ 55.79</u>	<u>\$ 63.03</u>	<u>\$ 65.83</u>	<u>\$ 55.46</u>	<u>\$ 61.16</u>

Other revenue was \$4.67 million lower than in 2024-25 but \$5.70 million higher than budget. This includes School Generated Funds, which were \$2.20 million greater than budget. The related school-based expenditures exceeded budget by \$0.53 million for a net variance to budget of \$1.67 million. Tuition revenue exceeded the budget by \$0.72 million primarily due to tuition amounts retained under the International Education program's refund policy. In accordance with the participation agreement, certain fees are non-refundable and tuition refunds may be reduced or denied depending on the timing and circumstances of a student's withdrawal. Consequently, a portion of tuition fees paid by students who withdrew from the program was retained by the District, resulting in higher revenue than originally anticipated.

Additionally, rental and lease income increased by \$1.20 million compared to 2024-25 mainly due to additional rental agreements entered into during the 2024-25 and 2025-26 fiscal years. Investment income was lower than budget by \$0.59 million because interest rates were lower than anticipated during the period.

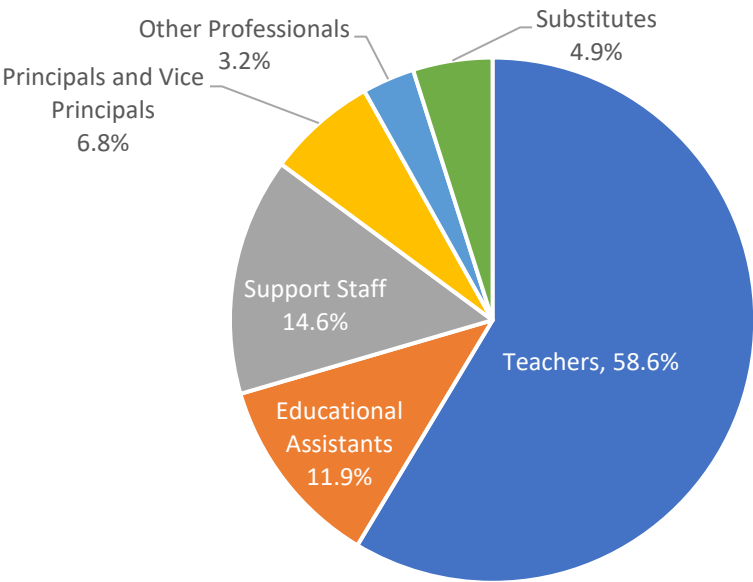
Expenses

Salaries and Benefits typically account for approximately 90 per cent of annual expenses in the operating fund, with services supplies making up the remainder.

Salaries and Benefits

Total salaries and benefits amounted to \$601.20 million, which is \$10.3 million more than the budgeted amount of \$590.9 million. As illustrated in the chart below, 85.12 per cent of the 2025-26 salaries were allocated to teachers, educational assistants and support staff.

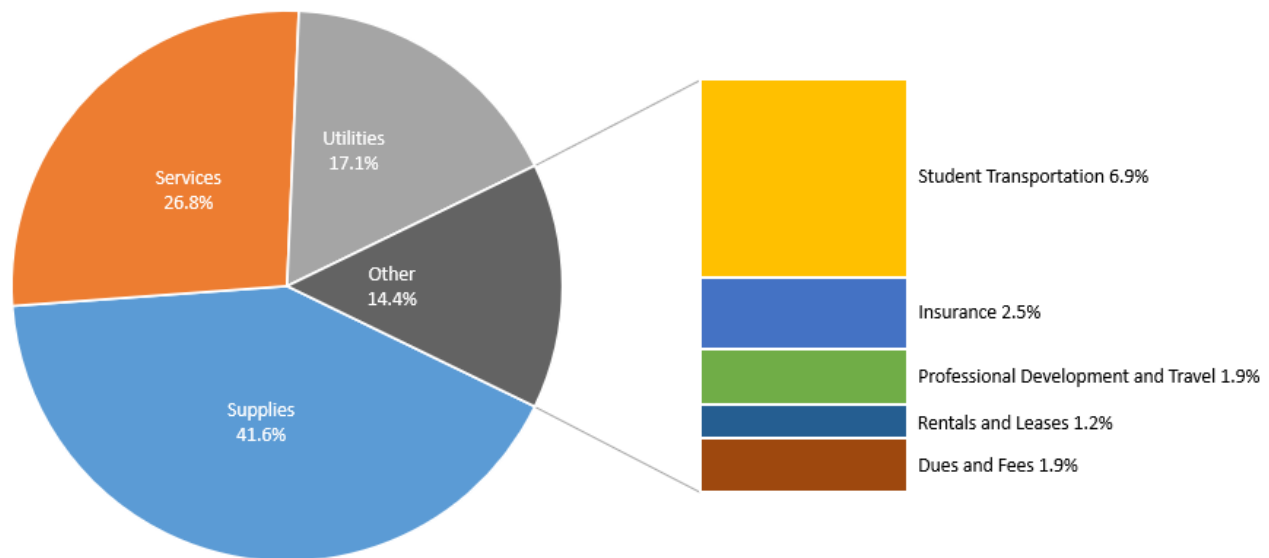
Figure 23 – Operating Fund Salaries by Employee Group



Services and Supplies

Services and Supplies in the operating fund were \$61.71 million, compared to a budgeted amount of \$66.06 million and \$68.62 million in the 2024-25 year. The chart below highlights the components of services and supplies expense.

Figure 24 – Services and Supplies



Services were \$0.57 million higher than budget but \$4.50 million lower than 2024-25. Services include legal fees which were \$0.90 million below budget and \$4.13 million lower than 2024-25. The variance from budget is largely attributable to the timing of legal proceedings. Unused budget related to ongoing legal matters have been appropriated and may be utilized in future periods as costs are incurred.

Student Transportation expenses were \$0.35 million higher than budget and comparable to the prior year. The budget variance reflects increased utilization of transportation services by students with disabilities or diverse abilities.

Professional Development and Travel expenses were \$0.42 million below budget and \$0.25 million lower than 2024-25. Some discretionary professional development allocations were not fully utilized during the year. These savings were partially offset by increased professional development funding provided to unions for administration on behalf of their members.

Rentals and Leases expenses were \$0.16 million below budget and \$0.05 million lower than 2024-25. The favourable variance was primarily due to lower-than-anticipated lease costs for the vehicle fleet.

Dues and Fees were \$0.05 million below budget and \$0.13 million higher than 2024-25.

Insurance expenses were \$0.27 million below budget and \$0.04 million lower than 2024-25. Vehicle insurance premiums were lower than anticipated because eleven fleet vehicle replacements approved in the amended budget were not delivered until late June 2026.

