



ANNUAL FINANCIAL REPORT

Fiscal Year 2025

Table of Contents

Financial Summary	3
Revenue	3
Expenses	4
Excess (Deficiency) of Revenue over Expenses by Fund	4
Net Assets by Category	5
Major Capital Activity	6
Debt.....	7
Endowments.....	7
Employee Future Benefits (“EFB”).....	8
The Operating Fund	9
Supplementary Information.....	12
Financial Health Indicators	12
Table of Comparative Results.....	15
Total Revenues and Total Expenses - Five Year Trends	16
OMAFA Contract	17
Research Funding	17
University of Guelph-Humber.....	18
Student Aid.....	18
Enrolment (excluding University of Guelph-Humber)	19
Statement of Operations – By Fund for Fiscal 2025 (May 1, 2024 to April 30, 2025)	20
Audited Financial Statements for the Year Ended April 30, 2025	21
Independent Auditors’ Report	21
Statement of Financial Position	23
Statement of Operations	24
Statement of Changes in Net Assets	25
Statement of Cash Flows	26
Notes to the Financial Statements	27

Financial Summary

University financial results for the fiscal year ended April 30th, 2025 (“fiscal 2025”), reflect a revenue increase of 6.4% over 2024. The current year’s increase is driven by higher student enrolment, strong investment returns, and increases in sales and other revenue. Inflationary pressures on compensation and operating costs drove an increase in total expenses of 5.7%. The net result is an excess of revenue over expenses of \$37.5 million in fiscal 2025.

Market returns were again positive in fiscal 2025 and the University’s endowment investment fund experienced a net return of 10.2%, which was 1.0% higher than 9.2% in 2024. Investment income recognized in the Statement of Operations of \$55.9 million in 2025 was \$9.5 million greater than the \$46.4 million in 2024.

Employee Future Benefits (“EFB”) re-measurements provided an increase of \$18.9 million in net assets (\$29.7 million in 2024); combined with endowment additions of \$32.7 million (\$20.4 million in 2024) and excess revenue over expenses of \$37.5 million (\$29.4 million in 2024) to provide an overall increase in total net assets of \$89.1 million (\$79.5 million in 2024).

Total University - Annual Results				
\$ millions	2025	2024	Change	
Total Revenue	1,035.1	972.4	62.7	6.4%
Total Expenses	997.1	943.2	53.9	5.7%
Change in Unrealized Gain (Loss) on Interest Rate	(0.5)	0.2	(0.7)	
Revenue Less Expenses	37.5	29.4	8.1	
Direct Changes to Net Assets				
Endowment Additions ¹	32.7	20.4	12.3	
EFB ² Re-measurements	18.9	29.7	(10.8)	
Total Direct Changes	51.6	50.1	1.5	
Total Change in Net Assets	89.1	79.5	9.6	

Revenue

Total revenue increased by \$62.7 million to \$1,035.1 million compared to the prior year and was mainly driven by a 11.0% increase in student tuition and fees of \$37.8 million due to higher enrolment as well as a 20.3% increase in investment income of \$9.4 million. Further increases were seen across almost all other revenue items.

Total University Revenue				
\$ millions	2025	2024	Change	
Prov. Grants MCU	216.5	210.9	5.6	2.7%
Prov. Contract OMAFA	77.1	79.1	(2.0)	-2.5%
Student Tuition/Fees	382.5	344.7	37.8	11.0%
Other Grants & Contracts	129.8	122.8	7.0	5.7%
Sales of Goods & Services	114.5	109.0	5.5	5.0%
Investment Income	55.8	46.4	9.4	20.3%
Other	58.9	59.5	(0.6)	-1.0%
Total Revenue	1,035.1	972.4	62.7	6.4%

¹ Endowment Additions include endowment contributions net of investment income (losses) on endowments for the year.

² Employee Future Benefits (“EFB”) – include both pension and non-pension defined benefit programs. The University transferred the assets and liabilities of its registered pension plans to the University Pension Plan Ontario (“UPP”) on July 1, 2021.

Expenses

Total expenses increased by \$53.9 million to \$997.1 million due largely to continued increases in compensation expenses in line with those seen across the University sector in Ontario since the repeal of Bill 124. The \$18.4 million increase (3.9%) in salaries was across all funds with the largest impact occurring in the operating fund.

Similarly, increased non-personnel operating expenses were incurred across all University funds, with a sizable increase in utilities expense due to the impact of changes in the administration of carbon tax costs.

University Expenses				
\$ millions	2025	2024	Change	
Salaries	494.4	476.0	18.4	3.9%
Benefits	135.9	124.8	11.1	8.9%
Student Assistance	50.8	47.6	3.2	6.7%
Capital Amortization	62.3	58.2	4.1	7.0%
Interest	11.0	9.5	1.5	15.8%
Supplies and Services	103.0	100.5	2.5	2.5%
Utilities, Equipment, Repairs & Maintenance	78.0	66.3	11.7	17.6%
Other Expenses	61.7	60.3	1.4	2.3%
Total Expenses	997.1	943.2	53.9	5.7%

Excess (Deficiency) of Revenue over Expenses by Fund

This section provides a further attribution analysis of revenue less expenses across major funds that make up the University's overall financial position.

The deficiency in revenue less expenses in the Operating fund of \$23.7 million is offset by excess revenue less expenses in all the other funds, primarily driven by investment gains recognized in the Trust and Endowment funds.

Revenue Less Expenses by Fund			
\$ millions	2025	2024	Change
Operating	(23.7)	(33.3)	9.6
Capital	15.3	14.7	0.5
Ancillary Enterprises	13.7	11.9	1.8
Research	3.1	1.0	2.1
Trust	11.1	14.6	(3.5)
Endowment	18.0	20.5	(2.5)
Total	37.5	29.4	8.0

Operating fund is comprised of the operating budget results as well as charges for unfunded post-employment benefits. The results reflect increases in student fees, sales of goods & services and other revenue as well as increased salaries and benefits, with combined non-personnel expenses remaining relatively flat. *(Details on pages 9, 10 and 11.)*

Capital fund excess revenue over expenses reflects the University's continuing investment in both major building projects and renovations. *(Details on page 5.)*

Ancillary Enterprises fund revenue increased by \$8.4 million to \$111.0 million and total fund expenses increased 7.3% or \$6.6 million to \$97.4 million, due to inflationary pressures on compensation and input costs. Overall revenue less expenses for the fund sustained a net positive amount of \$13.7 million.

Research fund revenues are primarily restricted for sponsored research activities and recognized when research expenses are incurred, resulting in a minimal net revenue less expenses amount.

Trust and Endowment funds are primarily impacted by investment returns earned on expendable funds and internally restricted endowments, largely comprised of the Heritage Fund.

Net Assets by Category

University net assets are classified into three major categories in accordance with accounting policy. The table to the right shows 2025 net asset balances compared to the prior year.

Net Asset Balances			
\$ millions	2025	2024	Change
Internally Restricted	961.5	927.9	33.6
Unrestricted (Deficit)	(329.9)	(334.7)	4.8
Endowment	536.8	486.1	50.7
Total University Net Assets	1,168.4	1,079.3	89.1

Internally Restricted net assets include invested in capital assets, see below, as well as the amount of accumulated excess revenue over expenses designated by the Board for specific purposes including completing capital projects, unspent operating funds and reserves.

Internally Restricted Net Asset Balances			
\$ millions	2025	2024	Change
Invested in Capital Assets ³	734.1	704.1	30.0
Capital Projects ⁴	(72.9)	(62.4)	(10.5)
Capital Sinking Fund	37.5	33.0	4.5
Operating Fund	130.1	135.0	(4.9)
Other Funds	132.7	118.2	14.5
Total Internally Restricted	961.5	927.9	33.6

Invested in capital assets shows the net undepreciated equity position the University holds in its land, buildings and other capital assets; the table to the right shows the detailed changes in this balance. Capital asset acquisitions financed internally rather than through external debt had the largest impact on the net \$30.0 million increase in the current year.

Change in Invested in Capital Assets			
\$ millions	2025	2024	Change
Capital asset acquisitions	76.3	74.1	2.2
Capital contributions recognized	22.7	21.8	0.9
External debt repayment	13.1	12.7	0.4
Capital asset amortization	(62.3)	(58.2)	(4.1)
Capital contributions deferred	(19.8)	(17.1)	(2.7)
New external debt	0.0	(30.0)	30.0
Total Change	30.0	3.3	26.7

Capital Projects reflect an increase in internal financing in 2025, and the Capital Sinking Fund balance increased. The decrease in the Operating Fund reflects an overall decrease in carryforward balances (accumulated unspent budget allocations) consistent with the budget deficit in the operating fund.

³ Beginning in fiscal 2024, the University reports Invested in Capital Assets within the Internally Restricted Net Assets balance rather than as a separate item under Net Assets on the Consolidated Statement of Financial Position, as this presentation is consistent with many other Ontario Universities.

⁴ Balances reflect the net financing position in the Capital fund; cash balances for projects in progress less internal financing used for capital projects.

Unrestricted Deficit decreased by \$4.8 million mainly due to ancillary operations results. The balance of the deficit related to debt-financed transformational change costs increased slightly as additional costs incurred slightly exceeded repayments in 2025. *(More details on page 10.)*

Unrestricted Surplus (Deficit)			
\$ millions	2025	2024	Change
Employee Future Benefits	(351.5)	(351.9)	0.4
Ancillary Operations	30.5	25.4	5.1
Unrealized Swap Gain (Loss)	(0.1)	0.4	(0.5)
Transformational Change	(8.8)	(8.6)	(0.2)
Total Unrestricted (Deficit)	(329.9)	(334.7)	4.8

Endowment net assets increased by \$50.7 million (\$40.9 million in 2024) due primarily to a net investment return of 9.1% as well as new contributions from donors and internal transfers. *(More details on page 7.)*

Change in Endowed Net Assets			
\$ millions	2025	2024	Change
Endowed Investment Income	31.8	29.5	2.3
Endowment Contributions	14.4	6.0	8.4
Internal transfers	4.5	5.4	(0.9)
Total Increase (Decrease)	50.7	40.9	9.8

Major Capital Activity

The University invested \$76.3 million in 2025 (\$74.3 million in 2024) in its buildings, facilities, and capital equipment. Expenditures on main campus facilities renewal were largely consistent with prior year.

Capital Expenditures			
\$ millions	2025	2024	Change
Major Building Projects	20.0	17.1	2.9
Main Campus Facilities Renewal	11.7	10.9	0.8
Student Housing Facilities Renewal	8.7	14.3	(5.6)
Equipment and Other	35.9	32.0	3.9
Total	76.3	74.3	2.0

Expenditures on equipment, including research related and digital infrastructure, were 12% higher than in 2024. The increase was primarily due to Canada Foundation for Innovation (“CFI”) sponsored research equipment purchases of \$9.8 million in 2025 compared to \$4.1 million in 2024.

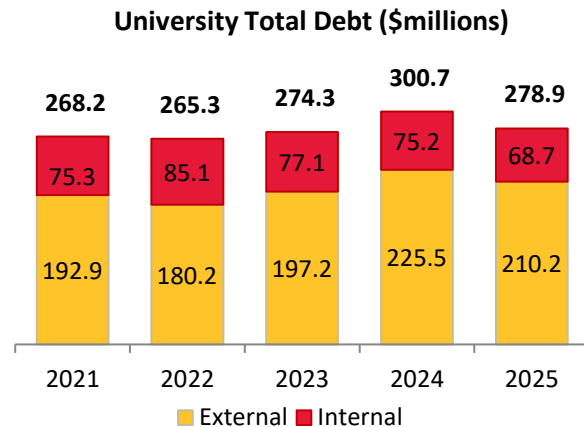
Construction activity included the continuation of several major building projects as well as the start of new projects that will be completed over the next several years. The table to the left shows the current year and total to date spending on significant capital projects.

Capital Project Spending			
\$ millions	2025 Spending	Total Spending	Total Approved
Honeybee Research Centre	9.2	16.6	17.1
East Residence Renovations	6.4	12.8	21.5
JD MacLachlan Building Renewal	3.2	3.5	48.0
Bedrock Aquifer Field Facility	2.1	6.4	6.7
Day Hall Renewal	0.5	0.7	33.5
OVC Medical Surgical Training Facility	0.5	0.5	44.5

Debt

The University uses financing from both internal⁵ and external sources to fund high priority capital projects. Total financing decreased by \$21.8 million reflecting principal repayments of \$15.3 million on external debt and \$11.3 million on internal debt, net of additions to internal debt of \$4.8 million. No additional external debt was acquired during this fiscal year.

The University is reviewed annually by Standard and Poor's. In the credit rating process debt levels are considered in the context of overall fiscal health and peer institutions. For fiscal 2025, the University maintained its rating at AA with a stable outlook.

