



SCHOOL DISTRICT NO. 92 (NISGA'A) DISCUSSION & ANALYSIS OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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The following is a discussion and analysis of School District No. 92 (Nisga'a) financial performance for the fiscal year ended June 30, 2025 and should be read in conjunction with the districts financial statements and accompanying notes. This report is a summary of the district's financial activities based on currently known facts, and conditions and is meant to provide information to enhance the readers understanding of the financial wellness of the district.

While the preparation of the Financial Statement Discussion and Analysis is not a legislative requirement, it is recommended by the Province of BC, Ministry of Education and Child Care (MECC). The preparation of the Financial Statement Discussion and Analysis is the responsibility of the management of the school district.

DISTRICT OVERVIEW

School District No. 92 (Nisga'a) is located in the beautiful Nass Valley, we are a small and very unique district in that our students are primarily of Nisga'a descent and therefore members of one language and cultural group. Our approximately 380 students are spread throughout four communities Gingolx, Laxgalts'ap, Gitwinksihlkw and Gitlaxt'aamiks along the Nass River. Each community hosts a K-7 elementary school with the high school being located in the largest community Gitlaxt'aamiks, as part of a K-12 school.

The lands of the Nisga'a Nation are blessed with soaring mountains, dramatic lava beds and thriving rivers and streams. The natural beauty of Nisga'a lands is complemented by the rich cultural traditions of the Nisga'a Nation. There is a wealth of outdoor activities to enjoy in the area, including fishing, hiking, cross-country skiing, snowmobiling and much more.

All decisions made by the Board of Education (The Board) both educational and financial are guided by the districts VISION statements:

"Nisga'a Education is a way to earn and live the principles of life which entails: Sayt- K'il'im Goot, Ayuukhl Nisga'a and Yuuhlimk'askw.

The Board of Education's primary focus is: "to work with students, families, staff and the community to ensure every student within the Nisga'a Nation graduates and leaves with dignity, purpose and opportunities."

This information (and more) can be found on our website www.nisgaa.bc.ca

OUR UNIQUE RELATIONSHIP

School District 92 has a very unique financial relationship with the Nisga'a Lisims Government due to the fact that the student body is almost 100% first nation from the Nisga'a culture. Under normal circumstances among all districts in the province, the Ministry of Education and Child Care (here on in referred to as MECC) funds the districts for their identified first nation students and then they recover any funding for which the

districts have negotiated a Local Education Agreement (LEA) with one or all of the first nations bands within a district. These agreements state that the band will pay the school district for all funding recovered by the MECC, it generally only includes Operating grants and does not affect funding for Special Purpose Funds (SPF)

However, this districts contract with the Nisga'a Lisims Government goes above and beyond other districts in that the Nisga'a Lisims Government has agreed to fund the MECCs recovery of Operating grants, as well as, Special Purpose Grants.

UNDERSTANDING SCHOOL DISTRICT FINANCIAL PERFORMANCE

Annual surplus and accumulated surplus are key financial statement performance indicators; however, interpreting the meaning of these figures is complicated by the use of funds and deferral accounting. The use of fund accounting means the financial statements of school districts are a consolidation of three separate funds (operating, special purpose & capital), and each of these funds differs with respect to the methods of accounting used and the legislative and other constraints on budgeting and financial results which can be found in Note 2 of the financial statements. Therefore, financial performance can only be understood by reviewing each fund separately.

Operating Funds – Operating Funds include grants and other revenue; they are not restricted in use and are recorded as revenue when received or receivable. These revenues are used to fund instructional programs; school and district administration; facilities operations; and transportation. As noted above, all other districts in the province generally receive more than 90% of there funding from the MECC, however, due to our districts uniqueness the Nisga'a Lisims Government actually provides 87.5% of these operating revenues as "Other Revenue". Program revenues and expenditures are reported with-in the operating funds. Annual and accumulated surplus with the funds are important indicators of financial performance and financial health. This is because school districts are not permitted to budget for or incur an accumulated deficit position. This means when a school district has accumulated operating surplus available it can be used to budget for future expenditures and to reduce financial risk associated with unforeseen expenditures.

Special Purpose Funds – This fund includes grants and school generated funds that are restricted for a specific purpose and are recorded as deferred contributions until the funds are expended. It should also be noted that similarly to the above statement all Special Purpose Fund contributions normally received from the Ministry are funded by the Nisga'a Lisims Government as "Other Revenue". Annual and accumulated surplus is always zero in these accounts because revenues are recognized only as related expenses occur (deferral method of accounting). If expenditures for a program within the special purpose fund exceed available revenues, the resulting deficit is transferred to operating fund reducing accumulated operating surplus. (2025 Revenue - \$5.1M)

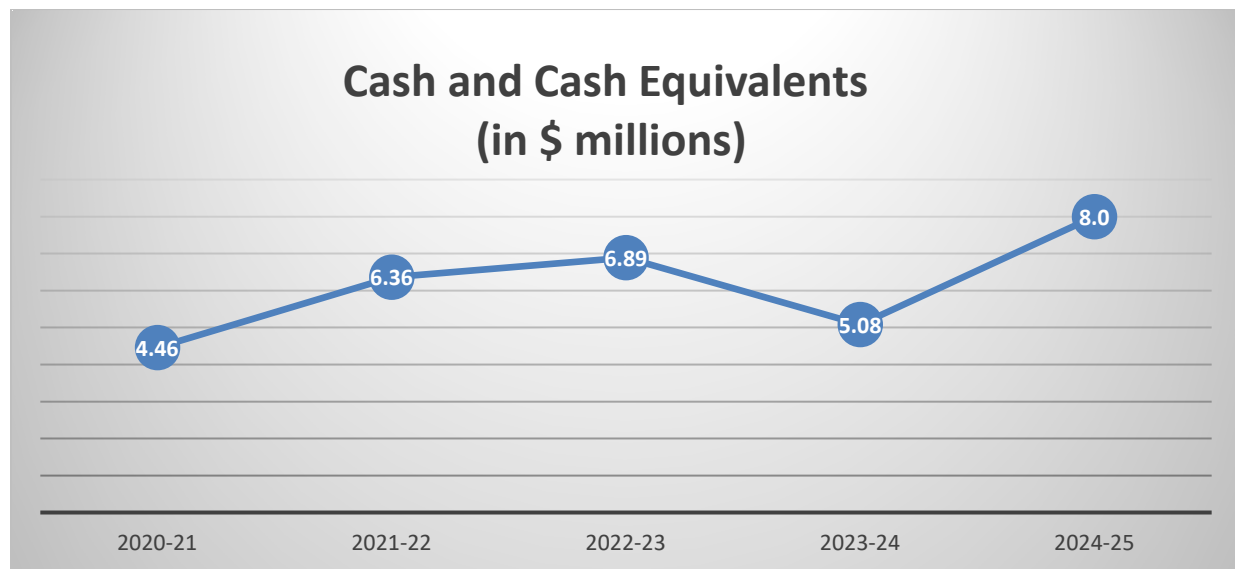
Capital Fund - Investments in capital assets and their related financing activities are reported in this fund. Capital funding from the province is accounted for using the deferral method of accounting, where recognition of capital revenue is spread out over the life of the related capital assets to match the amortization expense which reflects the use of asset over its useful life. This means that capital fund

