



Financial Statement Discussion and Analysis 2024/2025

Introduction

The following Financial Statement Discussion and Analysis should be read in conjunction with the audited financial statements and accompanying notes for the qathet School District for the year ended June 30, 2025. The purpose of the Financial Statement Discussion and Analysis is to highlight information and provide explanations, which enhance the reader's understanding of the school district's financial statements as well as the factors that influenced the financial results presented in these statements. The preparation of the Financial Statement Discussion and Analysis is the responsibility of the management of the school district.



Overview of the qathet School District

The qathet School District is situated in a beautiful coastal community on the Upper Sunshine Coast in the qathet Regional District and on the traditional territory of the Tla'amin Nation. Just over 130 km from Vancouver, BC, Powell River is surrounded by forest, mountains, and many freshwater bodies of water and is part of the coastal mountain range. With the Pacific Ocean to its west, the region enjoys a temperate climate. The qathet Regional District currently has a population of 21496 (Statistics Canada: 2021 Census).

The District serves approximately 3,200 students in four K-7 elementary schools, one dual track K-7 elementary school, one remote island K-7 elementary school, a K-12 online learning school, an alternate school, and one 8-12 secondary school.

A number of additional program opportunities are provided including Before and After School Care, Early Learning and Strong Start Programs, French Immersion, ʔayʔaʔuθəm Language, Dual Credit Academics and Trades, an International Student Program, as well as overseeing an Auditory Outreach Program on behalf of the Province.

All decisions made by the qathet School District are guided by its vision and core values and based on research and consultation. Similarly, the district's initiatives and resources are aligned to support its commitment to fostering a culture of care and belonging where the well-being and success of all learners is supported; providing intentional support for a growth mindset, collaboration, interdependence, and staff development; and being a forward-thinking, research-based, ethical, effective, efficient, sustainable, and connected organization.

Our Principles

- Many Ways of Knowing, Learning, and Being
- Diversity, Equity, and Human Dignity
- A Healthy Work and Learning Environment
- Innovation, Curiosity, and Creativity
- Openness, Transparency, and Accountability

Our Mission

Learning and Growing, Together

Our Vision

Creating Brighter Tomorrows for All

Our Values

Integrity: We strive to be a living example of what we want to see in the education system through continued self and organizational reflection to ensure the confidence of those we serve

Respect: We honour others, value selflessness, and always strive to act considerately and honestly. We are intentional with our words and actively listen to others. We promote collaboration and power sharing to achieve positive change that benefits the entire learning community.

Courage: We practice courage by moving beyond our comfort zones, embracing obstacles, and taking responsibility for our errors, allowing us to better ourselves and serve our learning community with excellence.

Curiosity: We cultivate a safe environment to explore new ideas, take risks, and challenge the status quo. We understand curiosity as critical for transformative growth, change, and innovation

Inclusivity: We promote inclusivity by changing mindsets and behaviours, and cultivating welcoming and fair environments that actively oppose oppression. We strive to ensure everyone is seen, connected, supported, and proud.

Good Relations: We strive for balance in our relationship with ourselves, others, and the lands and waters that sustain us. We consider the impact of our actions on past, present, and future generations and strive to leave a positive legacy for them.



Strategic Priorities

Cultivating an Ethic of Learning (titlw̓ḡem taʔow)

Ensure early learners and students have the best possible learning experience.

- Focus on foundational learning in literacy and numeracy.
- Enhance early learning plans, opportunities, and partnerships.
- Foster deep learning so all students can flourish in a rapidly changing world.
- Increase student engagement and voice.
- Expand school food programs to ensure all students have access to nutritious meals and are ready to learn.

Cultivating Curiosity (payot gagayɛłtən)

Transform our learning environments into places of innovation.

- Continue to support land based and place based learning.
- Strengthen personalized and flexible learning opportunities, including redesigning learning spaces.
- Create a culture of inquiry and innovation.
- Strengthen our competencies around environmental stewardship.

Cultivating Connection (paʔa kʷɔms qʷayigən)

Prioritize mental health, community connections, and social-emotional learning.

- Enhance mental health opportunities and partnerships that support well-being.
- Engage, involve, and support connections within the school and community.
- Continue to create and promote safe, welcoming, and inclusive learning environments.
- Promote the development of social-emotional learning skills.



Supporting Self-Determination (ʔaʔjɫɪxʷegəs)

Ensure holistic Indigenous student success.