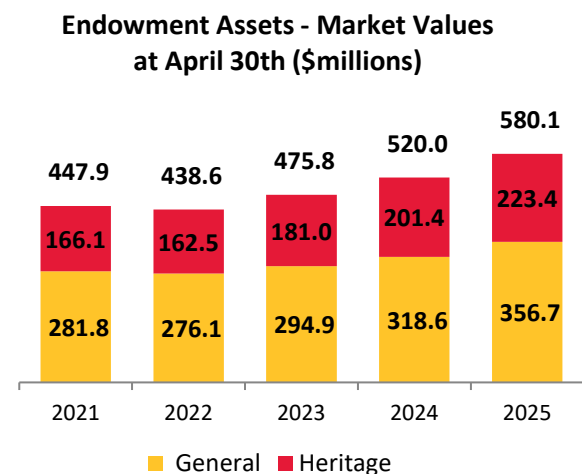


Endowments

University endowments of \$580.1 million consist of two major components, the Heritage Fund and the General Endowment Fund ("GEF"). While both funds are invested as a single pool, each has its own payout formula and source of capital growth. In 2025, the endowment portfolio increased by \$60.1 million on an overall net basis.

Market values of public equities continued to rise in major markets across the globe contributing to a net investment return of 10.2% in fiscal 2025.

The five-year annualized net investment return was 8.9%. Overall, the portfolio has outperformed its benchmark by 1.1% on a gross basis and 0.6% on a net basis over the past five years.



Endowment Annual & Five-year Annualized Returns (%)						
Returns	2021	2022	2023	2024	2025	5-Year
Gross	19.8	-0.8	8.6	9.7	10.6	9.4
Net *	19.3	-1.3	8.1	9.2	10.2	8.9
Benchmark	17.5	-0.5	6.0	8.3	11.0	8.3
* Net return is inclusive of all external investment fees, but not the internal GEF administrative fee of up to 1%.						

⁵ When there is sufficient operating cash liquidity, funds may be temporarily advanced to finance capital expenditures. As with external debt, internal financing must be repaid, usually over a period not exceeding 10 years. Internal debt here does not include short term financing of project costs during construction.

Additions to endowment capital totaled \$18.9 million in 2025 (\$11.4 million in 2024).

Total spending⁶ from endowments increased by \$1.0 million to \$11.5 million in 2025 largely due to Heritage Fund distribution spending of \$2.3 million compared to \$1.6 million in 2024.

Annual Spending from Endowments					
\$millions	2021	2022	2023	2024	2025
General	6.5	7.3	7.8	8.9	9.2
Heritage Fund	0.6	6.1	0.0	1.6	2.3
Total	7.1	13.4	7.8	10.5	11.5

The Heritage Fund disbursement formula is based on an average of recent total annual returns and is more susceptible to single year market volatility whereas the General Endowment Fund portion of the portfolio uses a fixed long-term disbursement rate based on total endowment balance (currently 3.5%).

Employee Future Benefits ("EFB")

The University is responsible for the funding of post-employment benefit plans that provide both pension and non-pension benefits to retirees.

The University is a founding member of the University Pension Plan Ontario ("UPP"), effective July 1, 2021. The University remains responsible to fund any net pension obligations related to service up to July 1, 2021. In the fall of 2024, the University was informed by the UPP that due to changes in actuarial assumptions used in the UPP funding valuation prepared as of January 1, 2024, the University now has an obligation to remit, on a monthly basis, special payments of \$189 thousand per year beginning January 2025 to fund a pre-UPP service deficit of \$1.851 million. The pre-UPP pension obligation may fluctuate in the future based on changes to the UPP's actuarial assumptions, which will continue to be the responsibility of the University to fund until July 1, 2031, after which the responsibility for such changes becomes gradually shared over the next 10 years, then totally shared after that, with the other participants of the UPP. The University does not recognize any share of the UPP's surplus or deficit in its financial statements, but accounts for contributions to the UPP on a defined contribution basis.

EFB Cash Contributions: Pension contributions are based on contribution requirements prescribed by the UPP. Non-pension contributions reflect claim costs paid.

EFB Contributions				
\$ millions	2025	2024	Change	
Pension	36.4	34.4	2.0	5.8%
Non-Pension	7.9	7.0	0.9	12.9%
Total Contributions	44.3	41.4	2.9	7.0%

EFB Expenses: Combined EFB expenses increased by 3.3% or \$2.0 million with increases in pension expenses.

EFB Expenses				
\$ millions	2025	2024	Change	
Pension	36.5	34.4	2.1	6.1%
Non-Pension	26.3	26.4	(0.1)	-0.4%
Total Expenses	62.8	60.8	2.0	3.3%

⁶ University policy limits spending from endowments to protect donated capital and real spending over the long term.

Net Assets: Under accounting policy requirements, the financial impact of changes in actuarial assumptions and actual experience gains or losses on defined benefit plans are recorded directly to Net Assets on the Consolidated Statement of Financial Position. The sum of these adjustments resulted in a net \$18.9 million increase in net assets in 2025.

EFB Liabilities: The Consolidated Statement of Financial Position captures the net surplus (asset) or deficit (liability) positions of each of the pension and non-pension retirement benefits plans. In 2025 the University's total net EFB liability is \$292.8 million, down from \$293.2 million in 2024.

EFB Asset (Liability)					
\$ millions	2025	2024	Change		
Pension Plans – non-UPP					
Invested Assets ⁷	12.4	11.9	0.5	4.2%	
Less: Obligations	3.8	3.5	0.3	8.6%	
Pension Plans	6.6	8.4	0.2	2.4%	
Non-Pension Plans	(299.4)	(301.6)	2.2	-0.7%	
EFB Net Liability	(292.8)	(293.2)	2.4	-0.8%	

The Operating Fund

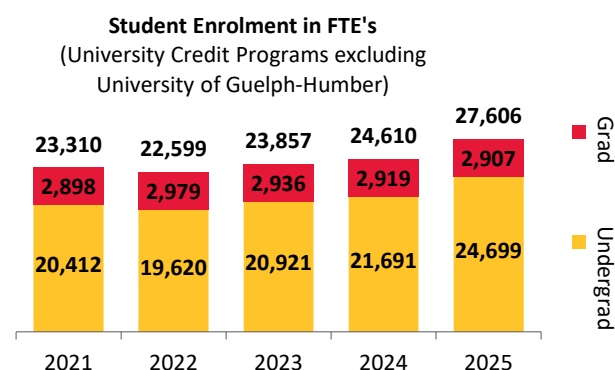
The Operating Fund, with over 60% of total University revenue, is the main source of funding for teaching programs and infrastructure support for all University research and services. The principal funding sources for this fund are student fees and provincial operating grants, both of which are based on student enrolments.

Operating Fund Revenues

Operating Fund revenue increased by 6.4% or \$35.6 million in total largely due to increases of \$25.5 million in student tuition and \$5.5 million in non-tuition student fees, as well as an increase of \$4.8 million in provincial operating grant revenue. These revenue increases are primarily driven by increased student enrolment.

Operating Fund Revenue				
\$ millions	2025	2024	Change	
Provincial MCU	210.4	205.6	4.8	2.3%
Provincial OMAFA	6.0	5.9	0.1	1.7%
Student Tuition/Fees	307.4	276.4	31.0	11.2%
Sales & Other Contracts	55.0	54.8	0.2	0.4%
Other	17.1	17.6	(0.5)	-2.8%
Total	595.9	560.3	35.6	6.4%

In 2025, university degree enrolments increased from 2024 levels by 14% at the undergraduate level and remained stable for graduate level enrolments. While international student enrolment continues to be a priority, enrolment was slightly down again in fiscal 2025 for both undergraduate and graduate levels due to the impacts of recent changes in related federal government policy.



⁷ The \$12.4 million of pension invested assets remaining at April 30, 2025 represents excess surplus determined under an actuarial valuation prepared on a wind-up basis, which could not be transferred to the UPP as per provincial pension legislation. These assets are held in trust until all legal requirements have been met and the balance is ultimately distributed.

Operating Fund Expenses

Overall, Operating Fund expenses increased by \$26.0 million or 4.4%, driven largely by increased personnel expenses. Salaries increased 3.9% mainly due to negotiated increases in rates of compensation which continue to reflect impacts from the repeal of Bill 124 in 2024. The increase in utilities costs compared to 2024 is due primarily to increases in carbon tax obligation estimates resulting from recent uncertainty in government program administration. The various increases in Operating Fund expenses were partially offset by a decrease in the amount transferred to the Capital Fund in the current year.

Operating Fund Expenses				
\$ millions	2025	2024	Change	
Salaries	365.4	351.8	13.6	3.9%
Benefits	109.4	101.2	8.2	8.1%
Student Assistance	32.1	30.9	1.2	3.9%
Supplies & Services	55.1	50.7	4.4	8.7%
Utilities	26.3	17.4	8.9	51.1%
Other Expenses	47.4	47.3	0.1	0.2%
Interfund Transfers	(16.1)	(5.7)	(10.4)	182.5%
Total	619.6	593.6	26.0	4.4%

Operating Fund Net Assets

Net Assets on the Statement of Financial Position accumulate annual net financial results each year. For the Operating Fund, results are classified into two components:

- **Internally Restricted** funds are created from accumulated annual excess revenue over expenses which is subsequently allocated for specific future purposes.
- **Unrestricted** fund balance in the Operating Fund currently consists of unfunded accounting charges for post-employment benefits and the balance of debt-financed Strategic Transformation costs.

The 2025 Operating Fund annual deficiency of revenue over expenses impacting Internally Restricted Net Assets was \$4.1 million, compared to \$6.1 million in 2024. This calculation is consistent with the approach used in the development of the operating budget.

A \$19.3 million non-cash expense for employee future benefits was offset by a \$0.8 million use in employee benefit reserves and an \$18.9 million recovery in the accounting remeasurement charge for post-employment⁸ liabilities, improving the University's unrestricted deficit very slightly in fiscal 2025.

The remaining \$2.4 million of the \$11.0 million borrowed in April 2024 was used for strategic transformation costs incurred in fiscal 2025. During the year the initiative was re-evaluated, and the decision was made to continue to pursue specific objectives to modernize and streamline operations to the extent feasible, but no further debt was incurred. After repaying \$2.2 million, the net debt-financed transformation deficit at the end of fiscal 2025 is \$8.8 million and will be fully repaid by the end of fiscal 2029.

⁸ The University does not fund the full accounting costs of non-pension post-employment benefits choosing to instead meet annual cash requirements of the plans. The Unrestricted Deficit effectively records the accumulated difference between accounting charges and cash contributions.

The table below details the major changes to the University's Operating Fund balances year over year.

<i>Operating Fund - Net Assets</i>					
\$millions	Opening Balances	2025 Annual Results	Transfers (From)To Reserves	EFB Re measure ments	Closing Balances
Internally Restricted					
Divisional Reserves	99.9	6.2			106.1
Central Reserves	21.9	(10.3)			11.6
Employee Benefit Reserves	11.3		(0.8)		10.5
Self-insurance & GH	1.9				1.9
Total Internally Restricted	135.0	(4.1)	(0.8)		130.1
Unrestricted					
Post-Employment	(351.9)	(19.3)	0.8	18.9	(351.5)
Debt-financed Transformation deficit	(8.6)	(0.2)			(8.8)
Total Unrestricted	(360.5)	(19.5)	0.8	18.9	(360.3)
Total Operating Net Assets	(225.5)	(23.6)	-	18.9	(230.2)

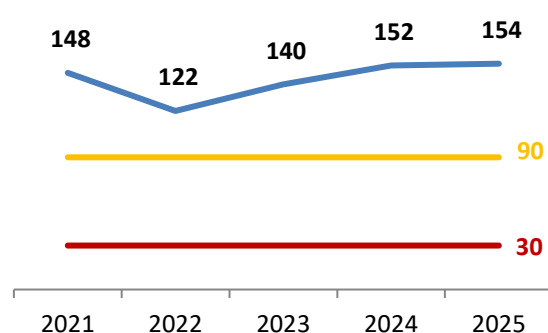
Supplementary Information

Financial Health Indicators

The following metrics reflect financial ratios calculated in accordance with the University Financial Accountability Framework (“UFAF”) issued by the Ministry of Colleges and Universities (“MCU”). UFAF groups eight key metrics into three categories that reflect important aspects of financial health. The following charts show each metric for the University measured against High and Medium risk thresholds, as determined by MCU.