revenues are not a reflection of funding actually received in any given year. Capital revenues only offset amortization expense in the fund to the extent assets were funded by provincial capital grants. As many capital investments are funded by operating revenue (recorded as transfers of accumulated operating surplus to the capital fund), this fund may report an annual deficit. Typically, capital fund revenues, expenses and annual deficit are not a meaningful indicator of annual financial performance. (2025 Revenue - \$4.6M)

ANALYSIS OF FINANCIAL STATEMENTS

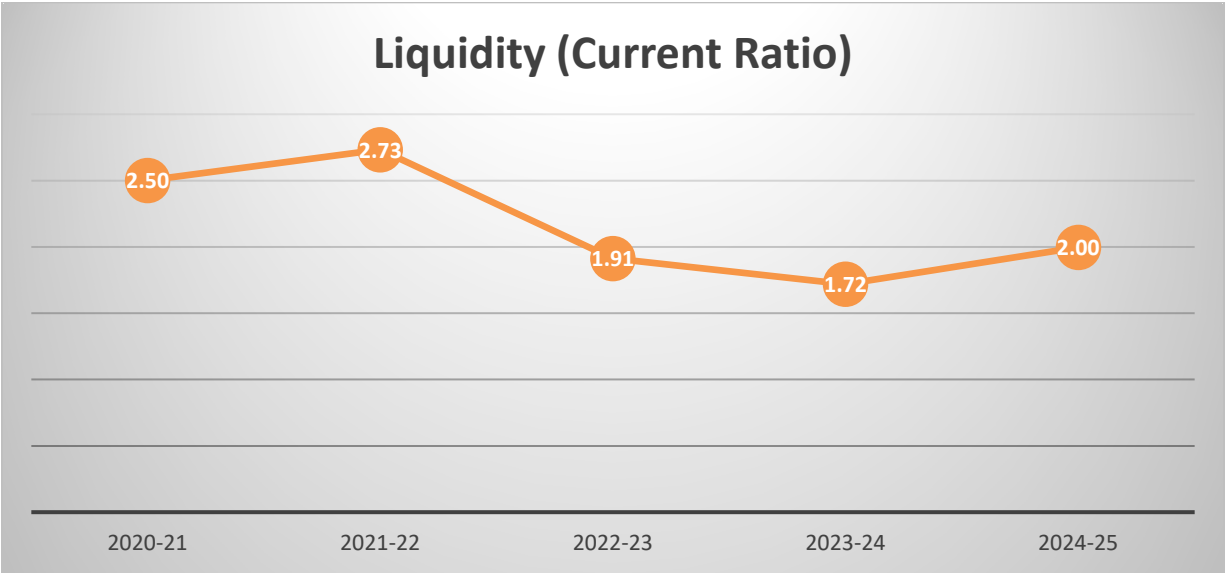
FIVE YEAR TREND – STATEMENT OF FINANCIAL POSITION (Statement 1 – All Funds)

Cash and cash Equivalents have fluctuated over the past five years, this is in conjunction with new Ministerial guidelines for surplus policies, building of contingency funds (Internally Restricted Surplus) and the internal housing projects over the last few years. The district has had an influx of cash in the fourth quarter of this year, several capital grants were drawn in March for projects to be worked on through June and the summer. As well, grants for two new Special Purpose Funds were received Professional Learning and National Food Program, neither program has yet to have many expenses as implementation will not occur until the 2025/26 school year. Therefore, at June 30, 2025 the district is reporting \$8.0 M in cash and cash equivalents.