- Ensure consistent access to enriching, innovative, identity affirming, and culturally relevant opportunities, and supports.
- Ensure educational spaces are culturally safe by committing to system wide respect of this place and our shared history by prioritizing Indigenous languages, perspectives, values, and cultures.
- Support students with setting goals for the future (ʔimot θ titiwšɛm, toχnegosəməčxʷɔm θoθo)

Cultivating Truth and Reconciliation (gʷnaʔxʷuθs)

Honour Truth and Reconciliation.

- Work to undo the legacies of colonialism through diverse pathways including supporting ʔayʔaʃuθəm language revitalization initiatives and education.
- Continue our commitment to the Truth and Reconciliation Commissions Calls to Action and the United Nation's Declaration on the Rights of Indigenous Peoples.

Cultivating Integrity/Responsibility (hays qayumɪxʷ ʔayʔaytaʋθ)

Prioritize climate change, organizational health and sustainability.

- Provide climate action education and leadership opportunities grounded in Indigenous ways of knowing.
- Align planning, processes, policies, and procedures to improve the effectiveness of the system.



Strategic Priorities and Goals

The strategic priorities and goals for qathet School District are established on a rolling five-year planning cycle and are summarized in departmental operational plans and school growth plans. The board-approved budget supports the specific strategic goals identified in operational plans and school growth plans.

For 2024/2025, resources have been allocated in support of:

Literacy and Numeracy	Early Learning
Food Security	Counselling and Mental Health
Family Support	Technology
Sexual Health	Outdoor Education
Indigenous History, Culture and Language	Applied Design, Skills and Technologies



Understanding qathet School District Financial Statements

The District uses fund accounting and deferral accounting and each of its funds has certain restrictions in accounting for funds received and expended. These methods are primarily used in the public sector where the goal is to avoid budget deficits while providing the greatest benefit to the public by strategically allocating the resources that are available. In this respect, school districts are expected to ensure that available funds are being used in the most efficient way possible to maximize the potential benefit of each dollar and in the specific manner for which they were intended.

The District's financial statements include the following audited statements:

- **Statement of Financial Position (Statement 1)**
- **Statement of Operations (Statement 2)**
- **Statement of Changes in Net Financial Assets (Debt) (Statement 4)**
- **Statement of Cash Flows (Statement 5)**

The notes to the financial statements provide information regarding the District's accounting policies and details what is included in the account balances in the financial statements. Following the notes to the financial statements are supplementary unaudited schedules that provide information about the individual funds.

Changes in Accumulated Surplus (Deficit) (Schedule 1)

Summarizes the surplus (deficit for the year and accumulated surplus amounts for each of the three funds (Operating, Special Purpose, and Capital Funds).

Operating Fund (Schedule 2)

The operating fund includes operating grants and other revenue used to fund instructional programs, school and district administration, facilities operations, custodial services, maintenance, and transportation.

Special Purpose Fund (Schedule 3)

The special purpose fund is comprised of separate funds established to track revenue and expenditures received from the Ministry of Education and other sources that have restrictions on how they may be spent (e.g. Classroom Enhancement Fund, Annual Facilities Grant, Community LINK, Ready Set Learn and School Generated Funds).

Capital Fund (schedule 4)

The capital fund includes capital expenditures related to facilities and equipment that are funded by Ministry of Education 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 of Education.

Financial Highlights

93% of the School District's operating revenue comes from the Ministry of Education and Childcare. The amount of funding is determined through an allocation formula that considers student enrollment and various other supplements including recognition of the unique geographic needs of our region. The balance of operating revenue consists of International Student fees, funding through our Tla'amin Education agreement, a funding agreement with School District 93, support from the Industry Training Authority as well as some building leases, investment income, and other miscellaneous revenues.

Salary and benefit costs continue to account for more than three quarters of the organizations operating costs with the remainder spent on various services, supplies, and utilities.

Below is a summary list of considerations that influenced the organization's financial outlook for the school year including significant planned and unplanned expenditures of note.

Summary of Significant Events

The qathet School District has experienced a year of significant transition, beginning with the appointment of Vianne Kintzinger as Interim Superintendent and followed by the successful recruitment of Paul McKenzie as the new Superintendent of Schools. Ms. Kintzinger provided steady leadership during this transitional period, serving in the interim role for eight months until Mr. McKenzie assumed the role in April. Under her guidance, the organization introduced several important governing changes, including the implementation of routine program reviews to inform and strengthen future program planning.

In the spring of 2025, the Board of Education held a trustee by-election following the resignation of Mr. Rob Hill, resulting in the election of Trustee Gretchen Conti.

After several years of budgets that were supported with the availability of surplus funds, the 2024/2025 spending plan was reduced mid-year through the amended budget process recognizing the organization did not have the operating reserves to carry the annual budget through as was originally presented.