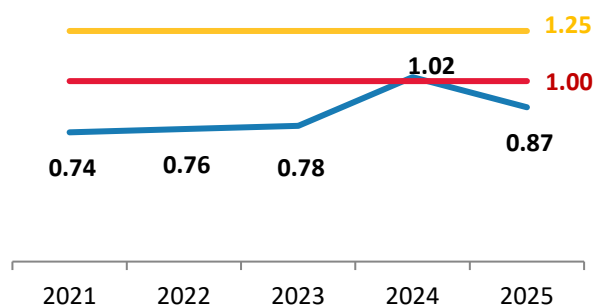
1. Liquidity Category Metrics

a. Primary Reserve Days: Key indicator of financial health and flexibility, reflecting how many days the University could function using only its accumulated expendable net assets without relying on additional resources generated by operations. Expendable net assets consist of internally restricted endowments and net assets and unrestricted surplus (deficit) adjusted to exclude employee future benefits net liability. The MCU high-risk threshold is below 30 days, and the medium-risk threshold is below 90 days for this metric.



	2021	2022	2023	2024	2025
Primary Reserve Days	148	122	140	152	154
Expendable Net Assets (\$millions)	334.9	292.8	348.5	394.0	420.0
Total Expenses (\$millions)	828.3	879.5	911.6	943.2	997.7

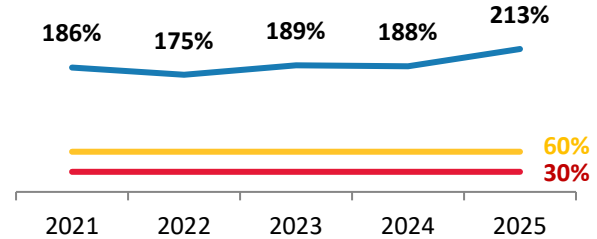
b. Working Capital Ratio: Indicates ability to meet short-term financial obligations by comparing current assets to current liabilities. The University’s approach to classification of short-term versus long-term investments and the inclusion of deferred contributions for research and trust grants in current liabilities has a significant impact on this metric, like many other Ontario Universities. The MCU high-risk threshold is below 1.0 and medium-risk threshold is below 1.25.



	2021	2022	2023	2024	2025
Working Capital Ratio	0.74	0.76	0.78	1.02	0.87
Current Assets (\$millions)	242.6	241.6	262.2	357.6	324.4
Current Liabilities (\$millions)	325.8	317.2	337.3	350.8	373.4

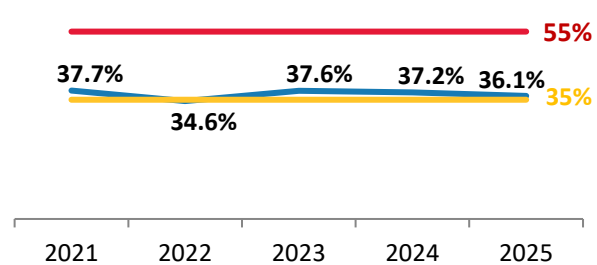
2. Sustainability Category Metrics

- a. Viability Ratio:** Gauges the extent to which the University has available resources to cover its debt, providing an assessment of current debt capacity, i.e. the ability to take on new debt. The MCU high-risk threshold is below 30% and medium-risk threshold is below 60%.



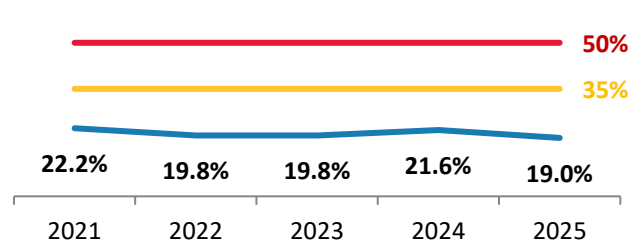
	2021	2022	2023	2024	2025
Viability Ratio	186%	175%	189%	188%	213%
Expendable Net Assets (\$millions)	334.9	292.8	348.5	394.0	420.0
Long-Term Debt (\$millions)	180.1	167.4	184.5	209.9	196.9

- b. Debt Ratio:** Measures financial leverage by comparing total liabilities, excluding deferred capital contributions, to total assets. The accounting valuation of the University's pay-as-you-go employee future benefits plan has a considerable impact on this ratio. The MCU high-risk threshold is above 55% and the medium-risk threshold is above 35%.



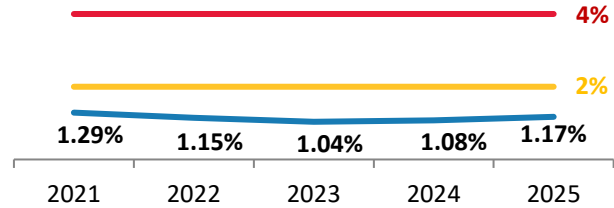
	2021	2022	2023	2024	2025
Debt Ratio	37.7%	34.6%	37.6%	37.2%	36.1%
Total Liabilities less DCC (\$millions)	832.7	746.9	845.0	873.9	883.3
Total Assets (\$millions)	2,209.4	2,158.2	2,245.5	2,349.5	2,445.0

- c. Debt to Revenue Ratio:** Indicates debt capacity, measuring long-term debt over total revenues. The MCU high-risk threshold is above 50% and medium-risk threshold is above 35%.



	2021	2022	2023	2024	2025
Debt to Revenue Ratio	22.2%	19.8%	19.8%	21.6%	19.0%
Long-Term Debt (\$millions)	180.1	167.4	184.5	209.9	196.9
Total Revenue (\$millions)	812.5	845.6	930.4	972.6	1,035.1

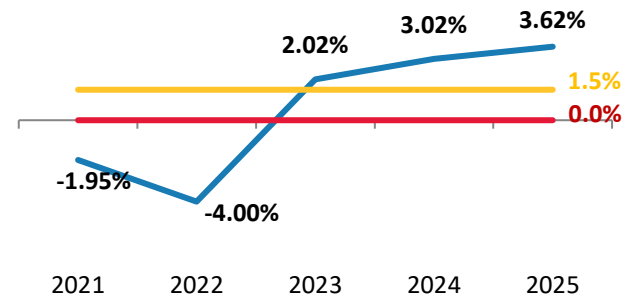
d. Interest Burden Ratio: Indicates cost of borrowing by measuring the extent to which interest is a portion of total expenses excluding capital asset amortization. MCU high-risk threshold is above 4% and medium-risk threshold is above 2%.



	2021	2022	2023	2024	2025
Interest Burden Ratio	1.29%	1.15%	1.04%	1.08%	1.17%
Interest Expense (\$millions)	10.0	9.5	8.9	9.6	11.0
Total Expenses less Amortization (\$millions)	776.1	825.9	857.9	885.0	935.3

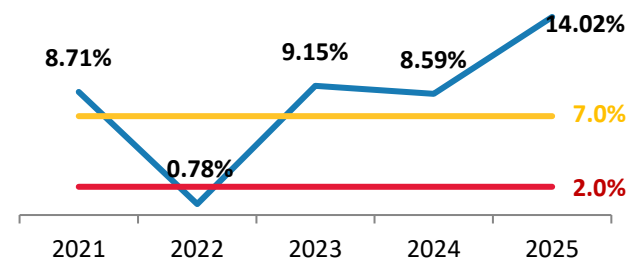
3. Performance Category Metrics

a. Surplus (Deficit) Ratio: Measures whether the University is growing its resources by comparing the current year's excess of revenues over expenses to total revenues. The metric can be volatile year to year, so a long-term view of this ratio should be taken into consideration. The MCU high-risk threshold is below 0.0% and the medium-risk threshold is below 1.5%.



	2021	2022	2023	2024	2025
Surplus (Deficit) Ratio	-1.95%	-4.00%	2.02%	3.02%	3.62%
Revenues less Expenses (\$millions)	(15.9)	(33.9)	18.8	29.4	37.5
Total Revenues (\$millions)	812.5	845.6	930.4	972.6	1,035.1

b. Net Operating Ratio: Compares cash provided by or used in operating activities, as per the cash flow statement, to total revenues. Similarly to the Surplus/Loss Ratio, this metric can be volatile year to year. The MCU high-risk threshold is below 2.0% and the medium-risk threshold is below 7%.



	2021	2022	2023	2024	2025
Net Operating Ratio	8.71%	0.78%	9.15%	8.59%	14.02%
Cash Flow from Operations (\$millions)	70.8	6.6	85.1	83.5	145.1
Total Revenues (\$millions)	812.5	845.6	930.4	972.6	1,035.1

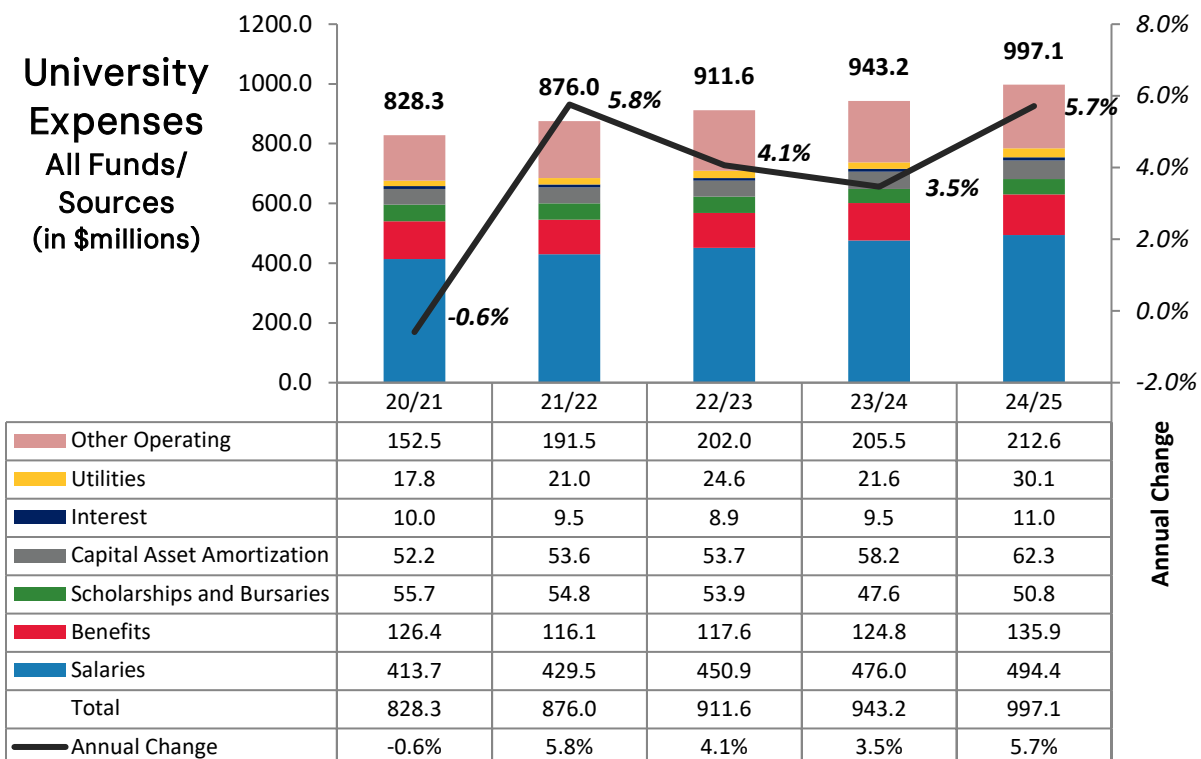
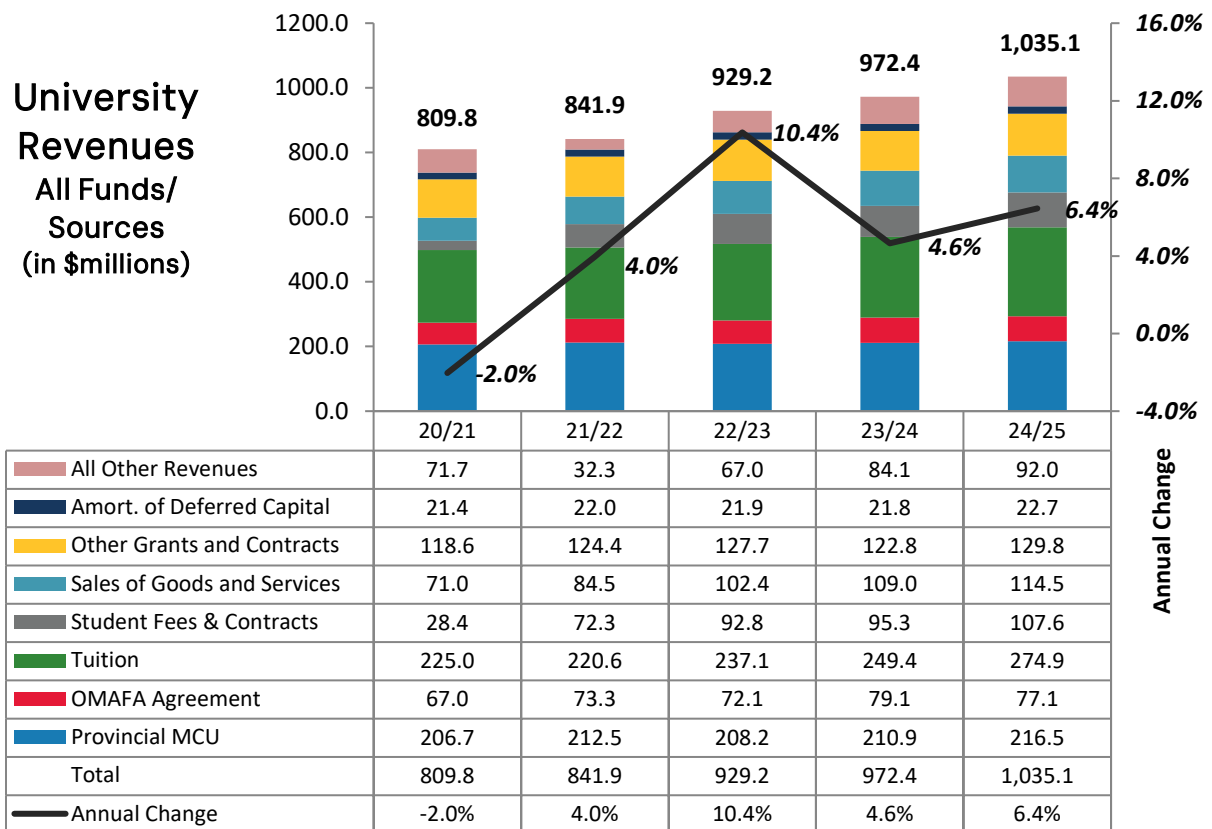
Table of Comparative Results⁹