Supplies expenses were \$3.65 million below budget and \$1.32 million lower than 2024-25. School-generated fund expenditures exceeded budget by \$0.53 million, supported by corresponding increases in school-generated fund revenues. Maintenance and custodial supplies were \$0.89 million above budget but \$1.00 million lower than the prior year. These variances were partially offset by changes in spending on instructional supplies and computer software and hardware.

Utilities expenses were \$0.72 million below budget and \$0.87 million lower than 2024-25. Internet service costs exceeded budget by \$0.13 million; however, savings of \$0.85 million in natural gas and other utilities more than offset this increase. Lower heating requirements resulting from higher than average winter temperatures were the primary driver of these savings.

Accumulated Operating Surplus

The Board of Education is responsible for ensuring the school district is protected financially from financial forecasting risk and unforeseen circumstances which could negatively impact school district operations and the education of students. A level of financial reserves, in the form of an accumulated operating surplus, is an indicator of financial health and can contribute to multi-year planning for future educational services and operational needs. To discharge this responsibility and to provide increased financial stability, effective planning and support funding predictability, the Board established [Board Policy 19 - Accumulated Operating Surplus](#).

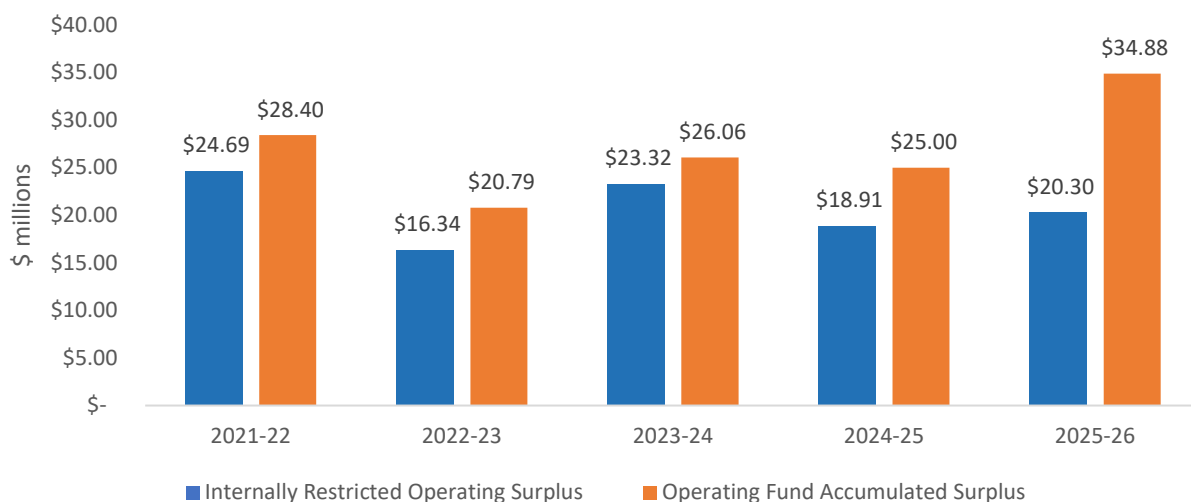
The Board's accumulated operating surplus consists of internally restricted operating funds and unrestricted operating funds, in the following categories:

- Internally Restricted
 - Planned operations spanning multiple years
 - Anticipated future requirements
 - Restricted due to constraints on funds
- Restricted for Future Capital Cost Share
- Unrestricted Operating Surplus (Contingency)

Figure 25 illustrates the composition of the school district's accumulated operating surplus from 2021-22 to 2025-26. Schedule 2 of the financial statements reports an operating surplus of \$9.88 million for the year, after transfers for capital projects. Combined with the opening accumulated operating surplus balance of \$25.00 million, this resulted in a closing accumulated operating surplus of \$34.88 million.

In accordance with Policy 19, the Unrestricted Operating Surplus (Contingency) must be maintained within a range of 1.0% to 2.5% of annual operating expenses. Based on 2025-26 operating expenses of \$662.91 million, the minimum required contingency balance at June 30, 2026 was \$6.63 million. The school district's actual contingency balance was \$14.58 million, representing 2.2% of annual operating expenses and therefore within the range established by Board policy.

Figure 25 – Operating Fund Surplus



Application of the policy results in the accumulated operating surplus balances as follows:

Figure 26 – Operating Fund Accumulated Surplus

Operating Fund Accumulated Surplus (\$ millions)	2024-25 Actual	2025-26 Actual
Internally Restricted (Appropriated) by the Board for:		
Planned Future Operations Spanning Multiple Years		
Education Plan	0.06	0.28
Equity and Anti-Oppression	0.26	0.22
Indigenous Education	0.29	0.37
IT Capital Plan	0.16	0.51
Long Range Facilities Plan	0.12	0.12
Online Learning Funding for Courses in Progress	0.41	0.44
Purchase Order Commitments	0.79	1.06
School Budget Balances	2.85	2.81
Child Care Spaces Maintenance and Renewal	-	0.42
Child Care Spaces Feasibility Study	-	0.08
Total Planned Future Operations Spanning Multiple Years	4.94	6.31
Anticipated Future Requirements		
Financial Provisions	1.36	2.09
Risk Mitigation - Systems and Processes	0.67	0.63
Total Anticipated Future Requirements	2.03	2.72
Restricted Due to Constraints on Funds		
Early Career Mentorship	0.26	0.02
Grants and Donations	3.13	2.16
Scholarships	0.81	0.83
School Generated Funds	7.74	8.26
Total Restricted Due to Constraints on Funds	11.94	11.27
Total Internally Restricted Operating Surplus	18.91	20.30
Operating Fund Contingency	15.44	26.73
Unfunded Litigation Costs	(9.35)	(12.15)
Unrestricted Operating Fund Surplus (Contingency)	6.09	14.58
Operating Fund Accumulated Surplus	\$ 25.00	\$ 34.88

Special Purpose Funds

Special purpose funds are restricted funds that are designated for specific use. The school district receives funds from MECC, the federal government and third parties that have restrictions to how they may be spent. Special purpose funds consist of targeted funding allocated to school districts for a specific purpose. Operating and capital funds cannot be transferred to special purpose funds.

Pursuant to Sections 156(4) and (5) of the *School Act*, each special purpose fund must be accounted for in accordance with the terms of that special purpose fund. Treasury Board Restricted Contribution Regulation 198/2011, issued in November 2011, defines a restricted contribution as “a contribution that is subject to a legislative or contractual stipulation or restriction to its use other than a contribution or part of contribution that is of, or the purpose of acquiring, land”.