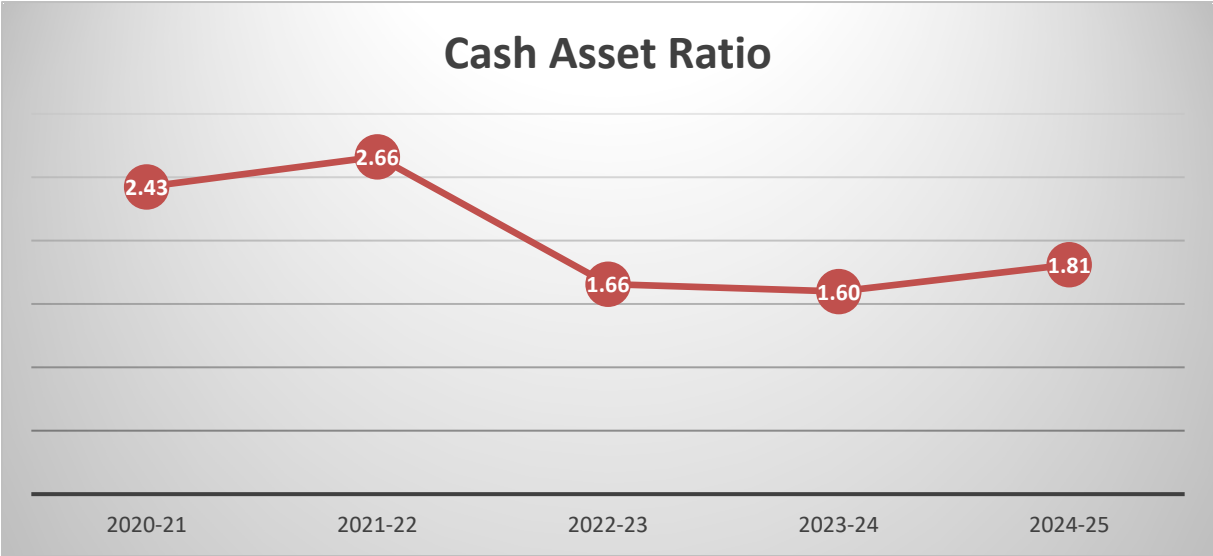


As noted above, cash on hand is not necessarily available for new initiatives as portions of it may come from unspent Special Purpose Funds and Capital funds that are for targeted purposes. Any initiatives will be decided by the Board through their Procedures OP-504 Accumulated Operating Surplus.

Liquidity, or the current ratio, is calculated as current assets divided by current liabilities. If the current ratio is greater than or equal to 1, then there are sufficient assets on hand to meet current liabilities. In this case, current liabilities are equal to total liabilities less deferred capital revenue. As at June 30, 2025 the district is reporting a current ratio of 2.0 or 2 times the amount necessary to cover expenses or debt. It must also be noted that the current ratio for 2025 has been restated due to a prior period adjustment for Asset Retirement Obligations that came into effect in 2022 but were not recorded until now. The restatement moves 2025's current ratio from 3.48 to 2.73.



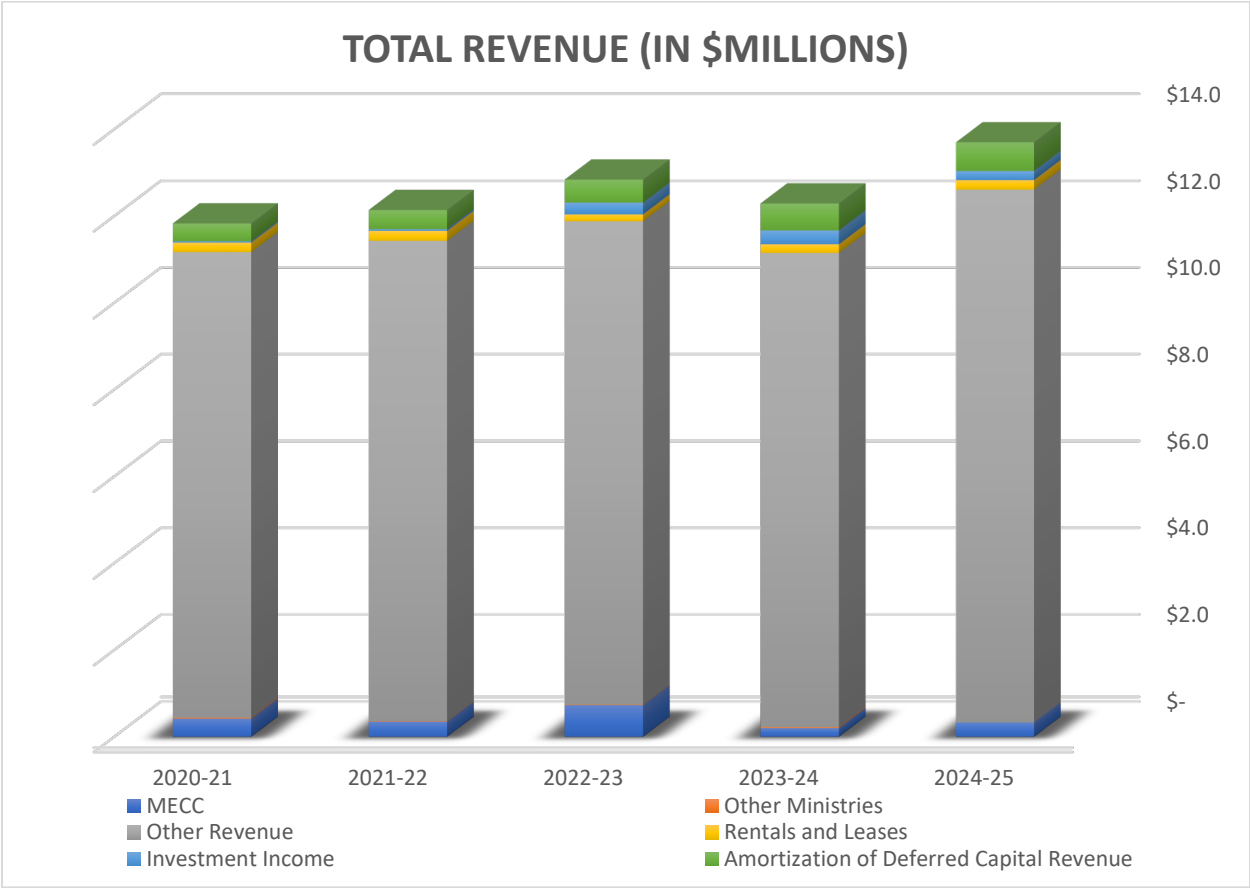
Cash Asset Ratio is another tool to assess the districts' ability to meet their current liabilities. It is the result of cash and cash equivalents divided by current liabilities and determines how quickly obligations can be met. A ratio over 1 (100%) indicates that the district has more than enough cash on hand to satisfy all obligations.



As at June 30, 2025 the districted reported a cash asset ratio of 1.81 (181%) and can easily meet their obligations. Further 2025 was restated as noted above from 3.39 (339%) to 2.66 (266%)

FIVE YEAR TREND – STATEMENT OF OPERATIONS (Statement 2 – All Funds)

Total Revenues for all funds have been continually increasing over the past five years moving from \$11.83M in 2020-21 to \$13.7M in 2024-25. This is mainly due to Special Purpose Fund grants from FNEC and additional Ministry grants for new SPF initiatives Professional Learning Program as noted above, as well as the Labour Settlement grants. The Nisga’a Lisims Government provided 87.45% of the district’s funding in 2024-25 (2023-24 \$86.74%).