	2021	2022	2023	2024	2025
Enrolment FTEs (excluding Guelph-Humber)	23,310	22,602	23,857	24,610	27,606
Faculty and Staff (Budgeted Positions)	3,203	3,225	3,234	3,250	3,233
Full-time Faculty (as of October 1st)	839	836	823	820	805
Revenues and Expenses					
Total Revenues (\$M)	\$809.8	\$841.9	\$929.2	\$972.4	\$1,035.1
Total Expenditures (\$M)	\$828.3	\$872.2	\$910.5	\$943.2	\$997.1
Unrealized Gain (Loss) on Interest Rate Swaps	\$2.6	\$3.7	\$1.2	\$0.2	\$(0.5)
Annual Surplus/(Deficit) (\$M)	\$(15.9)	\$(30.4)	\$18.8	\$29.4	\$37.5
Revenue year-over-year change	-2%	4%	10%	5%	6%
Expenditure year-over-year change	-0.6%	6.2%	4.1%	3.6%	3.6%
MCU Operating Grants per FTE (\$)	\$8,552	\$8,801	\$8,323	\$8,193	\$7,476
Revenue Mix (% of Total Revenues)					
Provincial Operating Grants - MCU	25%	24%	22%	21%	20%
Tuition	28%	26%	26%	26%	27%
Endowment and Donations	3%	3%	3%	4%	4%
Expense Mix (% of Total Expenses)					
Salaries	50%	49%	49%	50%	50%
Benefits (including EFB accounting charges)	15%	13%	13%	13%	14%
Components of Net Assets					
Endowed (\$M)	\$418.0	\$411.6	\$445.2	\$486.1	\$536.8
Invested in Capital Assets (\$M)	\$690.6	\$718.9	\$700.8	\$704.1	\$734.1
Internally Restricted (\$M)	\$222.9	\$172.3	\$196.8	\$223.8	\$227.4
Unrestricted (Deficit) (\$M)	\$(368.3)	\$(295.8)	\$(343.1)	\$(334.7)	\$(329.9)
Total Net Assets (\$M)	\$963.2	\$1,007.0	\$999.7	\$1,079.3	\$1,168.4
Capital and Capital Debt					
Total External Debt (\$M)	\$192.9	\$180.1	\$197.2	\$225.5	\$210.2
Total Debt per FTE (\$)	\$8,275	\$7,971	\$8,264	\$9,163	\$7,614
% Debt Service to Revenue¹⁰	2.9%	2.8%	2.4%	2.4%	2.6%
Capital Acquisitions (\$M)	\$71.3	\$63.1	\$45.1	\$74.1	\$76.3
Provincial Capital Grants (\$M)	\$3.2	\$9.2	\$5.6	\$5.3	\$6.1
Endowments					
Externally Restricted (\$M)	\$296.1	\$289.6	\$309.4	\$334.4	\$373.9
Internally Restricted (\$M)	\$151.8	\$149.0	\$166.4	\$185.6	\$206.2
Total Endowment Assets – Market Values (\$M)	\$447.9	\$438.6	\$475.8	\$520.0	\$580.1
Total Endowment per FTE (\$)	\$17,932	\$18,211	\$18,657	\$19,756	\$21,014
Employee Future Benefits (EFB)					
Pension Plans – Asset (Obligation) (\$M)	\$7.6	\$7.8	\$7.7	\$8.4	\$6.7
Other Benefit Plans – Obligation (\$M)	\$(314.7)	\$(250.3)	\$(311.2)	\$(301.6)	\$(299.5)
Latest Valuation Date – Other Benefit Plans	Jan-19	Jan-22	Jan-22	Jan-22	Jan-25

⁹ Excludes the University of Guelph-Humber except for the 50% consolidation of revenue/expenses.

¹⁰ Calculated as Interest + Principal Repayments + Sinking fund contributions divided by Total revenues.

Total Revenues and Total Expenses – Five Year Trends



OMAFA Contract

Fiscal 2025 was the second fiscal year of the five-year (April 1, 2023 – March 31, 2028) funding agreement with OMAFA to provide major research and service programs focused in the sectors of agriculture, food, bio-products, and rural communities. OMAFA Agreement revenues and expenses are recorded within the Research Fund, Trust Fund or Operating Fund depending on the purpose of the specific program.

All contract expenses are recorded in the University's financial statements as they are incurred, and provincial funding is recorded to the extent it is required to support the expenses and balance the overall activities. This accounting treatment reflects the restricted nature of the funding which must be used for contract specific infrastructure and programs.

The OMAFA agreement is a major component of University research providing funding for approximately 35% of total University research and supporting approximately 20% of University employees, both faculty and staff. In addition to direct provincial funding, the province designates provincially owned facilities (research stations and laboratories) under the contract. The province provides funding to operate, maintain and from time to time construct new contract-related facilities. These facilities not only provide important research infrastructure for the University but generate revenues from the sale of goods (agricultural commodities), and services (laboratory testing).

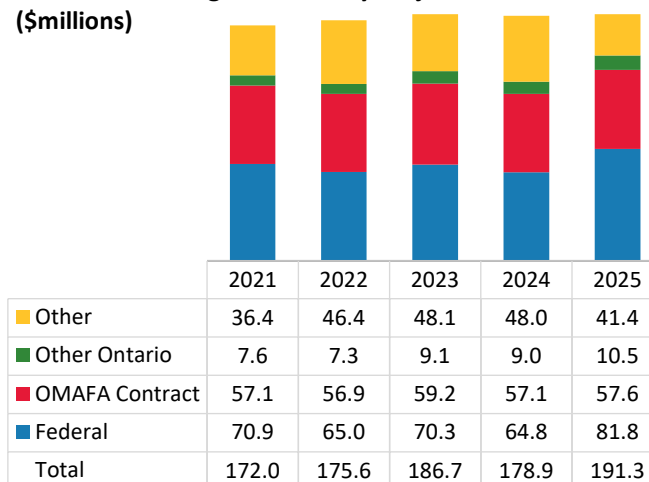
OMAFA Agreement			
\$ millions	2025	2024	Change
REVENUE			
OMAFA	70.6	71.3	-1.0%
Sales of Goods & Services	30.2	26.4	14.4%
Investment Income	0.5	0.5	0.0%
Other Revenue	0.6	0.6	0.0%
Total Revenue	101.9	98.8	3.1%
EXPENSES			
Salaries	39.0	37.2	4.8%
Benefits	11.4	10.4	9.6%
Support for Faculty Costs	13.1	13.0	0.8%
Travel	0.7	0.6	16.7%
Operating	42.7	42.7	0.0%
Internal Recoveries	-5.0	-5.1	-2.0%
Total Expenses	101.9	98.8	3.1%
REVENUE LESS EXPENSES	-	-	

Research Funding

Major sources of research funding include federal research grants such as the federal government Tri-Councils, CFI (Canada Foundation for Innovation), the OMAFA contract and contracts from industry for sponsored-research projects. Most research funding is restricted by external sponsors for specific purposes and under accounting policy is not recognized as revenue until spent, not as it is received.

In 2025, \$191.3 million was received and allocated to departments (\$178.9 million in 2024).

Research Funding Allocated by Major Source (\$millions)



University of Guelph-Humber

The University and the Humber College Institute of Technology and Advanced Learning entered into a Memorandum of Understanding dated June 10, 1999, to develop and deliver joint programming as the University of Guelph-Humber, an unincorporated joint venture.

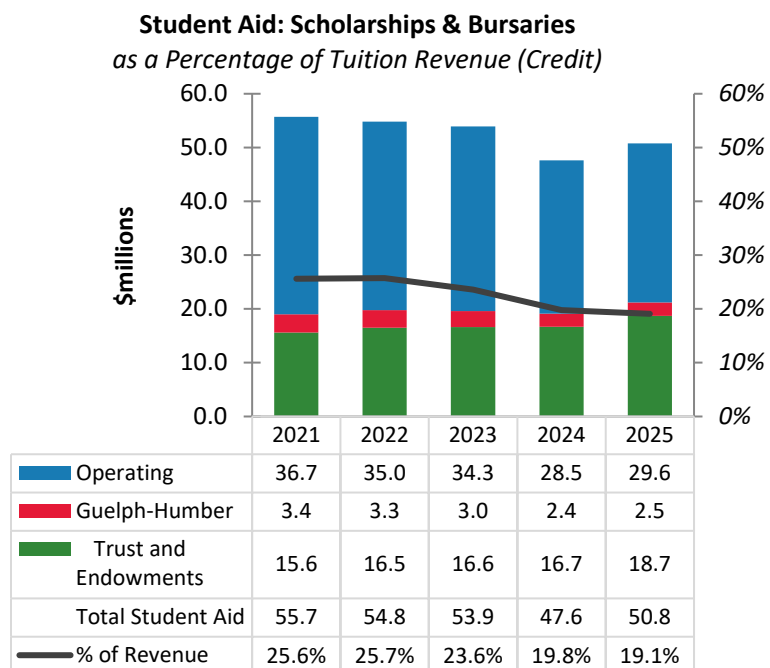
The University reports its 50% interest in the operations of Guelph-Humber using the proportionate consolidation method. The table shows the 50% of operations that are consolidated in the University's financial statements.

Guelph-Humber			
\$ millions	2025	2024	Change
REVENUE			
MCU	16.2	16.9	-4.1%
Tuition	15.0	15.7	-4.5%
Student Fees	0.2	0.2	0.0%
Other Revenue	0.1	0.0	-100.0%
Total Revenue	31.5	32.8	-4.0%
EXPENSES			
Salaries & Benefits	7.4	7.0	5.7%
Amortization	0.2	0.3	-33.3%
Scholarships & Bursaries	2.5	2.5	0.0%
Supplies & Services	11.0	11.7	-6.0%
Other Operating	4.5	4.9	-8.2%
Total Expenses	25.5	26.2	-2.7%
REVENUE LESS EXPENSES	6.0	6.6	-9.1%
<i>Guelph-Humber</i>	<i>4,213</i>	<i>4,400</i>	<i>-4.3%</i>
<i>Undergraduate Enrolment (FTE's)</i>			