Figure 27 – Special Purpose Funds Summary

Special Purpose Funds (\$ millions)	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Actual
Revenue						
Provincial Grants - MECC	\$ 62.08	\$ 69.66	\$ 76.60	\$ 88.21	\$ 95.87	\$ 95.30
Provincial Grants - Other	7.25	7.85	9.15	10.00	8.90	9.40
Other Revenue	6.79	7.55	7.48	7.90	7.17	8.12
Investment Income	0.22	0.82	0.95	0.89	0.84	1.30
Total Revenue	76.34	85.88	94.18	107.00	112.78	114.12
Expense						
Salaries and Benefits	56.83	60.01	69.45	78.78	87.02	86.75
Services and Supplies	18.57	25.21	24.21	28.04	24.62	26.54
Total Expense	75.40	85.22	93.66	106.82	111.64	113.29
Net Revenue (Expense)	0.94	0.66	0.52	0.18	1.14	0.83
Capital Assets Purchased	(0.94)	(0.66)	(0.52)	(0.18)	(1.14)	(0.83)
Surplus (Deficit) for the year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The special purpose grants that meet the definition of restricted contribution per Treasury Board Regulation 198/2011 are reported in the table below.

Figure 28 – SPF Details

Fund	Intended Use
Annual Facility Grant (AFG)	Routine maintenance and upgrading of school facilities, especially new roofs, mechanical and electrical upgrades, flooring and safety improvements.
Assistive Technology BC (AT-BC)	Provides assistive technology resources to make learning environments usable for people with disabilities.
Communication Assistance for Youth and Adults (CAYA)	A province wide service program that supports adults aged 19 years and older who require an augmentative or alternative communication system due to a severe communication disability.
Changing Results for Young Children (CR4YC)/Early Learning Framework Implementation Funds	To support district capacity building in high quality early learning and care experiences for children.
Classroom Enhancement Fund (CEF)	Funding to implement the Memorandum of Agreement regarding Letter of Understanding No. 17.
CommunityLINK	To support programs, including food programs, and services to improve the educational performance of vulnerable students, including both academic achievement and social functioning.

Fund	Intended Use
CommunityLINK – Other	Support programs including food programs, and services to improve the educational performance of vulnerable students, including both academic achievement and social functioning.
Dual Credit Program Expansion	Supports the expansion of dual credit programs and partnerships with post-secondary institutions to increase student access to post-secondary learning opportunities and career pathways.
Early Childhood Education Dual Credit Program	Supports Grade 12 students in earning post-secondary Early Childhood Education (ECE) credits that count toward both high school graduation and post-secondary credential attainment.
Early Care & Learning (ECL)	Support school districts in creating a focused early learning and care portfolio to fulfill future directions and potential added responsibilities in early learning.
Feeding Futures Fund	Funding to make sure all students are fed and ready to learn by expanding existing school fund programs in districts and schools.
First Nation Student Transportation Fund	Funding to provide busing to/from school for First Nations students living on reserve.
Learning Improvement Fund (LIF)	Supplementary funding to school districts for additional teacher assistants and other paraprofessionals and/or additional services to students.
Mental Health in Schools	To build capacity in mental health and well-being related to knowledge, skills and resources in school communities.
Miscellaneous	Most of these funds are for career education and school playground projects.
National School Food Program (NSFP)	Federal funding to support the delivery of meals to students facing food insecurity.
Official Languages in Education French Program (OLEP)	Federal funds received by school districts that must be spent entirely in support of French Immersion programs, Core French courses or French Immersion growth initiatives.
K12-Pandemic Recovery Team	Funding for the district to provide support to schools and school districts in the Vancouver Coastal Health region in responding to COVID-19 cases.
Provincial Resource Centre for the Visually Impaired (PRCVI)	Outreach program that supports school districts' goal of ensuring equitable access and enhanced educational opportunities for students with visual impairments.
Provincial Resource Program (PRP)	Provides outreach services to support educators, students and families to meet the needs of students with disabilities or diverse abilities.
Professional Learning Grant	Funding to support professional learning and capacity building for educators in evidence-based literacy instruction, early literacy screening, literacy interventions and assessment practices to improve student literacy outcomes.
Ready, Set, Learn	Intended for families and their three to five-year old children, Ready, Set, Learn is all about providing good information about how to support a young child's early learning and development. It also develops positive connections between families, the school system and local community agencies.
Safe Return to School /Restart: Health & Safety Grant	Provincial funding provided to assist districts with implementing new health and safety measures during the COVID-19 pandemic.

Fund	Intended Use
Scholarships and Bursaries	Distributed to students to recognize academic achievement.
School Generated Funds	Funds generated by schools for various purposes.
Seamless Day Kindergarten Funding	Kindergarten pilot project to provide a full day for students, including before and after-school care.
Settlement Workers in Schools (SWIS)	School based settlement service for immigrants, refugees and other eligible clients to meet their immediate settlement or ongoing needs after their arrival in Canada.
Strengthening Early Years to Kindergarten Transitions (SEY2KT)	Provides opportunities for school districts and communities to work together to support young children and their families in the smooth transition from home to school.
Special Education Technology (SET-BC)	Provincial program established to assist school districts in utilizing technology to support the diverse needs of students.
Strong Start	A free early learning program located in schools, for preschool children accompanied by a parent, other adult family member or caregiver, created through an agreement between school districts and MECC.
Student & Family Affordability Fund	Funding to help make back to school more affordable for students and their families who are struggling with the rising cost of living due to inflation.
Work Experience Enhancement	Supports the development and expansion of student work experience opportunities through employer partnerships, work placements, and career pathway initiatives.

Total revenue for special purpose funds was \$114.12 million for the 2025-26 year, compared to a budgeted amount of \$112.78 million and \$107 million a year ago. Detailed revenue by special purpose fund is summarized in Figure 29.

On March 10, 2017, MECC, the BC Public School Employers Association (BCPSEA) and the BC Teachers' Federation (BCTF) ratified a Memorandum of Understanding (the Memorandum) pursuant to Letter of Understanding No. 17 to the 2013-19 BCPSEA-BCTF Provincial Collective Agreement. The Memorandum fully and finally resolves all matters related to the implementation of the Supreme Court of Canada decision in the fall of 2016.

The ratification of this agreement resulted in the establishment of the CEF to support the additional teacher staffing and related overhead costs associated with the restoration of collective agreement provisions regarding class size and non-enrolling teacher staffing ratios. VSB recognized \$55.62 million in CEF grant revenue in 2025-26, compared to \$49.65 million in 2024-25. While CEF funding offset a significant portion of the related costs, it did not fully fund the expenditures incurred by the District. In particular, teacher teaching on call costs required to support teacher staffing obligations exceeded available funding. As a result, VSB incurred approximately \$1.54 million in additional substitute (teachers teaching on call) costs that were funded through the operating fund and are reported as operating expenses.