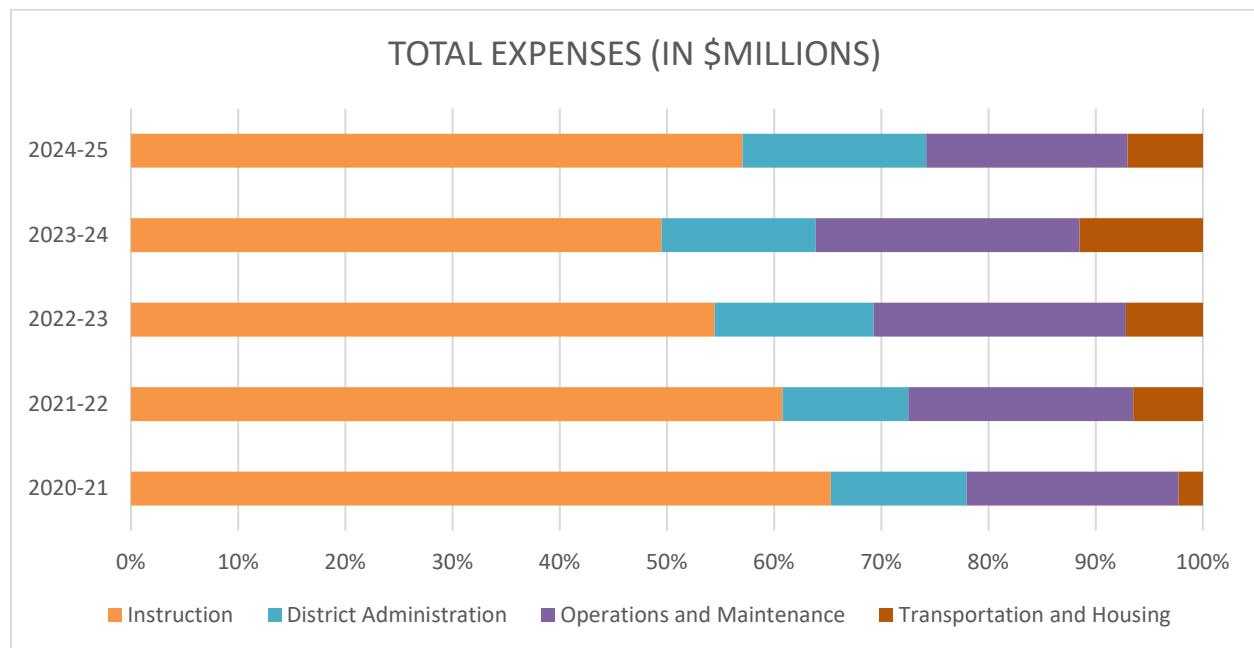
In the 2024-25 year, MECC only provided 2.41%, Other Revenue 2.19%(outside of revenue from NLG), Investment Revenue 1.53%, and Rentals and Leases (the districts housing initiative) at 1.61% makes up the rest of the District’s reported revenue.

The fifth main revenue amount is Amortization of Deferred Capital Revenue at 4.82%. It must be stated that this is not “real” money and is simply an accounting function that recognizes costs with the active life of an asset. Assets in this case are buildings; furniture and equipment; vehicles; and computer hardware and software as discussed in the capital fund descriptor above.

FIVE YEAR TREND – STATEMENT OF OPERATIONS (Statement 2 – All Funds)

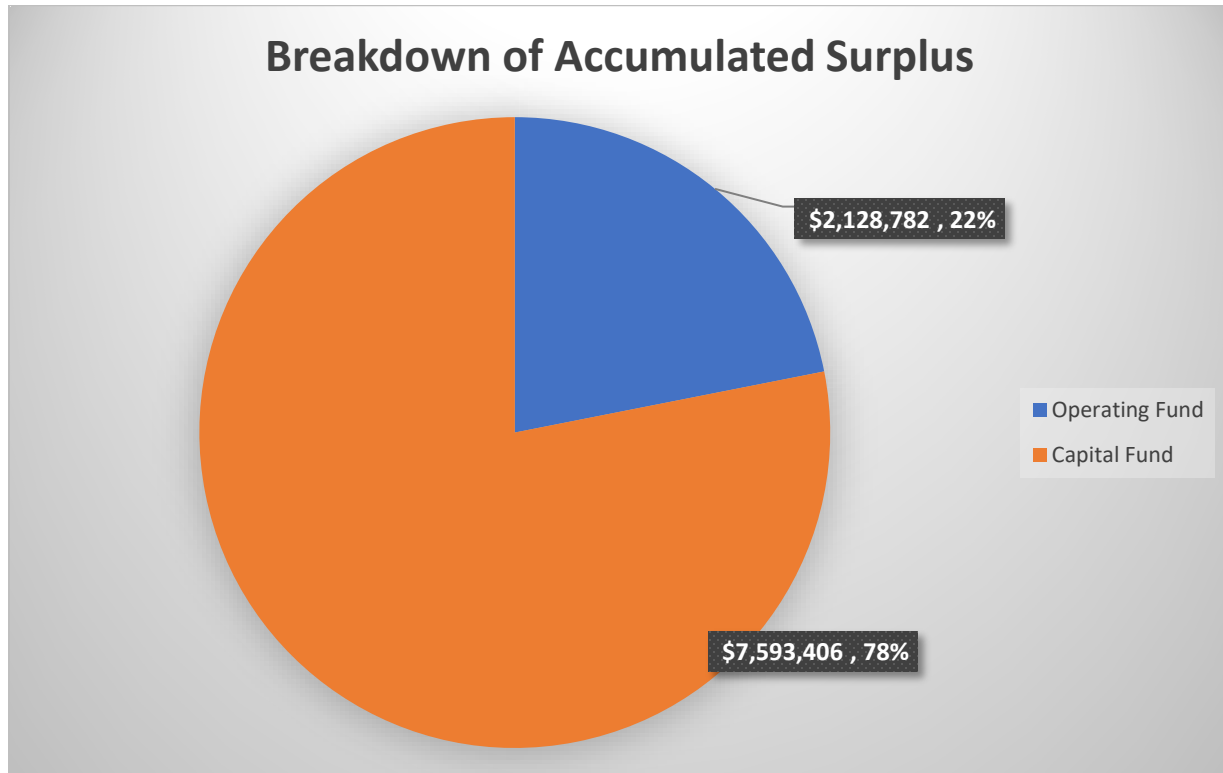
Expenses are the second trend to examine on Statement 2. As you can see spending has been fairly consistent over the 4 main expense areas (departments). Costs over the last several years have increased proportionately with funding in the area of salaries, with the labour settlement agreement for teaching and support staff, those agreements run out in 2025. Instruction expenses at 57.07% have increased significantly as recruitment and retention efforts have come to fruition. Similarly, the 17.11% on Administration is also a significant increase and is due to a small reorganization of the lead administrative staff. Operations and Maintenance are showing a drop from 24.6% to 18.79%, this is due to an accounting credit of over \$360K that was expensed in 23-24 and reversed this year, this anomaly will move through the analysis over the next year. Transportation and Housing has decreased to 7.03% which as indicated is a normalized amount after last years large spend on the District's housing.