Student Aid

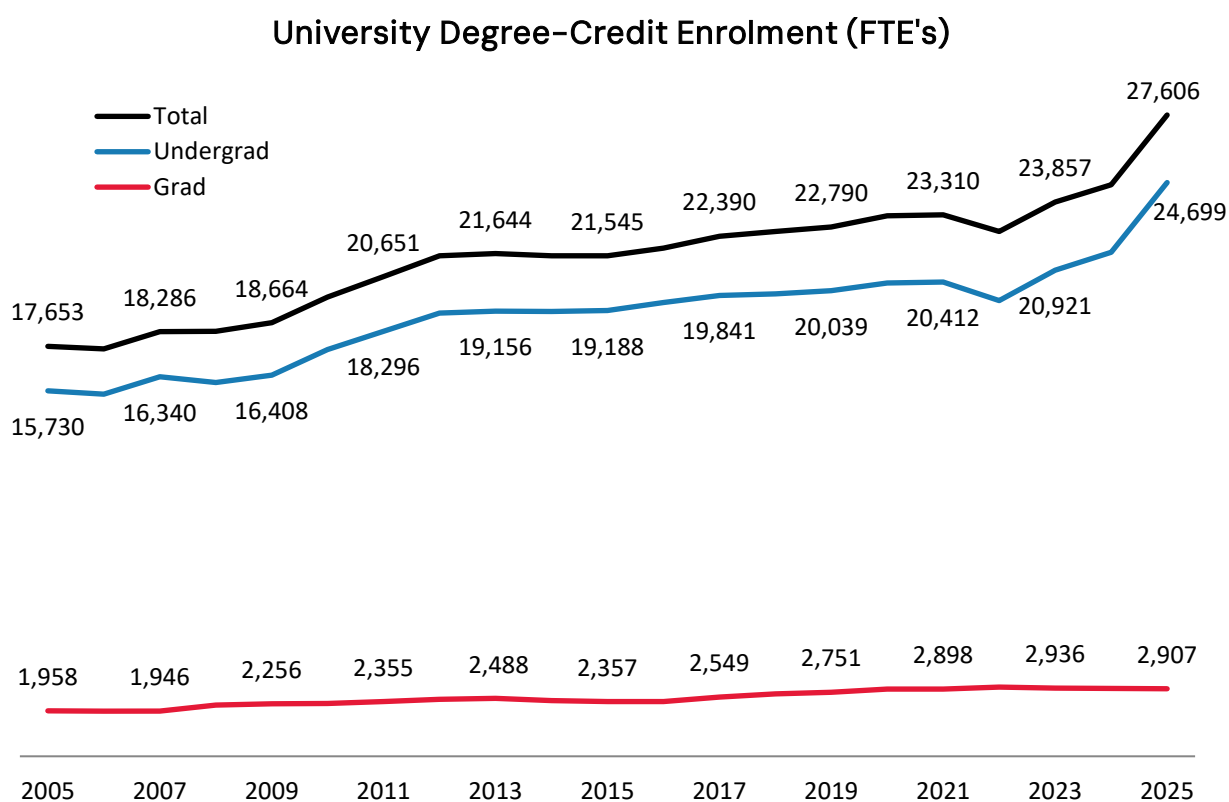
The University of Guelph, including 50% of the University of Guelph-Humber, spent \$50.8 million on scholarships and bursaries in fiscal 2025 reflecting an increase of 6.7% from the prior year. The main sources of funding for student assistance include the Operating Fund and University of Guelph-Humber operations as well as external funds which consist of a wide variety of restricted funds, e.g., grants, donations, and endowments.

Student aid funding is now approximately 19.1% (19.8% in 2024) of total credit tuition revenues. Of the \$50.8 million, 58% was funded from the Operating Fund, 5% was from Guelph-Humber, and 37% was funded from trust funds including endowments.



Enrolment (excluding University of Guelph-Humber)

In 2025 University enrolment as measured in full-time equivalents ("FTE's") increased compared to 2024. Graduate enrolment decreased slightly by 0.4%, and undergraduate enrolment increased by 13.9%. The chart below shows 20 years of enrolment figures, reflecting the management of enrolment growth throughout the previous two decades.



Statement of Operations – By Fund for Fiscal 2025 (May 1, 2024 to April 30, 2025)

(in thousands of dollars)	Operating Fund	Capital Fund	Ancillary Enterprises	Research Fund	Trust Fund	Endowment Fund	Total 2025	Total 2024
REVENUE								
Tuition (Credit and Non-credit)	274,865	-	-	-	-	-	274,865	249,367
Student Fees and Contracts	32,536	-	74,484	-	534	-	107,554	95,280
Provincial Grants – MCU	210,391	6,092	-	-	-	-	216,483	210,943
Provincial Contract – OMAFA Agreement	6,030	-	-	49,268	21,847	-	77,145	79,080
Other Grants and Contracts	7,023	-	-	115,564	6,925	321	129,833	122,800
Sales of Goods and Services	47,983	-	36,490	7,357	22,673	-	114,503	109,049
Investment Income	4,357	3,330	-	528	34,099	13,531	55,845	46,372
Amortization of Deferred Capital Contributions	-	22,653	42	-	-	-	22,695	21,820
Donations	129	-	-	5,859	16,973	1	22,962	24,014
Other	12,539	83	-	483	100	-	13,205	13,686
	595,853	32,158	111,016	179,059	103,151	13,853	1,035,090	972,411
EXPENSES								
Salaries	365,400	-	26,585	83,311	19,110	-	494,406	475,954
Employee Future Benefits (EFB)	62,803	-	-	-	-	-	62,803	60,847
Other Employee Benefits	46,649	-	5,924	14,459	6,017	-	73,049	63,968
Scholarships and Bursaries	32,079	-	4	6,331	12,396	-	50,810	47,604
Capital Asset Amortization	-	53,569	8,774	-	-	-	62,343	58,222
Equipment, Repairs and Maintenance	21,387	12,840	4,574	5,537	3,605	-	47,943	44,713
Professional and Externally Contracted Services	35,545	8	2,622	17,571	1,273	-	57,019	54,987
Supplies	19,598	-	2,341	15,941	8,160	-	46,040	45,493
Utilities	26,250	-	1,327	2,529	-	-	30,106	21,624
Interest	511	9,024	1,416	-	-	-	10,951	9,550
Travel	7,077	-	99	7,173	166	-	14,515	13,658
Other Operating	18,372	-	19,318	10,434	(970)	-	47,154	46,598
Decrease in Unrealized Loss on Interest Rate Swaps	-	432	80	-	-	-	512	(222)
Interfund Transactions	(16,110)	(58,958)	24,290	12,649	42,280	(4,151)	-	-
	619,561	16,915	97,354	175,935	92,037	(4,151)	997,651	942,996
Excess of Revenues over Expenses	(23,708)	15,243	13,662	3,124	11,114	18,004	37,439	29,415
Endowment Income & Contributions	-	-	-	-	-	32,699	32,699	20,430
EFB Remeasurements and Other Items	18,934	-	-	-	-	-	18,934	29,715
Transfers (To) From Invested in Capital and Endowed Net	-	(22,661)	(7,290)	-	-	(50,703)	(80,654)	(44,293)
Transfers (To) From Internally Restricted Net Assets	4,949	6,986	(1,286)	(3,124)	(11,114)	-	(3,589)	(26,925)
Net Increase (Decrease) in Unrestricted Net Assets	175	(432)	5,086	-	-	-	4,829	8,342
Unrestricted Net Assets, Beginning of Year	(360,475)	385	25,361	-	-	-	(334,729)	(343,071)
Unrestricted Net Assets, End of Year	(360,300)	(47)	30,447	-	-	-	(329,900)	(334,729)

Independent auditor's report

To the Board of Governors of the
University of Guelph

Opinion

We have audited the accompanying consolidated financial statements of the **University of Guelph** [the "University"], which comprise the consolidated statement of financial position as at April 30, 2025, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as at April 30, 2025 and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Financial Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Annual Financial Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.



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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the University as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
October 22, 2025



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UNIVERSITY OF GUELPH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30

(in thousands of dollars)

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Current		
Cash and Cash Equivalents (Note 3)	88,967	103,789
Short-term Investments at Fair Value (Note 4)	169,701	187,478
Accounts Receivable	51,658	53,316
Inventories and Prepaid Expenses	14,117	12,625
Unrealized Gain on Interest Rate Swaps (Note 7)	-	428
	<u>324,443</u>	<u>357,636</u>
Long-term Investments at Fair Value (Note 4)	779,376	664,969
Defined Benefit Asset (Note 10)	12,356	11,941
Capital Assets, Net (Note 5)	<u>1,328,852</u>	<u>1,314,910</u>
	<u>2,445,027</u>	<u>2,349,456</u>
<u>LIABILITIES</u>		
Current		
Accounts Payable and Accrued Liabilities (Note 6)	64,489	68,037
Unrealized Loss on Interest Rate Swaps (Note 7)	84	-
Current Portion of Long-term Debt (Note 7)	13,342	15,588
Current Portion of Deferred Revenue	25,474	22,259
Deferred Contributions (Note 8)	<u>269,980</u>	<u>244,876</u>
	<u>373,369</u>	<u>350,760</u>
Long-term Debt (Note 7)	196,864	209,903
Deferred Revenue	7,909	8,055
Deferred Capital Contributions (Note 9)	393,344	396,270
Defined Benefit Liability (Note 10)	<u>305,174</u>	<u>305,173</u>
	<u>1,276,660</u>	<u>1,270,161</u>
<u>NET ASSETS</u>		
Internally Restricted (Note 11)	961,451	927,911
Unrestricted Deficit	(329,900)	(334,729)
Endowed (Note 12)	<u>536,816</u>	<u>486,113</u>
	<u>1,168,367</u>	<u>1,079,295</u>
	<u>2,445,027</u>	<u>2,349,456</u>

Commitments, Collections and Contingencies (Notes 4(d), 5, 17 & 18)

(See accompanying notes)

On behalf of the Board of Governors:

Signed

Deb Stark
Chair

Signed

Rene Van Acker
President

UNIVERSITY OF GUELPH
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED APRIL 30

(in thousands of dollars)

	<u>2025</u>	<u>2024</u>
REVENUE		
Tuition	274,865	249,367
Student Fees and Contracts	107,554	95,280
Ministry of Colleges and Universities	216,483	210,943
Ministry of Agriculture, Food and Agribusiness Agreement	77,145	79,080
Other Grants and Contracts	129,833	122,800
Sales of Goods and Services	114,503	109,049
Investment Income (Note 4)	55,845	46,372
Amortization of Deferred Capital Contributions (Note 9)	22,695	21,820
Donations (Note 14)	22,962	24,014
Other	13,205	13,686
	<u>1,035,090</u>	<u>972,411</u>
EXPENSES		
Salaries	494,406	475,954
Employee Future Benefits (Note 10)	62,803	60,847
Other Employee Benefits	73,049	63,968
Scholarships and Bursaries	50,810	47,604
Capital Asset Amortization	62,343	58,222
Equipment, Repairs and Maintenance	47,943	44,713
Professional and Externally Contracted Services	57,019	54,987
Supplies	46,040	45,493
Utilities	30,106	21,624
Interest (Note 7)	10,951	9,550
Travel	14,515	13,658
Other Operating	47,154	46,598
	<u>997,139</u>	<u>943,218</u>
Net Change in Unrealized Gain (Loss) on Interest Rate Swaps (Note 7)	<u>(512)</u>	<u>222</u>
Excess of Revenues over Expenses	<u><u>37,439</u></u>	<u><u>29,415</u></u>

(See accompanying notes)

UNIVERSITY OF GUELPH
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30

(in thousands of dollars)

	Internally Restricted	Unrestricted Deficit	Endowed	Total
2025				
Net Assets, Beginning of Year	927,911	(334,729)	486,113	1,079,295
Excess of Revenues over Expenses	-	37,439	-	37,439
Net Change in Internally Restricted Net Assets (Note 11)	33,540	(33,540)	-	-
Employee Future Benefits Remeasurements and Other Items (Note 10)	-	18,934	-	18,934
Endowment Contributions (Note 12)	-	-	14,365	14,365
Increase in Accumulated Investment Income on Externally Restricted Endowments (Note 12)	-	-	18,334	18,334
Internally Restricted Endowments (Note 12)	-	(13,531)	13,531	-
Other Transfers to Endowments (Note 12)	-	(4,473)	4,473	-
Net Assets, End of Year	<u>961,451</u>	<u>(329,900)</u>	<u>536,816</u>	<u>1,168,367</u>
2024				
Net Assets, Beginning of Year	897,641	(343,071)	445,165	999,735
Excess of Revenues over Expenses	-	29,415	-	29,415
Net Change in Internally Restricted Net Assets (Note 11)	30,270	(30,270)	-	-
Employee Future Benefits Remeasurements and Other Items (Note 10)	-	29,715	-	29,715
Endowment Contributions (Note 12)	-	-	5,982	5,982
Increase in Accumulated Investment Income on Externally Restricted Endowments (Note 12)	-	-	14,448	14,448
Internally Restricted Endowments (Note 12)	-	(15,133)	15,133	-
Other Transfers to Endowments (Note 12)	-	(5,385)	5,385	-
Net Assets, End of Year	<u>927,911</u>	<u>(334,729)</u>	<u>486,113</u>	<u>1,079,295</u>

(See accompanying notes)

UNIVERSITY OF GUELPH
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30

(in thousands of dollars)

	<u>2025</u>	<u>2024</u>
OPERATING ACTIVITIES		
Excess of Revenues over Expenses	37,439	29,415
Add (Deduct) Non-cash Items:		
Capital Asset Amortization	62,343	58,222
Amortization of Deferred Capital Contributions	(22,695)	(21,820)
Increase (Decrease) in Unrealized Investment Income	24,224	(14,250)
Increase (Decrease) in Unrealized Loss on Interest Rate Swaps	512	(222)
Employee Future Benefits Expense	26,687	26,597
Employee Future Benefits Contributions	(8,167)	(7,182)
Net Change in Other Non-cash Items (Note 16)	24,791	12,654
	<u>145,134</u>	<u>83,414</u>
FINANCING ACTIVITIES		
Repayment of Long-term Debt	(15,285)	(12,704)
Proceeds from Long-term Debt	-	41,029
Capital Contributions Received	19,765	17,030
Endowment Contributions	14,365	5,982
	<u>18,845</u>	<u>51,337</u>
INVESTING ACTIVITIES		
Net Purchase of Investments	(102,520)	(36,744)
Purchase of Capital Assets	(76,281)	(74,094)
	<u>(178,801)</u>	<u>(110,838)</u>
 Net Increase (Decrease) in Cash During the Year	 (14,822)	 23,913
 Cash and Cash Equivalents, Beginning of Year	 <u>103,789</u>	 <u>79,876</u>
 Cash and Cash Equivalents, End of Year	 <u>88,967</u>	 <u>103,789</u>

(See accompanying notes)

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2025
(in thousands of dollars)

1. AUTHORITY AND PURPOSE

The University of Guelph (the "University") operates as a not-for-profit entity under the authority of the *University of Guelph Act* (1964). The University is a comprehensive, research intensive university offering a range of undergraduate and graduate programs. With the exception of academic governance, which is vested in the University's Senate, the University is governed by the Board of Governors. The University is a registered charity (#10816 1829 RR0001) and is therefore exempt from income taxes under section 149 of the *Income Tax Act*.