Figure 29 – SPF Revenue by Fund

SPF Revenue by Fund (\$ millions)	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Actual
AFG	\$ 2.20	\$ 2.26	\$ 3.15	\$ 1.68	\$ 2.24	\$ 1.83
AT-BC	4.17	5.07	5.87	6.48	5.62	6.16
CAYA	3.06	3.05	3.47	4.19	3.97	4.18
CR4YC	0.01	0.01	0.01	0.01	-	-
CEF	32.80	36.37	37.03	49.65	54.88	55.62
CommunityLINK	9.39	9.93	10.78	10.13	11.23	11.14
CommunityLINK - Other	0.28	0.37	0.29	0.23	0.23	0.27
Dual Credit Program Expansion	-	-	-	-	-	0.06
Early Childhood Education Dual Credit Program	-	-	-	0.04	0.07	0.02
ECL	-	0.08	0.21	0.21	0.20	0.21
Feeding Futures Fund	-	-	5.57	5.65	5.55	5.55
First Nation Student Transportation Fund	0.13	0.13	0.15	0.15	0.15	0.15
LIF	1.63	1.56	2.03	1.82	2.03	1.84
Mental Health in Schools	0.08	0.06	0.08	0.02	0.08	0.05
Miscellaneous	0.43	0.27	0.44	0.13	0.41	0.37
National School Food Program	-	-	-	0.01	1.02	0.75
OLEP	0.60	0.75	0.78	0.82	0.78	0.84
Pandemic Recovery Team	0.31	-	-	-	-	-
PRCVI	2.20	2.53	2.91	2.88	3.35	3.38
PRP	2.20	2.41	2.86	3.03	2.71	2.65
Professional Learning Grant	-	-	-	0.01	0.20	0.03
Ready Set Learn	0.23	0.23	0.22	0.18	0.26	0.23
Safe Return to School	1.20	1.09	-	-	-	-
Scholarships and Bursaries	0.05	0.10	0.08	0.02	0.10	0.03
School Generated Funds	5.65	6.99	6.70	7.63	6.46	7.62
Seamless Day Kindergarten Funding	0.01	0.04	0.15	0.06	0.02	0.03
SWIS	0.03	0.10	0.32	-	-	-
SEY2KT	-	-	0.01	0.01	-	0.03
SET-BC	9.08	8.20	9.43	9.69	10.13	10.06
Strong Start	0.62	0.61	0.61	0.61	0.65	0.61
Student & Family Affordability Fund	-	3.67	1.03	1.66	0.39	0.39
Work Experience Enhancement	-	-	-	-	0.05	0.02
TOTAL	\$ 76.36	\$ 85.88	\$ 94.18	\$ 107.00	\$ 112.78	\$ 114.12

Capital Fund

Capital funds enable the school district to move towards its long-term goals by building new schools, replacing, upgrading or expanding existing schools. Funding sources include Bylaw Capital, Restricted Capital, Other Provincially Restricted Capital, and Local Capital. These funding sources include capital expenditures related to equipment and facility purchases as well as equipment and facility enhancements.

The net value of capital assets (historical cost less accumulated amortization) was \$1,064.41 million as at June 30, 2026 (see Schedule 4A). Of this amount, \$20.78 million represents net investment in sites, \$1,026.87 million in buildings and \$16.76 million in furniture and equipment as well as vehicles, computer software and computer hardware.

These net costs represent the historical cost net of accumulated amortization of all VSB capital assets; they do not reflect current market value.

Details on the capital fund are provided in the table below.

Figure 30 – Capital Fund Summary

Capital Fund (\$ millions)	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Actual
Revenue						
Provincial Grants - MECC	\$ -	\$ -	\$ 0.08	\$ -	\$ -	\$ 0.28
Other Revenue	0.44	1.64	0.46	0.45	0.49	0.22
Rentals and Leases	5.59	2.62	2.31	2.22	2.05	2.53
Investment Income	0.18	0.62	0.68	0.36	0.45	0.28
Amortization of Deferred Capital Revenue	22.43	24.55	26.53	30.29	31.42	31.19
Total Revenue	28.64	29.43	30.06	33.32	34.41	34.50
Expense						
Services and Supplies	0.82	0.53	0.86	0.66	0.75	1.60
Amortization of Tangible Capital Assets	32.38	34.35	35.25	38.79	39.54	52.38
Write-off/down of Buildings and Sites	-	-	-	3.71	-	-
ARO Accretion	-	-	-	3.35	-	(3.35)
Total Expense	33.20	34.88	36.11	46.51	40.29	50.63
Net Revenue (Expense)	(4.56)	(5.45)	(6.05)	(13.19)	(5.88)	(16.13)
Net Transfers (to) from other funds	5.28	4.74	4.13	2.07	5.89	3.41
Surplus (Deficit) for the year	\$ 0.72	\$ (0.71)	\$ (1.92)	\$ (11.12)	\$ 0.01	\$ (12.72)

The year-end balance in the capital fund includes funds invested in buildings, equipment and other tangible capital assets, as well as locally generated capital funds.

Figure 31 – Invested in Tangible Capital Assets

Invested in Tangible Capital Assets (\$ millions)	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Actual
Revenue						
Provincial Grants - MECC	\$ -	\$ -	\$ 0.08	\$ -	\$ -	\$ 0.28
Other Revenue	0.17	0.17	0.17	0.17	0.17	0.17
Amortization of Deferred Capital Revenue	22.43	24.55	26.53	30.29	31.42	31.19
Total Revenue	22.60	24.72	26.78	30.46	31.59	31.64
Expense						
Amortization of Tangible Capital Assets	32.38	34.35	35.25	38.79	39.54	52.38
Write-off/down of Buildings and Sites	-	-	-	3.71	-	-
ARO Accretion	-	-	-	3.35	-	(3.35)
Total Expense	32.38	34.35	35.25	45.85	39.54	49.03
Net Revenue (Expense)	(9.78)	(9.63)	(8.47)	(15.39)	(7.95)	(17.39)
Net Transfers from other funds						
Interfund Transfers	-	-	-	(1.04)	-	-
Tangible Capital Assets Purchased	2.75	2.38	2.53	1.20	3.97	1.60
	2.75	2.38	2.53	0.16	3.97	1.60
Other Adjustments to Fund Balances						
Tangible Capital Assets Purchased From LCR	1.79	1.94	6.24	3.42	7.32	2.91
Capital Lease Principal Payments	2.42	2.19	1.47	1.80	1.62	1.51
Capital Assets Purchased	4.21	4.13	7.71	5.22	8.94	4.42
Surplus (Deficit) for the year	\$ (2.82)	\$ (3.12)	\$ 1.77	\$ (10.01)	\$ 4.96	\$ (11.37)

Local Capital

The local capital fund balance of \$7.59 million captures the school district's capital surplus from activities that are under the control of the school district. The primary sources of revenue in local capital are rentals and leases of school district facilities, investment income and child care capital project management fees. Local capital is spent on minor capital projects and the interest on capital leases. Local Capital is also decreased by transfers to Invested in Tangible Capital Assets for Work in Progress.