Despite a leaner financial landscape, no staff or services were reduced during the school year with the savings predominantly coming from reduced spending on maintenance and operations through the reduced procurement of services and supplies.

Enrolment and Revenue

- Total annualized enrolment of approximately 3,250 students includes enrolment of over 37% in a blended online learning program.
- 27% of the operating grant from the Ministry of Education and Childcare was derived from the supplement for Unique Student Needs.

Service Delivery and Spending

- The search for a new Superintendent of Schools was undertaken early in the school year and concluded with the recruitment of Mr. McKenzie who started with the district in the Spring.
- A trustee by-election was successfully conducted late in the school year.
- Planned reductions in maintenance and operations spending were implemented mid-year to assist in balancing the reduced budget.



Capital Works and Equipment Replacement

- The classroom addition project at Edgehill Elementary School successfully moved from the planning and preparation stage to the construction stage with work having started during the two-week Spring break.
- Mechanical and ventilation upgrade undertaken at Henderson Elementary.
- LED lighting upgrade completed at Henderson Elementary.
- Work was completed at each of the Kelly Creek and Edgehill daycare centres with both opening at different points during the school year.
- A new 80 passenger school bus was purchased.

Financial Analysis of the School District

Statement of Financial Position

	2025	2024	Variance \$
Financial Assets			
Cash and Cash Equivalents	5,793,639	6,350,256	(556,617)
Accounts Receivable - MOECC	657,024	325,000	332,024
Accounts Receivable - Other	466,073	538,537	(72,464)
Total Financial Assets	6,916,736	7,213,793	(297,057)
Liabilities			
Accounts Payable	3,738,257	3,377,737	360,520
Unearned Revenue	424,739	583,126	(158,387)
Deferred Revenue	1,007,883	934,529	73,354
Deferred Capital Revenue	44,043,907	40,355,120	3,688,787
Employee Future Benefits	906,006	826,524	79,482
Asset Retirement Obligation	1,267,726	1,323,678	(55,952)
Total Liabilities	51,388,518	47,400,714	3,987,804
Net Debt	(44,471,782)	(40,186,921)	(4,284,861)
Non-Financial Assets			
Tangible Capital Assets	53,343,722	49,916,228	3,427,494
Prepaid Expenses	259,612	101,246	158,366
Total Non-Financial Assets	53,603,334	50,017,474	3,585,860
Accumulated Surplus	\$ 9,131,552	\$ 9,830,553	\$ (699,001)

- Decreased cash balances attributed mostly to increased spending resulting in a decreased accumulated surplus.