These Consolidated Financial Statements include the assets, liabilities, revenues, expenses and other transactions of all the operations of the University, including its 50% share in the University of Guelph-Humber Joint Venture (Note 15(a)).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These Consolidated Financial Statements have been prepared by management in accordance with Part III of the *CPA Canada Handbook – Accounting* which sets out generally accepted accounting principles for not-for-profit organizations in Canada ("GAAP") and includes the following significant accounting policies:

(a) Cash and Cash Equivalents

Cash and cash equivalents consist of balances with banks and highly liquid investments, with a maturity of approximately three months or less at the date of purchase, that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. These investments are held for the purpose of meeting short-term cash commitments rather than for investing. Cash and cash equivalents held for investing for endowment and debt repayment purposes are classified as Short-term investments on the Consolidated Statement of Financial Position.

(b) Investments and Investment Income

All investments are recorded at fair value. Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Short-term investments are readily convertible to cash and are recorded at cost plus accrued income, which approximates fair value. Publicly traded securities are valued on the latest quoted market prices and pooled fund units are valued based on reported unit values.

The values of private investments are determined based on the latest valuations provided by the external investment managers of the fund, adjusted for subsequent cash receipts and distributions from the fund, and cash disbursements to the fund through April 30. The University believes that the carrying amount of these financial instruments is a reasonable estimate of fair value. Because private investments are not readily traded, their estimated values are subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.

Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Investment income is recorded on an accrual basis, comprised of interest, dividends and realized and unrealized gains (losses), and is recorded as revenue in the Consolidated Statement of Operations, except for investment income earned on externally restricted endowments, for which only the amount made available for spending is recorded as revenue. Investment income earned in excess of the amount made available for spending is recorded as a direct increase in endowments. In years where the investment income earned is below the amount made available for spending, the shortfall is recorded as a direct decrease in endowments.

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2025
(in thousands of dollars)

(c) Derivative Financial Instruments

The University uses currency forward contracts to manage the impacts of foreign currency changes for investments denominated in foreign currencies and interest rate swaps to mitigate the effect of changes in interest rates on variable-rate debt. The University does not enter into derivative financial instruments for trading or speculative purposes.

Investment manager valuations are used to determine the fair value of currency forward contracts.

Prior to fiscal 2017 all interest rate swaps were recorded at fair value where bank valuations are used to determine the fair value of interest rate swaps. Changes in fair value of interest rate swaps during the year are recorded in the Consolidated Statement of Operations.

Starting in fiscal 2017 the University follows hedge accounting for its new interest rate swaps to manage the cash flow risk associated with its long-term debt obligation. In order for a derivative to qualify for hedge accounting, the hedge relationship must be identified, designated and formally documented at its inception. Change in the cash flows on the interest rate swaps must be highly effective in offsetting changes in the amount of cash flows on the hedged long-term debt. Interest rate swaps in qualifying hedging relationships are not recognized until their maturity.

(d) Interests in Joint Venture Arrangements

With the approval of the Ontario Ministry of Colleges and Universities, the University of Guelph and The Humber College Institute of Technology and Advanced Learning entered into a Memorandum of Understanding dated June 10, 1999, to develop and deliver joint programming as the University of Guelph-Humber (the "Joint Venture"). The University's 50% interest in the Joint Venture is accounted for using the proportionate consolidation method.

The University is a member, with 20 other universities, of TRIUMF Inc. ("TRIUMF"), a not-for-profit corporation and Canada's national laboratory for particle and nuclear physics located on the University of British Columbia ("UBC") campus. Each university has an undivided 1/21 interest in its assets, liabilities and obligations. The land and buildings it occupies are owned by UBC. The facilities and its operations are funded by federal governments grants, and the University has made no direct financial contributions to date. TRIUMF's net assets are not contemplated to be and are not readily realizable by the University. The University's interest in the assets, liabilities and results of operations are not included in these Consolidated Financial Statements (Note 15(b)).

(e) Other Financial Instruments

Other financial instruments, including cash and cash equivalents, accounts receivable consisting primarily of trade receivables, accounts payable and accrued liabilities and long-term debt are recorded at amortized cost.

(f) Inventory Valuation

Inventories are recorded at the lower of cost, determined using the weighted average method, and net realizable value.

(g) Capital Assets, Collections and Cloud Computing Arrangements

Capital assets are recorded at cost less accumulated amortization, except for the donated assets which are recorded at appraised values. Art, rare books and other collections are recorded at a nominal value of \$1 and are not amortized. The cost of capital assets is amortized on a straight-line basis over the assets' estimated useful lives as follows:

Land Improvements	10 to 60 Years
Buildings	5 to 40 Years
Furniture and Equipment	5 to 10 Years
Computer Equipment	3 Years
Library Books	5 Years

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2025
(in thousands of dollars)

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the University's ability to provide goods and services. Any impairment results in a write-down of the capital asset and an expense in the Consolidated Statement of Operations. An impairment loss is not reversed if the fair value of the related capital asset subsequently increases.

Donated collections are recorded as revenue at values based on appraisals by independent appraisers and are expensed in the year received. Purchased collections are expensed in the year they are acquired. When collections are deaccessioned and then sold, proceeds from the sale are included in deferred contributions and recognized as revenue when the cost of insurance, cleaning, restoration and conservation of works in the collection are expensed.

The University analyzes its cloud computing arrangements to determine if a software element in the arrangement is a software intangible asset. Any such asset is accounted for as a software intangible asset; if the software element is not an asset, the University accounts for it as a software service and expenses it as incurred. Expenditures on implementation activities that are directly attributable to preparing the software service for its intended use that do not give rise to a separate intangible asset are capitalized as an asset for implementation of software services; the asset for implementation of software services is expensed using the straight-line method over the expected period of access to the software service, which is estimated at six years.

(h) Recognition of Revenue

The University accounts for contributions, which include government grants and donations, in accordance with the deferral method. Unrestricted contributions are recognized as revenue when received. Externally restricted contributions received for:

- Purposes other than endowment or the acquisition of capital assets are initially recorded as deferred contributions and recognized as revenue in the year in which the related expenses are incurred.
- The acquisitions of capital assets having limited life are initially recorded as deferred capital contributions in the period in which they are received and recognized as revenue over the useful life of the related capital assets.
- The acquisition of unlimited life assets such as land are recorded as direct increases in net assets in the period in which they are received.
- Endowment contributions are recorded as direct increases in net assets in the period in which they are received or earned.

Revenues received for the provision of goods and services are recognized in the period in which the goods or services are provided by the University. Revenues received for a future period are deferred until the goods or services are provided.

Tuition and other academic fees are recorded as revenue on the accrual basis of accounting. All fees that relate to an academic term occurring within the fiscal year are included as revenue. Fees collected that relate to academic terms commencing after the end of the fiscal year are included in Current Portion of Deferred Revenue.

(i) Employee Future Benefits

The University is a member of the University Pension Plan Ontario ("UPP"), which is a multi-employer jointly sponsored, defined benefit plan. The University does not recognize any share of the UPP's pension surplus or deficit as insufficient information is available to identify the University's share of the underlying pension assets and liabilities. The University also accounts for its contributions to the UPP on a defined contribution basis. The University's contributions are expensed in the period they come due.

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2025
(in thousands of dollars)

The University maintains defined benefit plans providing pension (Pre-UPP), other retirement and post-employment benefits for its employees and accounts for these using the immediate recognition approach. Under this approach, the University recognizes the amount of the defined benefit obligation net of the fair value of plan assets measured at the date of the Consolidated Statement of Financial Position. Current service and finance costs are expensed during the year, while remeasurements and other items, representing the total of the difference between actual and expected return on plan assets, actuarial gains and losses, net change in valuation allowance, and past service costs are recognized as a direct increase or decrease in net assets. The liability for unfunded plans is determined using accounting assumptions.

(j) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at year end. Revenues and expenses are translated at exchange rates in effect on the date of the transaction. Gains or losses arising from these translations are included in revenue except to the extent that they relate to investments, in which case they are recognized in the same manner as investment income.

(k) Use of Estimates

The preparation of Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, valuation allowances for receivables, assumptions used in the determination of the fair value of financial instruments where the values are based on non-observable inputs that are supported by little or no market activity, accrued liabilities, valuation of derivative financial instruments, obligations related to employee future benefits and the recording of contingencies. Actual results could differ from those estimates.

(l) Contributed Services and Materials

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining their fair value, contributed services and materials are not recognized in the Consolidated Financial Statements.

3. CASH AND CASH EQUIVALENTS

	2025	2024
Cash	87,828	101,098
Pooled Fund Cash & Cash Equivalents	1,139	2,691
	<u>88,967</u>	<u>103,789</u>

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2025
(in thousands of dollars)

4. INVESTMENTS

(a) Details

	2025	2024
Short-term Investments	169,701	187,478
Fixed Income	310,077	247,218
Canadian Equities	74,001	64,042
U.S. Equities	131,379	127,026
Non-North American Equities	129,745	93,770
Pooled Funds – Emerging Markets Equities	60,792	59,597
Pooled Funds – Real Estate	31,382	29,256
Infrastructure Limited Partnership	42,000	44,060
Long-term Investments	779,376	664,969
Total Investments	949,077	852,447

Long-term investments are held in separate investment portfolios for the following purposes:

	2025	2024
Endowment Investment Funds	566,438	491,034
Funds Held for Debt Repayment	36,586	31,200
Expendable Fund Portfolio	176,352	142,735
	779,376	664,969

The Expendable Fund Portfolio consists mainly of the University's working capital for operations.

(b) Investment Income

	2025		
	Non-Endowed	Endowed	Total
Net Realized Investment Income	36,351	90,318	126,669
Net Decrease in Unrealized Investment Income	(6,714)	(40,165)	(46,879)
	29,637	50,153	79,790
Increase in Accumulated Investment Income on Externally Restricted Endowments (Note 12)	-	(18,334)	(18,334)
Increase in Accumulated Investment Income on Internally Restricted Endowments (Note 12)	13,531	(13,531)	-
Investment Income Available for Spending (Note 12)	18,288	(18,288)	-
Net Investment Income Deferred	(5,611)	-	(5,611)
	55,845	-	55,845

	2024		
	Non-Endowed	Endowed	Total
Net Realized Investment Income	16,290	24,944	41,234
Net Increase in Unrealized Investment Income	6,951	16,727	23,678
	23,241	41,671	64,912
Increase in Accumulated Investment Income on Externally Restricted Endowments (Note 12)	-	(14,448)	(14,448)
Increase in Accumulated Investment Income on Internally Restricted Endowments (Note 12)	15,133	(15,133)	-
Investment Income Available for Spending (Note 12)	12,090	(12,090)	-
Net Investment Income Deferred	(4,092)	-	(4,092)
	46,372	-	46,372

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2025
(in thousands of dollars)

(c) Derivative Investments

Foreign currency forward contracts used to minimize exchange rate fluctuations and the resulting volatility on future financial results are recorded at fair value as Short-term Investments on the Consolidated Statement of Financial Position.