Figure 32 – Local Capital

Local Capital (LC) (\$ millions)	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Actual
Revenue						
Other Revenue	\$ 0.27	\$ 1.47	\$ 0.29	\$ 0.28	\$ 0.32	\$ 0.05
Rentals and Leases	5.59	2.62	2.31	2.22	2.05	2.53
Investment Income	0.18	0.62	0.68	0.36	0.45	0.28
Total Revenue	6.04	4.71	3.28	2.86	2.82	2.86
Expense						
Operations and Maintenance	0.71	0.34	0.73	0.55	0.67	1.52
Capital Lease Interest	0.11	0.19	0.13	0.11	0.08	0.08
Total Expense	0.82	0.53	0.86	0.66	0.75	1.60
Net Revenue (Expense)	5.22	4.18	2.42	2.20	2.07	1.26
Net Transfers from other funds						
Capital Lease Payments	2.53	2.37	1.60	1.91	1.70	1.59
Interfund Transfers	-	-	-	-	0.22	0.22
Other Adjustments to Fund Balances						
Tangible Capital Assets Purchased From LC	(1.79)	(1.94)	(6.24)	(3.42)	(7.32)	(2.91)
Capital Lease Principal Payments	(2.42)	(2.19)	(1.47)	(1.80)	(1.62)	(1.51)
Capital Assets Purchased	(4.21)	(4.13)	(7.71)	(5.22)	(8.94)	(4.42)
Surplus (Deficit) for the year	\$ 3.54	\$ 2.42	\$ (3.69)	\$ (1.11)	\$ (4.95)	\$ (1.35)

The accumulated local capital surplus is planned to be spent as shown in the following table.

Figure 33 – Local Capital Uses of Fund Balance

(\$ millions)	2024-25 Actual	2025-26 Actual
Capital Projects Cost Share		
cəwas Ch'elxwá7elch Skwuláwtwx Seaside	\$ 2.00	\$ 0.83
Kitsilano Secondary	0.01	-
Automated External Defibrillators	0.25	-
Equipment Replacement	0.87	1.37
Financial Provisions	0.20	0.20
Parkade and Paid Parking Lots Renewal	0.65	0.97
Renewal of Leased Facilities	0.24	0.48
Replacement School at Lord Roberts Annex Site	3.23	4.01
Technology for Student Learning	0.01	-
Fleet Refresh	-	0.17
Contingency Reserve for Local Capital	4.32	2.40
Total Local Capital	<u>\$ 11.78</u>	<u>\$ 10.43</u>

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 Treasury Board Regulation 198/2011 and is comprised of the amounts related to completed projects, work in progress, and the amount that is unspent. (Schedule 4C, 4D and Note 8)

Restricted Capital

These are funds held on behalf of the province and represent the Province's portion of proceeds on disposal of land and buildings and any surpluses from completed projects that were funded by the Province, plus associated investment income. The balance decreased by \$2.45 million, consisting of spending associated with Minister approved uses for major capital projects (\$5.07 million) net of investment income (\$1.86 million), a transfer of project surplus from Bylaw capital (\$0.65 million), and the earned revenue related to the 99-year Queen Elizabeth Annex lease proceeds (\$0.11 million). The costs are related to the Cavell, cəwas Ch'elxwá7elch Skwuláwtwx Seaside and Lord Roberts Annex projects. As of June 30, 2026, the balance remaining in restricted capital was \$14.90 million.

Bylaw Capital

Bylaw Capital include capital grants received from the Province for specific capital projects funded through certificates of approval, capital portion of the Annual Facility Grant, carbon neutral capital project funding, playground equipment funding and other project funding paid through a certificate of approval.

The purchases under bylaw capital for the year were \$36.25 million as reported in Schedule 4D. This is the total spending related to new school construction, seismic mitigation and other minor capital projects.

Other Capital Funding Sources

Funds are provided by the Ministry of Children and Family Development for the construction of new child care spaces and VSB reported capital additions of \$1.28 million under this program in 2025-26.

Also, VSB reported \$0.32 million in addition to work in progress for projects funded by the City of Vancouver.

Figure 34 – Capital Projects

Project (\$ millions)	Bylaw Funding	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Budget	2025-26 Actual
Bylaw Capital							
Bylaw Capital School Replacement							
Nelson	\$ 17.89	\$ 0.45	\$ -	\$ -	\$ -	\$ -	\$ -
Fleming	18.95	1.53	0.20	-	-	-	0.06
Kitsilano	59.80	0.04	-	-	-	-	-
Maple Grove	24.44	0.21	-	-	-	-	-
Tennyson	22.88	2.82	0.55	0.09	-	-	-
Bayview	24.46	9.03	3.03	0.20	0.27	-	(0.25)
wəkw̓əh̓əs tə syaq̓w̓əm	21.38	5.99	2.19	0.28	0.22	-	-
Lloyd George	23.09	5.50	8.23	1.88	0.71	2.13	2.47
Hamber	93.52	24.91	26.38	20.24	2.92	1.68	0.16
Hudson	29.67	0.86	7.15	13.35	5.60	-	2.33
Hudson Addition	10.64	-	-	0.40	6.27	-	4.10
Olympic Village	39.06	-	-	0.43	0.82	1.32	1.96
Bylaw Capital Seismic Mitigation							
Lord Byng	13.96	2.45	0.03	-	-	-	-
Maquinna	8.23	0.31	-	-	(0.06)	-	-
Selkirk	4.69	0.16	-	-	-	-	-
Wolfe	16.99	1.74	0.01	-	-	-	-
Cavell	17.97	9.23	4.33	0.11	0.01	-	(0.49)
Livingstone	14.82	7.46	4.72	0.09	0.02	-	0.02
Weir	16.71	10.49	1.64	(0.23)	0.28	-	0.37
Grenfell	18.79	-	-	1.05	4.32	11.73	10.40
Annual Facilities Grant	13.47	11.08	9.76	11.77	12.07	13.47	12.46
MECC Minor Capital Programs	7.14	-	-	2.11	3.81	-	2.66
Total Bylaw Capital	\$518.55	\$ 94.26	\$ 68.22	\$ 51.77	\$ 37.26	\$ 30.33	\$ 36.25
Ministry of Education Restricted Capital							
Cavell	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.49
cəw̓as Ch'elxwá7elch Skwuláwt̓xw Seaside	31.47	-	-	19.22	6.28	5.86	3.58
Lord Roberts Annex	2.24	-	-	-	0.05	-	1.00
Total Ministry of Education Restricted Capital	\$ 34.64	\$ -	\$ -	\$ 19.22	\$ 6.33	\$ 5.86	\$ 5.07

During 2025-26, the School District completed the financial close-out of two major capital projects that had incurred costs in excess of available provincial funding. A deficit of \$0.25 million related to the Bayview Elementary Seismic Mitigation Project was funded from Local Capital, while a deficit of \$0.49 million related to the Edith Cavell Elementary Seismic Mitigation Project was funded from Restricted Capital. As a result, both project deficits were fully addressed during the year.