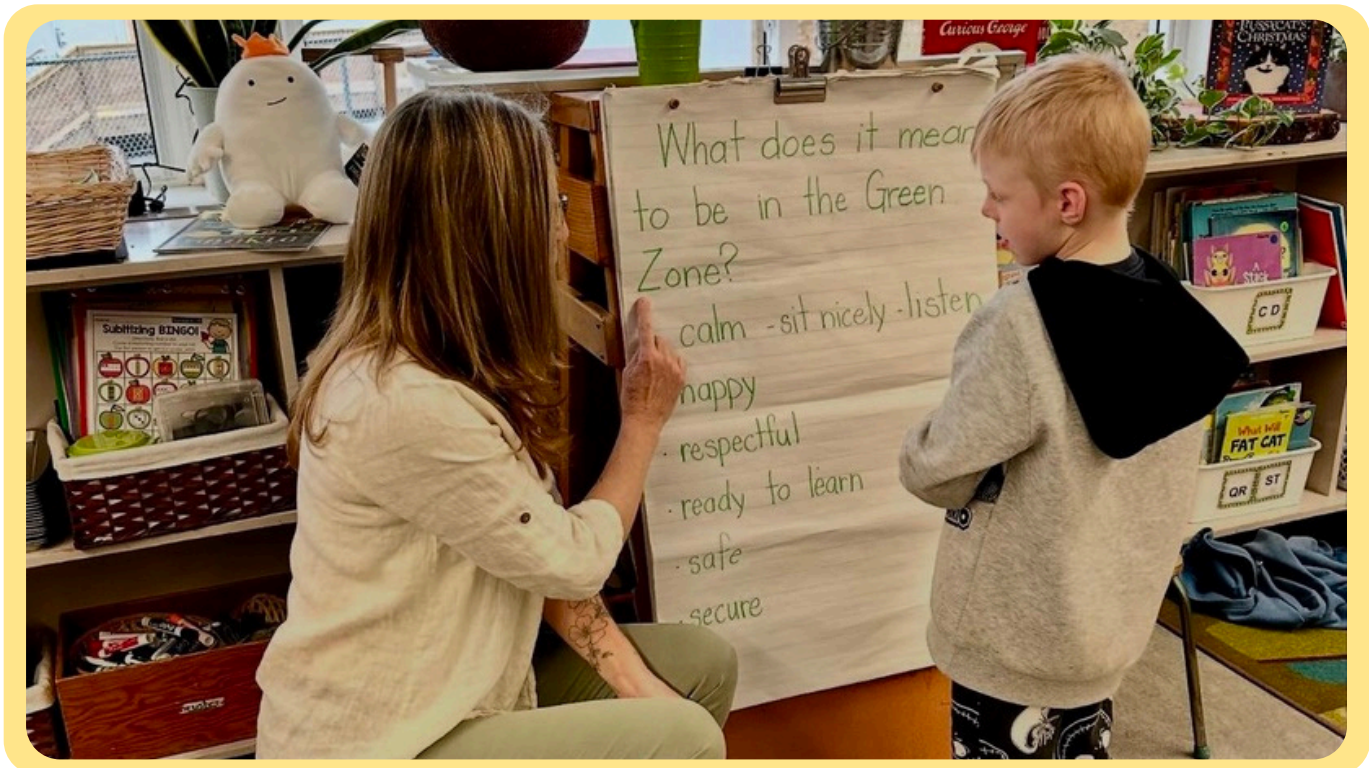
Income Statements

Revenues

The tables below summarize actual operating revenues and expenditures as compared to budgeted:

	Actual	Budgeted	Variance
Operating Grant, Ministry of Education	\$ 40,906,985	\$ 41,026,615	\$ (119,630)
Other MOE Grants	961,409	905,269	56,140
Provincial Grants - Other	74,720	75,000	(280)
Tuition	981,927	726,540	255,387
Other Education Authorities	136,293	110,000	26,293
First Nations (LEA)	1,411,479	1,104,133	307,346
Miscellaneous Revenues	435,930	230,000	205,930
Rentals	97,072	85,400	11,672
Interest	88,520	100,000	(11,480)
Total Operating Revenue	\$ 45,094,335	\$ 44,362,957	\$ 731,378

- Higher than forecasted International Student enrolment accounts for the increased tuition revenue.
- There were more students than projected covered by the Tla'amin Education Agreement accounting for the increase in funding from First nations.
- Conservative forecasts for both the cafeteria revenues and Before and After School parent fee revenues account for much of the variance categorized as miscellaneous revenues.



Expenses

	Actual	Budgeted	Variance
Salaries			
Teachers	\$ 14,963,846	14,413,363	\$ (550,483)
Principals & Vice-Principals	3,095,177	2,966,400	(128,777)
Education Assistants	4,390,581	4,487,147	96,566
Support Staff	3,591,369	4,009,548	418,179
Other Professionals	2,282,425	2,385,684	103,259
Substitutes	1,694,944	1,594,908	(100,036)
Total Salaries	30,018,342	29,857,050	(161,292)
Employees Benefits	7,448,859	6,722,102	(726,757)
Total Salary and Benefits	37,467,201	36,579,152	(888,049)
Services and Supplies	7,280,603	7,585,449	304,846
Utilities	705,887	557,500	(148,387)
Total Services and Supplies	7,986,490	8,142,949	156,459
Total Operating Expense	\$ 45,453,691	\$ 44,722,101	\$ (731,590)

- Benefit costs continue to be higher than projected and accounted for 16% of total spending.
- Service and supply costs were lower than budgeted primarily as a result of mid-year plans to curtail spending.
- Administrative costs were higher than that of the prior year with the incremental difference attributed to the cost of senior leadership recruitment and a trustee by-election.
- The year ended with an accumulated surplus of \$974,463



Special Purpose Fund Contribution Summary

- The special purpose fund is comprised of separate funds established to track revenue and expenditures received from the Ministry of Education and other sources that have restrictions on how the funds are spent. The following special purpose funds have been included in the 2024/25 audited statements:

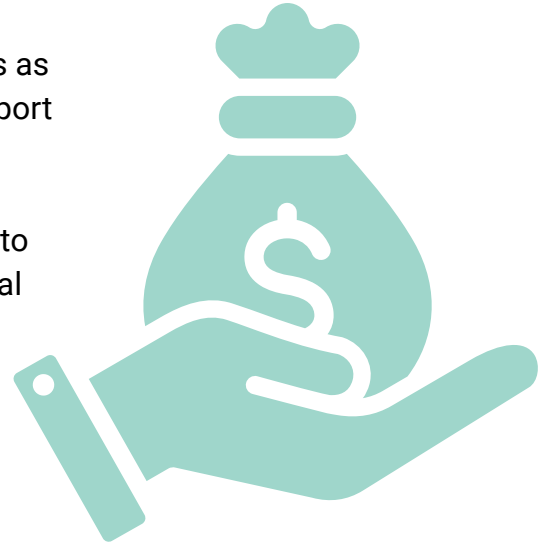
Annual Facility Grant (AFG)	\$122,953	These funds are used throughout District schools to address ongoing maintenance and improvement needs.
Learning Improvement Fund (LIF)	\$148,308	Funding used specifically to augment Educational Assistants' hours providing additional support to complex learners.
School Generated Funds & Bursaries	\$2,054,579 \$497,217 <i>Deferred</i>	Funds that are generated locally at the school level and used for school operations and in support of students.
Strong Start	\$128,000	Strong Start early learning centres provide school-based, drop-in programs for children aged birth to five and their parents or caregivers.
Ready, Set, Learn	\$17,150	Eligible RSL events for 3-to-5-year old children and their parents are hosted to support early learning.
Official Languages in Education French Programs (OLEP)	\$116,612	Funding for core French-language and Immersion programs and curriculum resources.
Community Link	\$230,412	Funding for programs and initiatives to improve the education performance of vulnerable students, including both academic achievement and social functioning.
Classroom Enhancement Fund (CEF)	\$2,794,090	Eligible expenses include teacher staffing, overhead staffing and equipment costs resulting from restoration of class size and composition
Feeding Futures	\$509,341 \$153,058 <i>Deferred</i>	Student food security programs.

Mental Health in Schools	\$55,000	To support increased awareness of issues related to mental health.
ECE Dual Credit & Health Careers	\$137,000 Deferred	Career pathway pilot program initiative.
Early Learning Related Funds	\$281,150	Includes Seamless, Day, Just B4 & Others
Student & Family Affordability Grant	\$156,003	One time funding in support of making life more affordable for families during this time of increased inflation.
Professional Learning Grant	\$238,867 <i>Deferred</i>	One time funding in support of localized literacy initiatives.
Auditory Outreach Program	\$1,487,600 \$118,741 <i>Deferred</i>	Auditory Outreach Program assists schools throughout the province through loans of assistive listening devices for individual students with hearing loss identified as needing this technology for school use.

Capital Funds

The Strategic Facilities Plan adopted by the Board in January 2021 identifies long term capital needs and acts as a guide when making applications to government in support of capital planning.

The District is required to submit a five-year capital plan to the Ministry of Education for additional funding for capital projects as described below.



Annual Facilities Grant (AFG) funds are used throughout District schools to address ongoing maintenance and improvement needs.

Major Capital – Expansion Program (EXP) projects are investments that contribute to the creation of additional classroom spaces.

School Enhancement Program (SEP) projects are investments that contribute to the safety and function of the school while extending the life of the asset.

Carbon Neutral Capital Program (CNCP) projects are investments that contribute to measurable emission reductions and operational costs savings expected as a result of completed projects.

Playground Equipment Program (PEP) projects are investments in new or replacement equipment that is universal in design.

Food Infrastructure Program (FIP) projects are investments in new or replacement equipment that supports the preparation and delivery of school food programs.

Bussing (BUS) is available by application in support of the replacement of school buses.

Local Capital is a fund consisting of resources set aside by the Board targeted in support of capital needs not otherwise funded by the province. Examples of such investments include portable classrooms and equipment such as maintenance vehicles.

New Spaces Fund is available by application to support the creation of childcare spaces.

	2024/2025 Capital Spending
AFG (Capital Portion)	\$ 662,900
EXP	\$2,039,401
SEP	\$ 2,000,000
CNCP	\$ 103,000
BUS	\$538,468
Local Capital	\$78,352
New Spaces Fund	\$222,000
	\$5,644,121

- The section titled *Summary of Significant Events* includes information describing some of the projects undertaken in the delivery of the capital plan.

Future Considerations - Risks and Opportunities

School Districts across the Province are continuing to face significant challenges with the increasing cost of delivering services. As the availability of accumulated operating surplus reserves has been reduced over the last few years, the organization must continue to be diligent in delivering its programs with the resources it receives each year.

qathet area schools are near, and in some instances, at capacity. With the active real estate market over the last few years there has been a slow but incremental increase in the local student population. The district may have to consider strategies such as changes to the current grade configuration or additional investments into portable classrooms in the not-too-distant future.

Contacting Management

This financial report is designed to provide the school district's rights holders with a general but more detailed overview of the school district's finances and to demonstrate increased accountability for the public funds received by the school district. If you have questions about this financial report, please contact the Office of the Secretary-Treasurer at (604) 414 2604.