The notional and fair values of these contracts are as follows:

	2025		2024	
	Notional Value	Fair Value	Notional Value	Fair Value
United States Dollar	11,745	202	16,036	43

(d) Uncalled Commitments

As at April 30, 2025, approximately 2.7% (2024 – 3.5%) and 1.9% (2024 – 1.9%) of the University's long-term investment portfolio is invested in infrastructure private investments and real estate private investments, respectively. The legal terms and conditions of these investments require that investors initially make an unfunded commitment and then remit funds over time (cumulatively up to a maximum of the total committed amount) in response to a series of capital calls issued to the investors by the manager. As at April 30, 2025, the University had uncalled commitments of \$1,586 (2024 – \$1,578) and \$2,260 (2024 – \$3,944) remaining for the infrastructure private investments and real estate private investments, respectively. There are no further capital calls expected for the infrastructure private investment as the fund is now actively executing disposition plans.

5. CAPITAL ASSETS

	2025		
	Cost	Accumulated Amortization	Net Book Value
Land	256,559	–	256,559
Land Improvements	44,475	18,019	26,456
Buildings	1,424,130	516,476	907,654
Construction in Progress	32,151	–	32,151
Furniture and Equipment	226,070	139,515	86,555
Computer Equipment	14,738	12,326	2,412
Asset for Implementation of Software Services	26,338	10,191	16,147
Library Books	9,437	8,520	917
Art, Rare Books and Other Collections	1	–	1
	<u>2,033,899</u>	<u>705,047</u>	<u>1,328,852</u>

	2024		
	Cost	Accumulated Amortization	Net Book Value
Land	256,559	–	256,559
Land Improvements	44,474	16,965	27,509
Buildings	1,382,560	478,337	904,223
Construction in Progress	32,038	–	79,244
Furniture and Equipment	222,721	143,477	32,038
Computer Equipment	15,854	14,159	1,695
Asset for Implementation of Software Services	16,676	4,655	12,021
Library Books	10,739	9,119	1,620
Art, Rare Books and Other Collections	1	–	1
	<u>1,981,622</u>	<u>666,712</u>	<u>1,314,910</u>

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2025
(in thousands of dollars)

For the year ended April 30, 2025, the University expensed \$1,045 (2024 - \$1,269) for software services included in professional and externally contracted services expenses on the Consolidated Statement of Operations and capitalized \$9,662 (2024 - \$7,536) in directly attributable expenditures on implementation activities related to software services included in the asset for implementation of software services.

6. GOVERNMENT REMITTANCES

Accounts Payable and Accrued Liabilities include \$6,977 (2024 - \$6,330) with respect to government remittances payable.

7. LONG-TERM DEBT

(a) Details

	Interest Rate	Issue Date	Due Date	2025	2024
Series A Unsecured Debenture	6.24%	11-Oct-02	10-Oct-42	100,000	100,000
Banker's Acceptances					
Royal Bank of Canada	4.50%	23-Mar-10	24-Mar-25	-	504
Royal Bank of Canada	4.57%	1-May-10	1-May-25	149	812
Bank of Montreal	7.88%	16-Oct-00	15-Jun-25	1,900	5,300
Royal Bank of Canada	3.84%	6-Jan-16	2-Oct-26	3,791	6,229
Royal Bank of Canada	3.12%	5-Sep-12	5-Sep-27	4,697	6,610
Canadian Imperial Bank of Commerce	3.73%	1-Oct-13	1-Oct-28	4,565	5,839
Canadian Imperial Bank of Commerce	5.13%	25-Apr-24	25-Apr-29	8,806	11,008
Royal Bank of Canada	4.02%	28-Apr-23	28-Apr-30	28,543	29,150
Royal Bank of Canada	2.19%	15-Sep-16	15-Sep-41	28,735	30,018
Canadian Imperial Bank of Commerce	4.99%	25-Apr-24	25-Apr-54	29,020	30,021
				110,206	125,491
				210,206	225,491
Current Portion				(13,342)	(15,588)
				196,864	209,903

The interest rates disclosed above are the effective rates as a result of entering into interest rate swaps as discussed in part (c) of this note. During the current fiscal year, the University made principal repayments in the amount of \$15,285 (2024 - \$12,704) and incurred \$10,951 (2024 - \$9,550) in interest expense from long-term debt.

The repayments required in the next five years and thereafter for long-term debt are summarized as follows:

	2026	2027	2028	2029	2030	after 2030	Total
Required Repayments	13,342	10,003	7,678	6,288	27,839	145,056	210,206

(b) Series A Unsecured Debenture

On October 11, 2002, the University issued a Series A senior unsecured debenture in the aggregate principal amount of \$100,000 at a price of \$998.69 for proceeds of \$99,869. The debenture bears interest at 6.24%, which is payable semi-annually on April 10 and October 10, with the principal amount to be repaid on October 10, 2042. The proceeds of the issue were primarily used to finance capital projects including the construction of new classrooms and a science complex.

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2025
(in thousands of dollars)

The University has a voluntary sinking fund established to repay the debenture principal at maturity. This is reflected in the balance of Funds Held for Debt Repayment within Internally Restricted Net Assets (Note 11).

(c) Interest Rate Swaps

The University has entered into interest rate exchange (swap) contracts with the Toronto Dominion Bank, Bank of Montreal, Royal Bank of Canada, and Canadian Imperial Bank of Commerce in order to convert variable-rate borrowings to fixed rates. Under the terms of these agreements, the University pays a fixed rate and receives a variable rate on each swap's notional principal amount.

The notional amounts and the net unrealized gain (loss) of the contracts entered into prior to fiscal 2017 and outstanding at April 30th are:

	Due Date	2025		2024	
		Notional Amount	Gain (Loss)	Notional Amount	Gain (Loss)
Royal Bank of Canada	24-Mar-25	-	-	510	4
Royal Bank of Canada	1-May-25	147	(1)	815	7
Bank of Montreal	15-Jun-25	1,900	(17)	5,300	(79)
Royal Bank of Canada	2-Oct-26	3,780	(21)	6,300	116
Royal Bank of Canada	5-Sep-27	4,688	1	6,628	221
Canadian Imperial Bank of Commerce	1-Oct-28	4,550	(46)	5,850	159
			(84)		428

The decrease in unrealized gain of \$512 (2024 – increase in unrealized gain of \$222) is recorded in the Consolidated Statement of Operations.

The University applied hedge accounting for the interest rate swaps entered in and after fiscal 2017. The all-in fixed rates, notional amounts and the net unrealized gain (loss) of the contracts outstanding as at April 30th are:

	All-in Fixed Rate	Due Date	2025		2024	
			Notional Amount	Gain (Loss)	Notional Amount	Gain (Loss)
Royal Bank of Canada	2.19%	15-Sep-41	28,709	3,128	30,139	5,655
Royal Bank of Canada	4.02%	28-Apr-30	28,537	(956)	29,283	939
Canadian Imperial Bank of Commerce	5.13%	25-Apr-29	8,800	(313)	11,000	(5)
Canadian Imperial Bank of Commerce	4.99%	25-Apr-54	29,000	(3,366)	30,000	(531)
				(1,507)		6,058

The net change in the unrealized gain (loss) of (\$1,507) (2024 – \$6,058) is not recorded in the Consolidated Financial Statements.

8. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants, donations and investment income for research and other purposes. Changes in the deferred contributions are as follows:

	2025	2024
Balance, Beginning of Year	244,876	245,189
Contributions Received During the Year	271,604	229,311
Contributions Recognized to Revenue During the Year	(246,500)	(229,624)
Balance, End of Year	269,980	244,876

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2025
(in thousands of dollars)

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations and grants received over a number of years restricted to the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the Consolidated Statement of Operations. Changes in the deferred capital contributions are as follows:

	2025	2024
Balance, Beginning of Year	396,270	400,801
Contributions Received During the Year	19,769	17,289
Amortization of Deferred Capital Contributions	(22,695)	(21,820)
Balance, End of Year	<u>393,344</u>	<u>396,270</u>

10. EMPLOYEE FUTURE BENEFITS

The University has a number of unfunded programs that provide defined benefit pension and other post-employment benefits to its employees.

The assets and liabilities, including the pension obligations, of the University's registered pension plans ("RPPs") were transferred to the UPP as at July 1, 2021 (the "Effective Date"). As of the Effective Date, the accrual of benefits and contributions under the UPP commenced for members of the RPPs, all of whom have been transferred to the UPP, and benefits and contributions under the RPPs ceased. Two RPPs were terminated and the other is still open due to a windup surplus of \$12,356 (2024 - \$11,941) to be transferred to the University pending legislative processes. This balance is held in a separate trust, until all relevant legislative and legal requirements are determined and settled.

Any pension surplus or deficit of the UPP is a joint responsibility of the members and employers for service after the transition date of July 1, 2021 and may affect future contribution rates for members and employers. The University remains responsible to fund any net pension obligations (determined based on the UPP actuarial assumptions) related to service up to the transition date of July 1, 2021, over 15 years. During the current year, the University was notified by the UPP that based on a recently filed actuarial valuation prepared as of January 1, 2024, the University had a pre-conversion deficit obligation of \$1,851 and is required to make special payments of \$189 annually for 15 years, payable on a monthly basis commencing in January 2025. The University has recorded a liability in the Consolidated Statement of Financial Position and a remeasurement loss in the Consolidated Statement of Changes in Net Assets of \$1,906 as at April 30, 2025, measured as the present value of future payments using a discount rate of 5.45% consistent with the rate used in the UPP January 1, 2024 actuarial valuation. The net pension obligations may fluctuate in the future based on changes to the UPP's actuarial assumptions and for changes in experience in future periods, which will continue to be the responsibility of the University to fund for the first 10 years, after which the responsibility for such changes becomes gradually shared over the next 10 years with the other members of the UPP, after which the responsibility is totally shared with all members.

UPP Contribution rates are determined by the UPP Sponsors (representing employees and employers). The most recent actuarial valuation filed with pension regulators by the UPP as at January 1, 2024 indicated an actuarial surplus on a going concern basis of \$249 million.

Contributions made to the UPP during the year in respect of current service are included in employee future benefits expense in the Consolidated Statement of Operations and amounted to \$36,116 (2024 - \$34,250).

The University's other post-employment benefit plans provide extended health care and dental coverage to eligible retirees and their dependents on a cost-sharing basis. Retiree contributions to the health and dental programs cover 30% and 50% of the costs respectively.

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2025
(in thousands of dollars)

In addition to the above noted contributions to the UPP, employee future benefits expense for the year includes other post-employment benefits expense of \$26,687 (2024 – \$26,597).

Remeasurements and other items recorded directly in the Consolidated Statement of Changes in Net Assets are \$20,785 (2024 – \$29,715) and consist primarily of net actuarial gains.

The most recent actuarial valuations were prepared as at April 30, 2025 for unfunded pension arrangements and January 1, 2025 for the other benefits plan. The University measures its accrued benefit obligation (using a roll-forward technique from the most recent actuarial valuation) and the fair value of plan assets for accounting purposes as at April 30.

The discount rate used for determining the defined benefit obligation at April 30 is 4.70% (2024 – 5.15%) for unfunded pension arrangements and 4.95% (2024 – 5.20%) for the other benefits plan. The assumed rate for dental inflation is 4.5% (2024 – 4.0%). The assumed rates for prescription drug costs inflation is 4.0% up to 2027, 4.5% in 2028 and 2029, 5.0% in 2030 and linearly decreases to 4.0% in 2040 (2024 – 5.0% up to 2030, decreasing linearly to 4.0% in 2040), and for other health care costs is 5.0% to 2030 and linearly decreases to 4.0% in 2040 (2024 – 4.0% to 2025, 4.5% in 2026, 5.0% from 2027 to 2030, decreasing linearly to 4.0% in 2040).

Information about the University's defined benefit plans is as follows:

	2025	2024
Non-Pension Post-Employment Plan Accrued Benefit Obligation	299,462	301,634
Other Unfunded Pension Arrangements Accrued Benefit Obligation	3,806	3,539
UPP Pre-Conversion Required Special Payments Obligation	1,906	-
Total Defined Benefit Liability	305,174	305,173
Pension Plan for Non-Professional Employees wind-up surplus Asset	12,356	11,941
Net Defined Benefit Asset (Liability)	(292,818)	(293,232)

In addition to the plan assets, as at April 30, 2025, the University has internally restricted net assets of \$10,493 (2024 – \$11,246) for its UPP obligations and its other benefit plans (Note 11).

11. INTERNALLY RESTRICTED NET ASSETS

These are restrictions on net assets designated for future purchase commitments, capital and renovation projects committed but not completed, capital assets, unspent organizational unit funds permitted to be carried forward at the end of each year for expenditure in the following years, and contingencies in amounts deemed necessary by the Board of Governors.