Overall, Costs have fluctuated at essentially the same rate as increases in revenues, which is consistent when revenues are received in this grant format.



Accumulated surplus is the third item to examine on Statement 2, it is made up from all three funds. Capital funds are not “real money” as discussed above this is the difference between amortization recognition of revenue and costs over the useful life of assets plus local capital funds which are earmarked and should only be used on future capital projects. This leaves the operating surplus of \$2.13M, this amount can be used for many purposes but must be approved by the Board. This will be discussed further under the Operating Fund Analysis section.

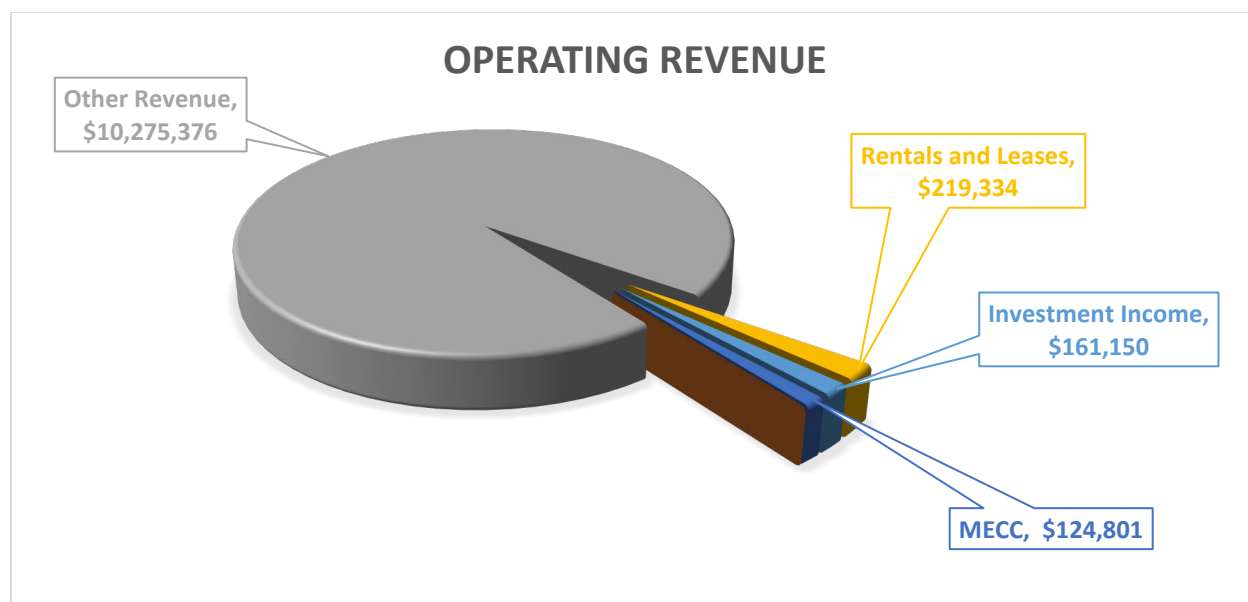
FIVE YEAR TREND – STATEMENT OF OPERATIONS (Statement 2 – All Funds)



OPERATING FUND ANALYSIS (Schedule 2 to 2C)

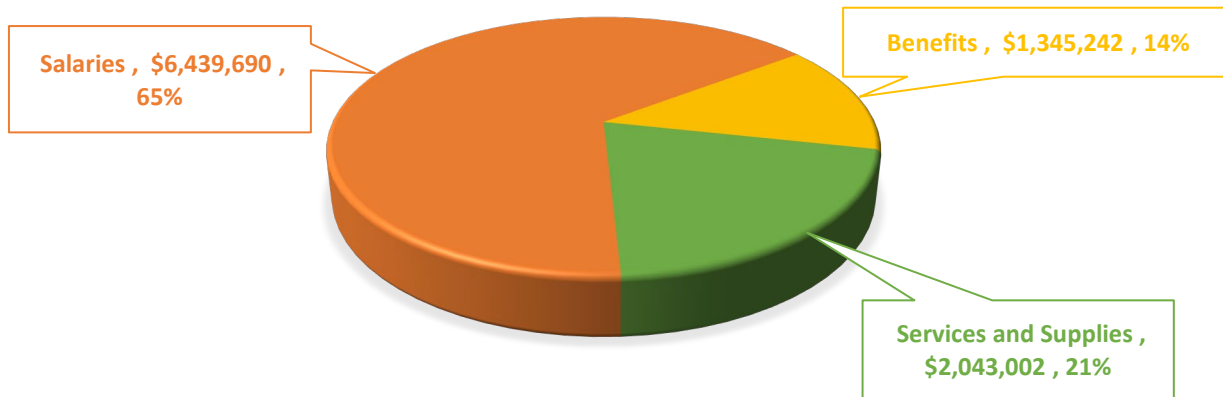
A balanced Amended Annual budget was passed on March 4, 2025 and is included in the Financial Statements.