Tangible Capital Assets - Buildings

Seismic Mitigation Program (SMP)

As part of the seismic mitigation program, the Henry Hudson Addition was completed during the 2025-26 fiscal year. Construction of the new Sir Wilfred Grenfell Elementary school is ongoing, with occupancy anticipated in fall 2026. The project spending to date is \$15.93 million.

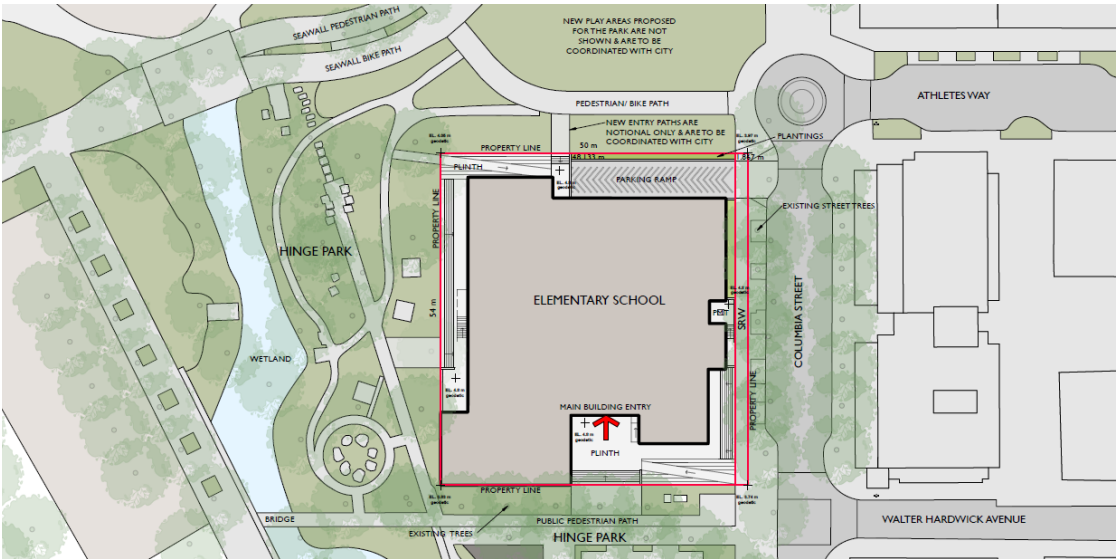
New School Construction



cəwás Ch'elxwá7elch Skwuláwtxw Seaside Elementary: This project includes a new school on a site next to the Coal Harbour Community Centre, as part of a larger City of Vancouver mixed-use development that will include child care and non-market housing. The school's construction is funded from the proceeds of the subsurface air parcel at the Lord Roberts Annex site to BC Hydro in 2018 (reported under restricted capital and local capital). Construction of the mixed-use development began in February 2022. The project was completed in July 2026. Students will begin attending the new school in September 2026. The project spending to date is \$40.43 million.



Lord Roberts Annex Replacement School: This project involves the replacement of the existing annex with a new three-storey K-7 elementary school designed to accommodate 510 students, including 60 kindergarten and 450 elementary spaces. Planning for the project has been coordinated with a proposed BC Hydro substation development on the site. Construction of the substation is expected to commence following receipt of regulatory approvals, currently anticipated in late fall 2026. Construction of the school's underground parkade could begin as early as 2029. The Vancouver School Board has included this project in its Major Capital Plan submissions and is seeking provincial funding to support the full scope of this project. The project spending to date is \$1.73 million.



Olympic Village: Funding for a new elementary school in Olympic Village (\$150 million) was approved by Province, and a project agreement was signed in May 2024. The anticipated timeline for rezoning, design and permitting is about two and half years, followed by about two and half years of construction. The school is expected to open in fall 2029. The project spending to date is \$3.21 million.

School Enhancement Funded Projects (SEP)

The School Enhancement Program provides funding to help school districts extend the life of their facilities through a wide range of improvement projects.

During 2025-26, VSB received School Enhancement Program funding and used it to complete heating, ventilation, and air conditioning (HVAC) and electrical upgrades. The following table details the projects that were completed during the year and projects that are currently in progress.

Project type	Facility	Funding	Spending	Expected Completion
HVAC Upgrades	Crosstown Elementary	1,470,000	1,034,224	September 2026
HVAC Upgrades	Crosstown Elementary	1,350,000	90,424	March 2027
Eletrical upgrades	Killarney Secondary	475,000	441	March 2027
		3,295,000	1,125,089	

Carbon Neutral Capital Funded Projects (CNCF)

The school district has received the funding to complete the heating, ventilation, and air conditioning (HVAC) upgrade projects. See the following table for the ongoing projects.

Project type	Facility	Funding	Spending	Expected Completion
HVAC Upgrades	University Hill Elementary	526,750	467,368	Completed
HVAC Upgrades	Windermere Community	475,000	566,753	Completed
HVAC Upgrades	Edith Cavell Elementary	625,000	-	March 2027
HVAC Upgrades	Charles Dickens Annex	450,000	-	March 2027
		<u>2,076,750</u>	<u>1,034,121</u>	

Building Envelope Program (BEP)

Funding is provided to help school districts with remediation of schools suffering damage from water ingress due to premature building envelope failure. Eligible school facilities under this program were built between 1980 and 2000 and have a risk assessment report facilitated by B.C. Housing. The school district received funding for the design and construction phase for the building envelope remediation of Sir Winston Churchill Secondary. See the following table detailing the funding and spending.

Project type	Facility	Funding	Spending	Expected Completion
Exterior Walls	Sir Winston Churchill Secondary	2,195,500	2,087,712	Completed

Playground Equipment Program (PEP)

This annual funding program provides for the purchase and installation of new or replacement playground equipment. The program will provide capital funding grants for universally accessible playground equipment.