	Balance, April 30, 2024	Transfer to (from) in Year	Balance, April 30, 2025
Operating Fund Reserves			
Division Reserves	99,924	6,163	106,087
Central Operating Reserves	21,936	(10,359)	11,577
Self-Insured Losses & Guelph-Humber	1,900	-	1,900
Employee Benefit Reserves (Note 10)	11,246	(753)	10,493
	135,006	(4,949)	130,057
Invested in Capital Assets	704,157	29,951	734,108
Internally Financed Projects	(85,506)	(4,639)	(90,145)
Capital Projects and Renovations	23,062	(5,790)	17,272
Funds Held for Debt Repayment (Note 7(b))	33,043	4,430	37,473
Trust	59,427	11,114	70,541
Research	58,135	3,124	61,259
Other	587	299	886
	927,911	33,540	961,451

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2025
(in thousands of dollars)

12. ENDOWED NET ASSETS

The Endowment Fund consists of two major groups of investments each with different spending objectives: the Heritage Fund and the General Endowment Fund. The Heritage Fund was created in 1991 by a declaration of trust of the Board of Governors with the sole intention that the capital of the Heritage Fund will be held in perpetuity for University strategic purposes. The main sources of growth for the Heritage Fund are proceeds of University real estate sales and leases from designated properties and investment income earned on the Heritage Fund. Management of the Heritage Fund is delegated by the Board of Governors to the Board of Trustees of the Heritage Fund. The General Endowment Fund contains all remaining University endowments which consist of private and Board designated donations directed primarily for student aid.

The University endowment policy has the objective of protecting the real spending value of the endowed principal by limiting spending of investment income earned on endowments. The Heritage Fund limits spending through a specific distribution formula based on a five-year average of market returns after having provided for inflation protection and growth. The General Endowment Fund utilizes a spending or pay-out policy that limits disbursements to an estimated long-term real rate of investment return. Any difference between actual investment return (net of expenses) and the allocation of amount made available for spending will be accumulated in the endowment fund. In fiscal 2025, the allocation made available for spending was calculated as 3.5% (2024 – 3.5%) of the average endowment account fund balance over the most recent four-year period.

Details of changes in endowed net assets are as follows:

	2025		
	Externally Restricted	Internally Restricted	Total
Investment Income on Endowments	28,332	21,821	50,153
Less: Available for Spending (Note 4(b))	(9,998)	(8,290)	(18,288)
Increase in Accumulated Investment Income on Endowments (Note 4(b))	18,334	13,531	31,865
Endowment Contributions (Note 14)	14,365	–	14,365
	32,699	13,531	46,230
Transfers to Endowments	–	4,473	4,473
Net Increase in Net Assets	32,699	18,004	50,703
Net Assets, Beginning of Year	274,353	211,760	486,113
Net Assets, End of Year	307,052	229,764	536,816

	2024		
	Externally Restricted	Internally Restricted	Total
Investment Income on Endowments	23,302	18,369	41,671
Less: Available for Spending (Note 4(b))	(8,854)	(3,236)	(12,090)
Increase in Accumulated Investment Income on Endowments (Note 4(b))	14,448	15,133	29,581
Endowment Contributions (Note 14)	5,982	–	5,982
	20,430	15,133	35,563
Transfers to Endowments	–	5,385	5,385
Net Increase in Net Assets	20,430	20,518	40,948
Net Assets, Beginning of Year	253,923	191,242	445,165
Net Assets, End of Year	274,353	211,760	486,113

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2025
(in thousands of dollars)

13. Ontario Student Opportunity Trust Funds (“OSOTF”) - PHASE I & PHASE II AND Ontario Trust for Student Support (“OTSS”)

Externally restricted endowments, as described in Note 12, include grants provided by the Government of Ontario from the OSOTF Phases I and II and OTSS matching programs to award student aid as a result of raising endowed donations. Under terms of agreement with the Ministry of Colleges and Universities, note disclosure or separate audited year-end reports containing the information below are required.

	2025		
	OSOTF Phase I	OSOTF Phase II	OTSS
Endowment Funds, Beginning of Year	20,529	770	8,297
Donations	-	-	-
Endowment Funds, End of Year – Book Value	20,529	770	8,297
Expendable Funds, Beginning of Year	11,608	474	3,623
Realized Investment Income	5,999	243	2,261
Contributions to Awards	1	-	-
Bursaries Awarded	(961)	(68)	(350)
Expendable Funds, End of Year – Book Value	16,647	649	5,534
<i>Number of Bursaries Awarded</i>	665	16	200
Total Balance, End of Year – Book Value	37,176	1,419	13,831
Total Balance, End of Year – Market Value	38,171	1,521	14,419

	2024		
	OSOTF Phase I	OSOTF Phase II	OTSS
Endowment Funds, Beginning of Year	20,529	770	8,297
Donations	-	-	-
Endowment Funds, End of Year – Book Value	20,529	770	8,297
Expendable Funds, Beginning of Year	10,898	442	3,375
Realized Investment Income	1,654	67	624
Contributions to Awards	1	-	-
Bursaries Awarded	(945)	(35)	(376)
Expendable Funds, End of Year – Book Value	11,608	474	3,623
<i>Number of Bursaries Awarded</i>	653	14	217
Total Balance, End of Year – Book Value	32,137	1,244	11,920
Total Balance, End of Year – Market Value	35,885	1,457	13,545

14. DONATIONS

	2025	2024
Donations Received During the Year	46,143	37,962
Less: Donations Recorded as Endowment Contributions (Note 12)	(14,365)	(5,982)
Less: Donations Recorded as Deferred Capital Contributions	(3,764)	(6,186)
Net Increase in Deferred Contributions from Donations	(5,052)	(1,780)
Donations Recognized as Revenue	22,962	24,014

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2025
(in thousands of dollars)

15. JOINT VENTURE ARRANGEMENTS

(a) University of Guelph-Humber

As part of its participation in the Joint Venture, the University provides certain services including academic administration, student recruitment and admissions, curriculum development, course delivery, and IT services. The University advances funds equal to the cost of these services to the Joint Venture on an ongoing basis and is then reimbursed for these expenses periodically. All amounts are shared 50% by each venturer. The total amount advanced by the University for such services during the year was \$12,118 (2024 – \$12,410), which represents the exchange amount as agreed to by the parties. A financial summary of the University's share of the Joint Venture at April 30 follows:

	2025	2024
Statement of Financial Position: Total Assets	12,429	13,592
Statement of Financial Position: Total Liabilities	3,291	3,357
Statement of Financial Position: Total Net Assets	<u>9,138</u>	<u>10,235</u>
Statement of Operations: Total Revenue	31,362	32,739
Statement of Operations: Total Expenses	25,483	26,152
Statement of Operations: Excess of Revenue over Expenses	<u>5,879</u>	<u>6,587</u>

(b) TRIUMF

The following financial information for the year ended March 31 for TRIUMF was prepared in accordance with Canadian Public Sector Accounting Standards, including accounting standards that apply to government not-for-profit organizations, except that all capital assets and related provisions for decommissioning costs, if any, are expensed in the year in which the costs are incurred. Any differences in the reporting framework are not material to the University's Consolidated Financial Statements.

	2025	2024
	Unaudited	2024
Statement of Financial Position: Total Assets	70,659	58,076
Statement of Financial Position: Total Liabilities	23,187	11,156
Statement of Financial Position: Total Net Assets	<u>47,472</u>	<u>46,920</u>
Statement of Operations: Total Revenue	113,785	108,789
Statement of Operations: Total Expenses	113,244	104,358
Statement of Operations: Excess of Revenue over Expenses	<u>541</u>	<u>4,431</u>

16. NET CHANGE IN OTHER NON-CASH ITEMS

	2025	2024
Accounts Receivable	1,658	1,050
Inventories and Prepaid Expenses	(1,492)	1,240
Accounts Payable and Accrued Liabilities	(3,548)	12,966
Deferred Revenue	3,069	(2,289)
Deferred Contributions	25,104	(313)
	<u>24,791</u>	<u>12,654</u>

17. COMMITMENTS

Costs to complete major capital projects in progress as at April 30, 2025 are estimated to be \$32,248 (2024 – \$28,947) and will be funded by government grants, gifts and University resources.

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2025
(in thousands of dollars)

18. CONTINGENCIES

(a) The nature of the University's activities is such that there are usually claims or potential claims in prospect at any one time. At April 30, 2025, the University believes it has valid defenses and appropriate insurance coverage in place on certain claims which are not expected to have material impact on the University's consolidated financial position. There also exist other claims or potential claims where the ultimate outcome cannot be determined at this time. Any additional losses related to claims would be recorded in the year during which the amount of the liability is able to be estimated or adjustments to the amount recorded are determined to be required.

(b) The University is a member in a self-insurance co-operative in association with other Canadian universities to provide property and general liability insurance coverage. Under this arrangement referred to as the Canadian Universities Reciprocal Insurance Exchange ("CURIE"), a contractual agreement exists to share the property and liability insurance risks of member universities. The projected cost of claims is funded through members' premiums based on actuarial projections. As at December 31, 2025, CURIE had an accumulated surplus of \$130,336 (2024 - \$107,548) of which the University's pro rata share is \$4,417 (2024 - \$3,650).

(c) The University allows a licensee to extract aggregate from its Puslinch property. Under the terms of the license agreement, the licensee is responsible for site restoration after extraction is complete, according to an agreed upon plan of restoration. Site restoration is regularly carried out by the licensee as extraction from portions of the property is complete. While management is of the view that the licensee will meet its obligations under the agreement with respect to site restoration, should the licensee be unable to do so, the University as property owner would be responsible.

(d) The University of Guelph has signed ten letters of credit primarily related to ongoing constructions projects. At April 30, 2025, the total amount outstanding is \$1,771 (2024 - \$1,887) and these letters will expire during the year as the construction projects reach completion.

(e) The members of the TRIUMF joint venture and the Canadian Nuclear Safety Commission ("CNSC") approved a decommissioning plan that requires all members to be severally responsible for their share of the decommissioning costs as well as provide financial covenants to the CNSC for the amount of these costs. While there are no current intentions of decommissioning the facilities, TRIUMF has put in place a plan for funding the cost of decommissioning that does not require any payments from the joint venture partners.

(f) The University has identified potential asset retirement obligations related to the existence of asbestos in a number of its facilities. Although not a current health hazard, upon renovation or demolition of these facilities, the University may be required to take appropriate remediation procedure to remove the asbestos. As the University has no legal obligation to remove the asbestos in these facilities as long as the asbestos is contained and does not pose a public health risk, the fair value of the obligation cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The asset retirement obligation for these assets will be recorded in the period in which there is certainty that the capital project will proceed and there is sufficient information to estimate the fair value of the obligation.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The University is exposed to various financial risks through transactions in financial instruments.

(a) Currency Risk

The University is exposed to foreign currency risk with respect to its direct and indirect (e.g., pooled funds) investments denominated in foreign currencies because the fair value and future cash flows

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2025
(in thousands of dollars)

will fluctuate due to the changes in the relative value of foreign currencies against the Canadian dollar. The University manages foreign currency risk through monitoring activities.

In the University's endowment fund investments, foreign currency exposure in the fixed income portfolio is fully hedged. The University also generally holds enough USD dollars to hedge against approximately one year of expenses that are payable in USD and will occasionally buy forward contracts to hedge this position.

(b) Credit Risk

The University is exposed to credit risk in connection with its short-term investments, accounts receivable and its derivative financial instruments. The University minimizes the credit risk of cash and cash equivalents and short-term investments by depositing with only reputable financial institutions, investing in securities that meet minimum credit ratings as stipulated by the University's investment policies, and limiting exposure to any one investment. The University minimizes the credit risk of its accounts receivable by performing credit reviews where necessary.

The University is also exposed to counterparty credit risk inherent in its interest rate swap agreements and foreign currency derivatives. The counterparty is either a Canadian chartered bank or major foreign/multinational bank, and the University has assessed these risks as minimal.

(c) Interest Rate Risk

The University is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the University to a fair value risk while the floating-rate instruments subject it to a cash flow risk. The University mitigates interest rate risk on its term debt through derivative financial instruments (interest rate swaps) that exchange the variable rate inherent in the term debt for a fixed rate (Note 7). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt. There have been no changes in interest rate risk exposure as compared to the prior year.

The University is also exposed to interest rate risk with respect to its investments in fixed income securities because the fair value will fluctuate with changes in market interest rates. This risk is managed by having diversified investments and by ensuring the asset mix of each investment mandate is maintained within investment policy approved ranges for each investment asset category.

(d) Liquidity Risk

The University is exposed to liquidity risk to the extent it will encounter difficulty in meeting obligations associated with financial liabilities. The University manages its liquidity risk by monitoring its operating and capital requirements. The University prepares capital and operating budgets to fulfill its obligations. Accounts payable and accrued liabilities are generally paid shortly after year end. For long-term debt, the University has established sinking fund investments to provide for cash flow requirements.

(e) Other Price Risk

The University is exposed to other price risk through changes in market prices (other than changes arising from interest rate or currency risks) in connection with its investments in equity securities and pooled funds. The University's investment policies detail the objectives, management and guidelines of investment, as well as providing for an appropriate risk tolerance strategy.