Total operating revenue received from all sources was \$10,780,661 (\$9,646,034 in 2023-24). This funding greater than the previous year due mainly to increased per student funding rates and the number of students. The district also collected the additional amount that was owed by Nisga'a Lisims Government at the end of last year, this amount was approximately \$700,000. Investment income has dropped significantly from last year by about \$80k, this is the impact of uncertainty in the global economy.



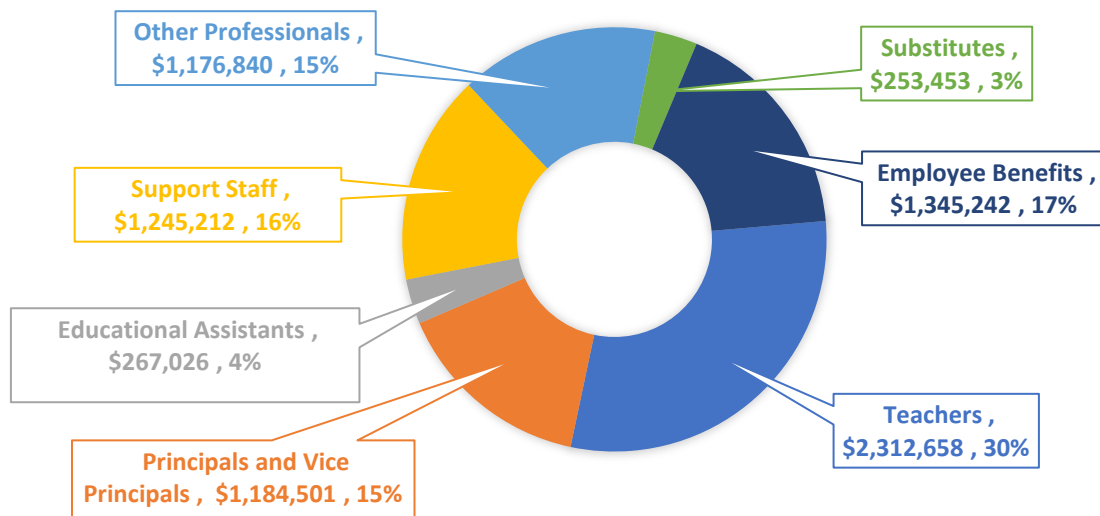
Total operating expenses were \$9,827,934 (\$10,008,716 in 2023-24). Overall, operating expenses were higher in 2024-25 in salaries and benefits. Salaries overall were higher due to the teaching and support staff contractual agreements, however, the District has done some successful recruitment which also attributes to the higher salary and benefit categories. Service and supplies are up and down compared with last year. Services, Pro D and Travel are down by \$170k, this is not unusual as outside contracts are being replaced by full time employees which shifts the costs to salaries and benefits. Utilities have increased by approx. \$50k, perhaps a cold winter, or timing of when expenses were paid. The greatest impact however, is within general supplies, this category is down \$1.2M. This is due to the reversal of the 2023-24 Auditor's request that the district remove approximately \$360k, from its accounts receivable and expense the costs, this results in a large credit in the supplies account and is an impact compared to last year of double the expense \$720k. As well, approximately \$900k of supplies has been capitalized further impacting the supplies expense.

BREAKDOWN OF OPERATING EXPENSES



Salaries are up in general due to the Labour Settlement and increased staffing. The District is showing more success with recruitment and retention of teachers and therefore, these expenses are as expected.