Project type	Facility	Funding	Spending	Expected Completion
Accessible Playground Equipment	Pierre Elliott Trudeau Elementary	195,000	195,000	Completed
Accessible Playground Equipment	Britannia Elementary	200,000	205,410	Completed
Accessible Playground Equipment	J.W. Sexsmith Community Elementary	200,000	-	March 2027
		<u>595,000</u>	<u>400,410</u>	

Food Infrastructure Program (FIP)

This annual funding program to assist school districts in creating, improving or expanding infrastructure to feed students in communities across the province. Projects include minor upgrades such as refrigerated vehicles to support the delivery of prepared meals, the purchase and installation of kitchen equipment, improvements to ensure kitchens meet local health authority requirements and food storage. Funds cannot be used to construct new kitchens or to expand existing kitchen facilities.

Project type	Facility	Funding	Spending	Expected Completion
Kitchen Equipment	Magee Secondary	25,000	25,023	Completed
Kitchen Equipment and Upgrade	Britannia Secondary	50,000	50,379	Completed
Kitchen Equipment and Upgrade	Gladstone Secondary	28,000	28,135	Completed
Kitchen Equipment and Upgrade	Sir Winston Churchill Secondary	55,000	42,180	March 2027
Kitchen Equipment and Upgrade	Killarney Secondary	90,000	81,588	March 2027
		<u>248,000</u>	<u>227,305</u>	

Annual Facility Grant (AFG)

The Annual Facility Grant is funding provided by the Province for designated school capital or maintenance upgrades.

Project Type	Number of Schools	2025-26 Spending
Accessibility Upgrades	15	1,411,257
Asbestos Abatement	7	1,005,002
Electrical	10	2,439,764
Exterior Wall Systems	11	1,854,599
HVAC	5	1,638,037
Interior Construction	14	2,028,902
Plumbing	12	1,646,138
Roofing	3	2,519,026
Site Upgrades	7	973,701
		<u>15,516,426</u>

Child Care Centers



VSB remains committed to expanding access to high-quality child care in our facilities.

In spring 2026, MECC released new funding under the School Age Care on School Grounds program. VSB submitted six projects and received funding for three of these priorities. Construction began in summer 2026 and will be complete by spring 2027.

As part of seismic replacement projects, the school district entered into agreements with the City of Vancouver to build new child care facilities. Costs associated with constructing these child care facilities are to be funded by the City of Vancouver. In addition, the Province funded child care facility at the new cəwas Ch'elxwá7elch Skwuláwtwx Seaside Elementary has been completed and will be open for students in September 2026.

School	Occupancy	Cost
cəwas Ch'elxwá7elch Skwuláwtwx Seaside Elementary	September 2026	\$1.80 million
Captain James Cook Elementary	March 2027	\$0.20 million
Tyee Elementary	March 2027	\$0.06 million
Lord Beaconsfield Elementary	March 2027	\$0.06 million

Risk Factors

There are several risk factors that may have a financial impact on the school district, ranging from enrolment changes, unexpected cost pressures and lost revenues. The two most significant areas of risk are the financial pressure associated with the budget's structural deficit and those identified in the Enterprise Risk Management review.

Structural Deficit

A structural deficit occurs when an organization's ongoing expenditures are continually greater than its ongoing income, including government funding and other sources of revenue. If income does not cover expenses over time, the structural deficit will have a cumulative effect. Necessary infrastructure investments, maintenance and upgrades are not funded as part of the ongoing budget, which means VSB has a structural deficit which must be addressed.

Most of VSB's revenues come from provincial grants, which are tied to enrolment. In the past, fixed costs have not decreased in step with decline in revenues and necessary items remain unfunded.

To address the structural deficit, VSB must make structural changes. This will include long-term changes, rethinking and restructuring operations and related costs. Taking a multi-year approach is necessary to tackle the structural deficit and support the longer-term perspective on decision-making that can create lasting change.

Some factors contributing to the school district's structural deficit are:

- ongoing budgeted spending funded from one-time savings or revenue;
- higher costs associated with maintaining many old buildings and operating more sites and programs than are required to meet the current educational needs of students;
- changes in enrolment and the related impact on provincial grant revenue, while many operating costs do not change at the same time;
- creation of programs that do not have a funding source or that rely on surplus funds;
- provision of services that do not have a funding source;
- collective agreement wage lifts and exempt staff wage lifts that are not fully funded over time;
- maintaining non-enrolling teacher staffing above collective agreement requirements;
- provincial funding not covering the cost of inflation; and
- increasing need for support for students with disabilities or diverse abilities.

VSB has contractual and operating obligations that give rise to expenditures that cannot be offset by corresponding revenues. The expenditures required to satisfy these obligations can vary from year-to-year, and in some cases the amount and timing of these expenditures are impacted by factors that are outside the control of the district. This makes it difficult to quantify the impact of the structural deficit on each fiscal period. Addressing the structural deficit is critical to ensure the long-term financial stability of VSB. Without sufficient funding and revenue to cover all expenses, the VSB risks ongoing financial challenges that could impact its ability to provide quality education and services.

Capital Projects

Due to their magnitude, capital projects have the potential to significantly impact the financial position of the school district. There is no process to assess the risk of the entire capital program; individual project risk assessments must be done on a continuous basis. Project agreements with the Province contain contingencies to mitigate financial risk. Smaller projects consider contingency requirements when building the overall project budget and are managed internally.

Contingent Assets

In fiscal year ended June 30, 2019, VSB entered into an agreement with BC Hydro for the sale of an underground air parcel at Lord Roberts Annex for the construction of an electrical substation. As a result of that sale, a contingent contractual right exists in the form of a construction lease. The issuance of the construction lease is dependent on BC Hydro receiving a Certificate of Public Convenience and Necessity from the British Columbia Utilities Commission for the construction of the substation.

In January 2022, VSB received an arbitration award regarding the annual ground lease rent for the site on which Kingsgate Mall occupies. The District has been invoicing the tenant annual rent based on the arbitration ruling, and the tenant has been paying a lower rent amount. Beedie Development LP challenged the arbitration award determining the market value of Kingsgate Mall for setting rent for the next lease renewal period. On December 20, 2024, the court set aside the 2022 award and determined the market value based on the 1.0 FSR outright use, setting the rent for the third renewal period at \$1,650,000 per annum. The B.C. Court of Appeal upheld this decision.

VSB is seeking leave to appeal this decision to the Supreme Court of Canada. The collectability of the amount invoiced depends on the outcome of the appeal.

Contingent assets are not recorded in the financial statements.