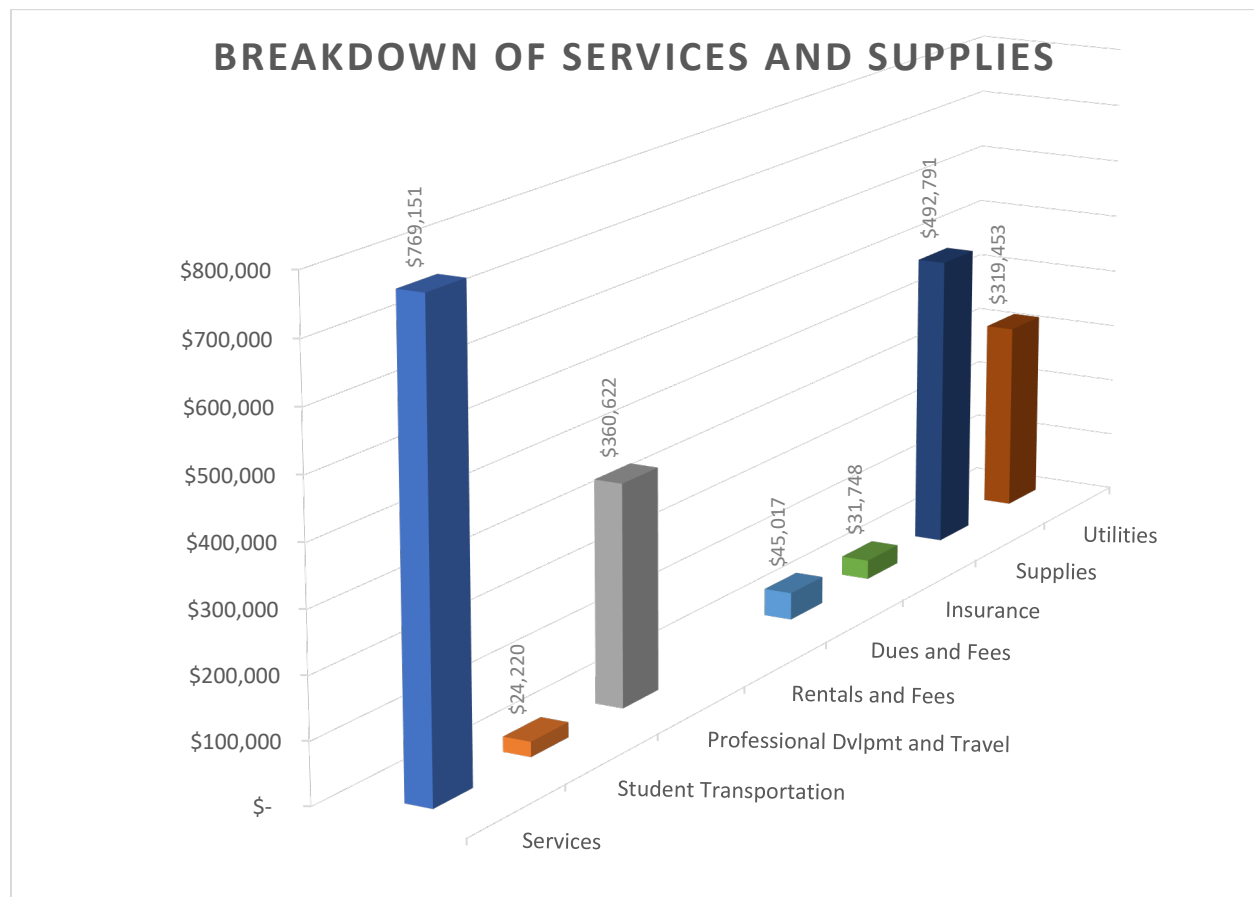
SALARIES AND BENEFITS



Salaries and Benefits total 79% of Expenses and are controlled by contracts and provincial negotiations. These amounts must be paid and the Board has no direct control over these costs.

Services and supplies make up the remaining 21% of expenses, however the Board also does not have control in how much is spent on insurance and utilities, these are established by those companies. When those costs are removed from the equations, the service and supplies expenses that the Board actually has

control and choice over drops from 21% to 17% or from \$2.0M to \$1.69M. It is with this amount that they are expected to efficiently run this district and meet the needs of all students.



Operating surplus as noted above totals \$2.13M. It has been restricted by the Board of Education as per their Board Procedures OP-504, further, all of their decisions in this regard have been considered with the districts vision and goals. See the districts website for more information. A breakdown of these restricted amounts follows and can also be found in Note 16 in the financial statements.

2024-2025 RESTRICTED SURPLUS

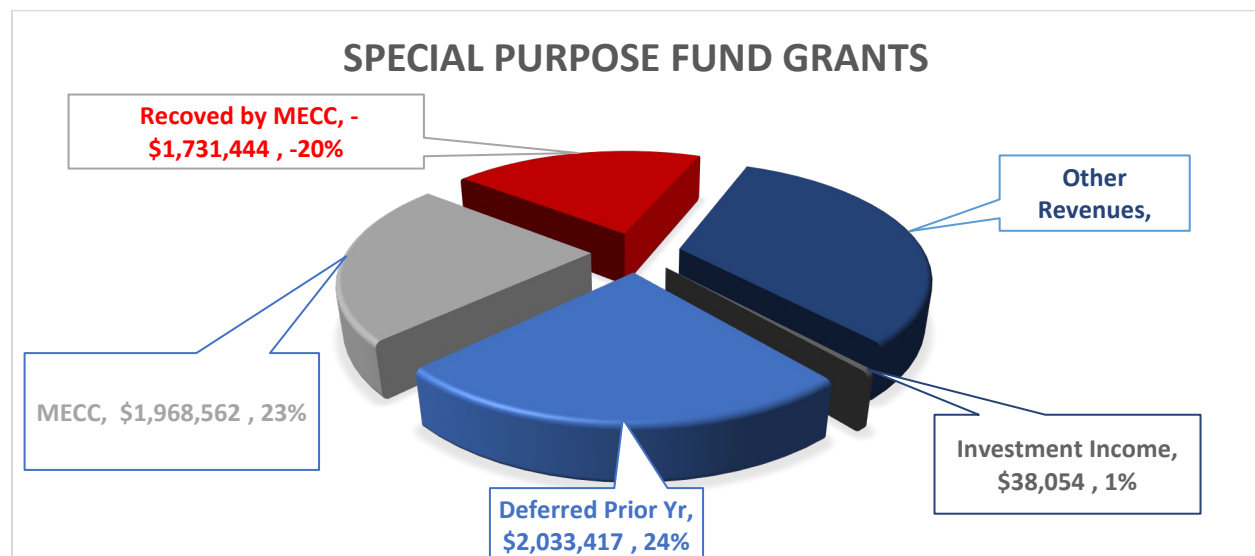
Restricted Operating Surplus

Board Retreat	15,000
Leadership/Mentorship – Supt/ST/Board/PROD	35,000
Refurbish NESS Auto Shop upgrade	100,000
IT Infrastructure	25,000
Heat pumps into all teacherages & Grizzly House	450,000
Replace vehicle (e-vehicle)	75,000
Land Based Learning	50,000

Literacy & Numeracy Resource	150,000
Recruitment & Retention	125,000
Website Updates	25,000
Leadership Development - Administrators	25,000
Strategic Plan - Learner's Success	75,000
Duel Credit Enhancement	15,000
DESS Assessments	10,000
EV Charge Station	15,000
Open Purchase Orders Operating	263,483
Sub-Total Internally Restricted	1,453,483
Unrestricted Operating Surplus	675,299
TOTAL Available for Future Operations	\$2,128,782

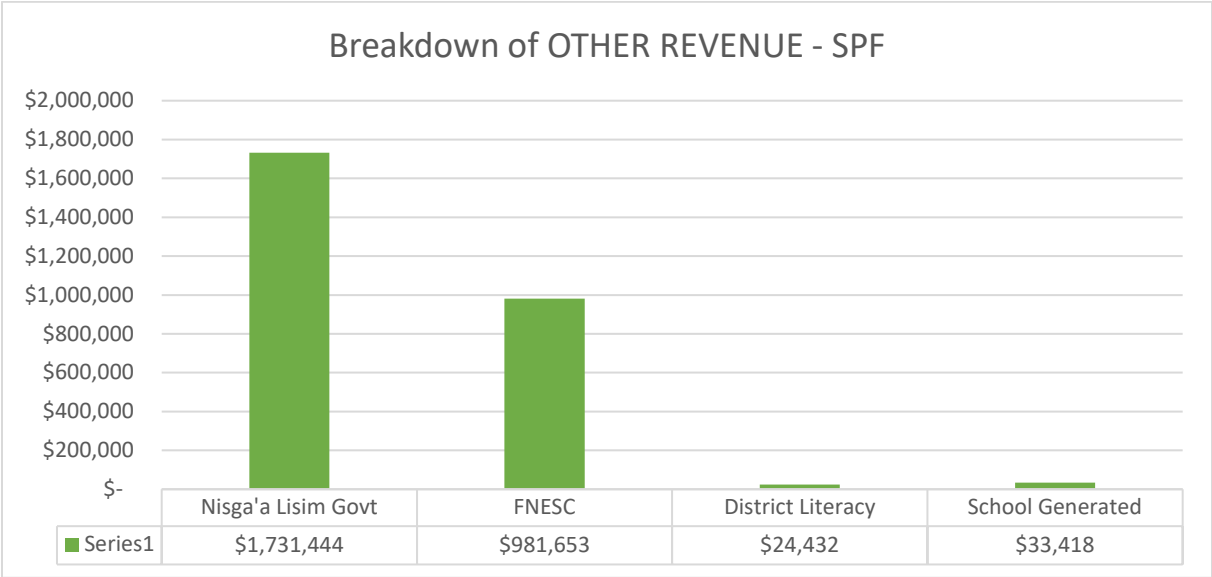
SPECIAL PURPOSE FUND ANALYSIS (Schedule 3 & 3A)

This fund shows amounts received for targeted programs such as annual facility grants, learning improvement funds, community links, CEF, FNEC Language/Culture programs, Student & Family Affordability, Early Care Learning, Feeding Futures, and new this year Professional Learning and the National Food program, amongst others. Each special purpose fund must be accounted for in accordance with the terms of that fund. A deferral accounting approach is taken with revenues matched to expenses thereby, showing neither a surplus nor a deficit. All monies received are accounted for as contributions, any unspent funds at the end of the year will carry forward and recorded as “deferred contributions” and will not be recorded as surplus.

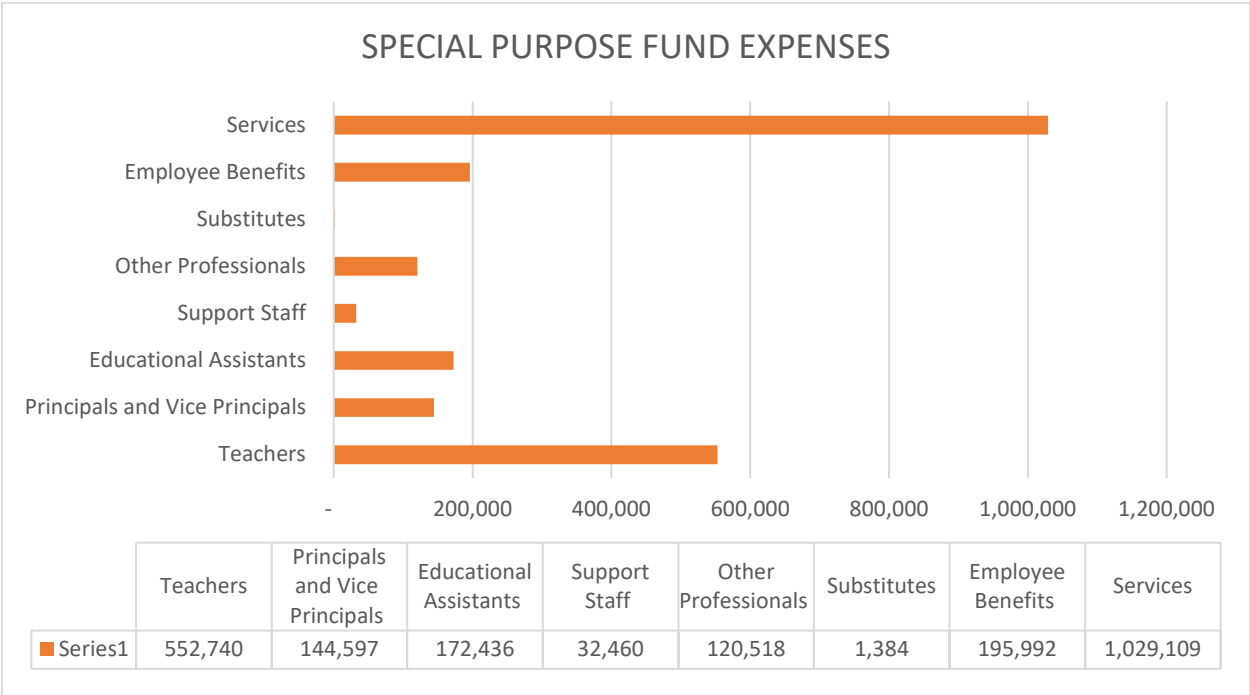


Actual special purpose contributions received were \$4,777,563. As indicated in the graph, the Ministry Contributed \$1.97M but then recovered \$1.73M noted in red, this recovery is normal and is covered by the Nisga’a Lisim Government as per their agreement with the District, which is part of the “Other Revenues”. As the SPF accounts do not have surplus but do have Prior Years Deferred Revenue that is available for expenses, I have included it in this graph. Funding for CEF and the FNESC language/culture program both continued in the 2024-25 year.

Within the current years funding, Other Revenue totaled 91% of the contributions which are broken down further below:



Total expenses were in line with funding received and used for targeted purposes.



CAPITAL FUND ANALYSIS (Schedule 4 to 4 D)

Capital fund revenues are a blend of cash and non-cash items. The district received bylaw capital funding for projects as well as an annual facilities grant of \$4.6M; capital additions for the year amounted to \$3.38M (schedule 4A). These additions were as a result of works conducted at various schools on a number of capital projects such as lighting upgrades at NESS; project expenses on generator replacements for all sites; and Geothermal projects at NESS; other flooring and minor facility upgrades were completed through AGF. The non-cash portion reflects the annual revenue recognition of Deferred Capital Revenue (DCR) and amortization of tangible capital assets (schedule 4).

CONTACTING THE DISTRICT'S MANAGEMENT

This report is designed to provide the reader with an overview of the school district's finances and to demonstrate the district's accountability for the funding it receives. If you need additional information or have questions about this report, please contact the Secretary Treasurer at Paul Mercer, MBA at pmerc@nisgaa.bc.ca or visit our website at www.nisgaa.bc.ca