Contingent Liabilities

In the ordinary course of business, VSB has legal proceedings brought against it. It is the opinion of management that final determination of these claims will not have a material impact on the financial positions or operations of VSB.

VSB is involved in ongoing legal proceedings initiated by the Conseil Scolaire Francophone de la Colombie-Britannique (the "Conseil") against His Majesty the King in Right of the Province of British Columbia, the MECC, and the VSB. The proceedings are related, in part, to the Conseil's claim that it is entitled to the fee simple transfer of specific school sites from the School District to the Conseil. The Conseil has also claimed that there should be court orders overriding the District's school closure and surplus disposal policies and compelling MECC to exercise powers under the *School Act* to require the fee simple transfer of such school sites.

The Conseil filed a Notice of Civil Claim on December 22, 2020, initiating the lawsuit and seeking the fee simple transfer of the Queen Elizabeth Annex (QEA) to the Conseil. The Conseil filed its Third Amended Notice of Civil Claim on August 26, 2022, expanding the relief sought to include additional sites in Vancouver and other communities. On July 28, 2023, the Conseil filed its Fourth Amended Notice of Civil Claim, seeking the fee simple transfer of the QEA site, the Laurier Annex site, and the Dr. A.R. Lord site.

On May 23, 2025, after a nine month long trial, the British Columbia Supreme Court issued reasons for judgment. Regarding the claims against VSB, the Court dismissed the Conseil's claim that fee simple transfers were necessary to give effect to s. 23 rights under the Canadian Charter of Rights and Freedoms (minority French language education rights). Instead, the Court found that s. 23 rights could be fulfilled through the use of long-term leases as suggested by VSB. The Court ordered that a transfer of tenure, either long term lease or fee simple, of QEA be made and the VSB fulfilled that order by granting a 99-year ground lease to the CSF. The Court ordered that VSB must make Laurier Annex site available for a transfer of tenure, again either long term lease or fee simple transfer, subject to decisions being made by the MECC and the Conseil. The Court dismissed the Conseil's claim in relation to the Dr. A.R. Lord site because there was insufficient evidence of failed negotiations between VSB and the Conseil at this point in the time to justify an order.

The Conseil filed an appeal of the Court's order and in particular the order dismissing their claim that a fee simple transfer is necessary to give effect to the s. 23 rights. This appeal will likely be heard in late 2026.

An estimate of the remaining costs to defend the legal case is included as a financial provision appropriated from surplus realized in prior years. The outcome of these legal proceedings is uncertain and the financial impact on the school district cannot be determined at this time. VSB continues to defend against the Conseil's claims.

According to a directive from MECC, remedies funded from the Classroom Enhancement Fund are payable only where an agreement has been reached with the applicable teachers' association. As at June 30, 2026, no agreement had been reached with the Vancouver Secondary Teachers' Association for remedies relating to the 2024-25 fiscal year, or with either Vancouver teachers' association for remedies relating to the 2025-26 fiscal year. As a result, the amount and likelihood of any obligation cannot be reasonably estimated.

The collective agreements for the Canadian Union of Public Employees Local 15, the International Union of Operating Engineers Local 963, and the Trades Bargaining Council expired on June 30, 2025, and remained unsettled as at August 17, 2026. The financial statements include an accrual for the provincial framework wage increase of 3%, retroactive to July 1, 2025. No accrual has been recorded for any additional compensation that may result from local bargaining, as the amount could not be reasonably estimated.

The collective agreements for the Canadian Union of Public Employees Local 407 and the Vancouver Adult Educators' Association were settled subsequent to year-end, with ratification occurring after June 30, 2026. Accordingly, the financial statements include an accrual for retroactive salary increases to July 1, 2025. The related payments will be processed in the 2026-27 fiscal year.

Estimated funding receivable from MECC for labour settlement costs has been recognized to offset the related accrued compensation expenses.

Enterprise Risk Management

As part of the District's enterprise risk management (ERM) initiative, enterprise-wide risks are identified, assessed, and monitored on an ongoing basis to ensure they reflect current conditions, emerging issues and changes in the operating environment.

A comprehensive District-wide risk review was conducted in 2025 to refresh the risk register and update the ERM framework in alignment with leading practices. The major areas of risk for VSB are outlined below.

Facility Maintenance – The District operates 124 active facilities. The Long-Range Facilities Plan identified that the District has many older buildings with significant seismic safety concerns and deferred maintenance requirements. The capital approval process takes time and resources to get new capital projects up and running, and the Ministry continues to request that school districts contribute more local funds toward capital projects.

Legal Action - The risk that VSB will face increased legal exposures, including potential claims or litigation from others, which could result in financial, operational, and reputational impacts.

Supporting Students with Disabilities or Diverse Abilities - The risk that, due to factors including Ministry funding, limited workforce availability, the VSB has limited resources to adequately support and provide a positive experience for students with disabilities or diverse abilities (including accessibility).

Cybersecurity Threats - The risk that VSB faces critical cybersecurity threats or breaches that could expose highly sensitive data which in turn would disrupt essential operations, systems and compromise district data and private information of students, staff and parents.

Workforce Capacity & Performance Management - The risk that inadequate staffing levels and the absence of a robust performance management process will increase workload and strain capacity at VSB—leading to unclear roles and expectations, reduced accountability and engagement, poor staff resource allocations, staff burnout, lower morale and productivity, diminished quality of work, and ultimately impaired delivery on VSB's mandate.

Workforce Adequacy and Continuity - The risk that VSB is unable to maintain adequate staffing levels and expertise due to staff shortages, turnover, and insufficient workforce planning. This could result in unfilled critical roles, loss of institutional knowledge, diminished morale, and reduced capacity to fulfill VSB's mandate, manage current and planned initiatives, and sustain effective operations.

Macroeconomic Uncertainty - The risk that adverse or unpredictable economic conditions—such as changes in tariffs, inflation, interest rates, or government funding—negatively affect the school district's revenues and cost structure. This may result in budget shortfalls, increased operating costs, reduced program funding, and constraints on long-term planning and capital investments.

Locally Generated Revenue – The District relies on locally generated revenue from multiple sources and there is a risk that VSB may not generate sufficient local revenue from rentals, the international education program, and grants, impacting financial sustainability and limiting funding for programs and initiatives. Changes to the federal immigration policies, including tighter restrictions on international student permits and visa eligibility, make it difficult to estimate if international students will want to come and study in Canada or if they can secure a visa. Many of the students who enroll in the program do not come to the province until just before the start of the school year, adding to the uncertainty.

Records Retention/Data Loss - Insufficient records retention and data backup controls create a risk of institutional data loss, potentially disrupting operations and permanently impacting institutional knowledge and records.