UNIVERSITY OF GUELPH

ANNUAL FINANCIAL REPORT

Fiscal Year 2026

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Financial Summary

University financial results for the fiscal year ended April 30th, 2026 ("fiscal 2026"), reflect a revenue increase of 7.9% over 2025. The current year's increase is caused by higher student enrolment, strong investment returns, and increases in sales revenue and other recoveries. Inflationary pressures on compensation and operating costs drove an increase in total expenses of 3.5%. The net result is an excess of revenue over expenses of $84.8 million in fiscal 2026.

Total University - Annual Results				
$ millions	**2026**	**2025**	**Change**	
Total Revenue	1,116.9	1035.1	81.8	*7.9%*
Total Expenses	1,032.2	997.1	35.1	*3.5%*
Change in Unrealized Gain (Loss) on Interest Rate	0.1	(0.5)	0.6	
Revenue Less Expenses	**84.8**	**37.5**	**47.3**	
Direct Changes to Net Assets				
Endowment Additions[1]	51.1	32.7	18.4	
EFB[2] Re-measurements	(3.1)	18.9	(22.0)	
Total Change in Net Assets	**132.8**	**89.1**	**43.7**	

Fiscal 2026 saw another year of sizable market returns providing the University's endowment investment fund with a net return of 16.1%, which was 5.9% higher than 10.2% in fiscal 2025. Investment income recognized in the Statement of Operations of $75.1 million in 2026 was $19.3 million greater than the $55.8 million in 2025.

Employee Future Benefits ("EFB") re-measurements resulted in a decrease of $3.1 million in net assets (increase of $18.9 million in 2025); combined with endowment additions of $51.1 million ($32.7 million in 2025) and excess revenue over expenses of $84.8 million ($37.5 million in 2025) total net assets increased by $132.8 million ($89.1 million in 2025).

Revenue

Total revenue increased by $81.8 million to $1,116.9 million compared to the prior year and was mainly driven by a 10.4% increase in student tuition and fees of $39.9 million due to higher enrolment as well as a 34.6% increase in investment income of $19.3 million. Further increases were seen across most other revenue items, except for provincial OMAFA and other grants and contracts.

Total University Revenue				
$ millions	**2026**	**2025**	**Change**	
Student Tuition/Fees	422.4	382.5	39.9	*10.4%*
Prov. Grants MCURES	227.8	216.5	11.3	*5.2%*
Prov. Contract OMAFA	76.5	77.1	(0.6)	*-0.8%*
Other Grants & Contracts	125.0	129.8	(4.8)	*-3.7%*
Sales of Goods & Services	128.6	114.5	14.1	*12.3%*
Investment Income	75.1	55.8	19.3	*34.6%*
Other	61.5	58.9	2.6	*4.4%*
Total Revenue	**1,116.9**	**1,035.1**	**81.8**	***7.9%***

[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 it's registered pension plans to the University Pension Plan Ontario ("UPP") on July 1, 2021.

Expenses

Total expenses increased by $35.1 million to $1,032.2 million due largely to continued increases in compensation expenses. The $28.3 million increase (5.7%) in salaries was across all funds with the largest impact occurring in the operating fund.

University Expenses				
$ millions	**2026**	**2025**	**Change**	
Salaries	522.7	494.4	28.3	*5.7%*
Benefits	142.9	135.9	7.0	*5.2%*
Student Assistance	54.1	50.8	3.3	*6.5%*
Capital Amortization	66.6	62.3	4.3	*6.9%*
Interest	10.4	11.0	(0.6)	*-5.5%*
Supplies and Services	102.4	103.0	(0.6)	*-0.6%*
Utilities, Equipment, Repairs & Maintenance	70.3	78.0	(7.7)	*-9.9%*
Other Expenses	62.8	61.7	1.1	*1.8%*
Total Expenses	**1,032.2**	**997.1**	**35.1**	***3.5%***

Similarly, increased non-personnel operating expenses were incurred across all University funds, with a sizable decrease in utilities expense resulting from the elimination of the consumer carbon tax in April 2025.

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 and Trust funds of $6.8 million and $0.5 million are offset by excess revenue less expenses in all the other funds.

Revenue Less Expenses by Fund			
$ millions	**2026**	**2025**	**Change**
Operating	(6.8)	(23.7)	16.9
Capital	43.0	15.3	27.7
Ancillary Enterprises	17.6	13.7	3.9
Research	0.1	3.1	(3.0)
Trust	(0.5)	11.1	(11.6)
Endowment	31.4	18.0	13.4
Total	**84.8**	**37.5**	**47.3**

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 $7.7 million to $118.7 million and total fund expenses increased 3.8% or $3.7 million to $101.1 million, due to inflationary pressures on compensation and input costs. Overall revenue less expenses for the fund sustained a net positive amount of $17.6 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, including 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 2026 net asset balances compared to the prior year.

Net Asset Balances			
$ millions	**2026**	**2025**	**Change**
Internally Restricted	1,017.5	961.5	56.0
Unrestricted (Deficit)	(335.7)	(329.9)	(5.8)
Endowment	619.3	536.8	82.5
Total University Net Assets	**1,301.1**	**1,168.4**	**132.7**

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	**2026**	**2025**	**Change**
Invested in Capital Assets	761.8	734.1	27.7
Capital Projects[3]	(51.7)	(72.9)	21.2
Capital Sinking Fund	44.7	37.5	7.2
Operating Fund	130.5	130.1	0.4
Other Funds	132.2	132.7	(0.5)
Total Internally Restricted	**1,017.5**	**961.5**	**56.0**

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. The changes in fiscal 2026 were similar to the changes in fiscal 2025.

Change in Invested in Capital Assets			
$ millions	**2026**	**2025**	**Change**
Capital asset acquisitions	72.1	76.3	(4.2)
Capital contributions recognized	23.4	22.7	0.7
External debt repayment	11.0	13.1	(2.1)
Capital asset amortization	(66.6)	(62.3)	(4.3)
Capital contributions deferred	(12.2)	(19.8)	7.6
Total Change	**27.7**	**30.0**	**(2.3)**

Capital Projects reflects an increase in interfund transfers for approved capital project spending, and the Capital Sinking Fund balance increased. The slight increase in the Operating Fund reflects an overall increase in carryforward balances (accumulated unspent budget allocations) consistent with the budget in the operating fund.

Unrestricted Deficit increased by $5.8 million mainly due to employee future benefits including the UPP pre-conversion obligation, offsetting ancillary operations annual results and repayment of the debt-financed transformational change deficit.

Unrestricted Surplus (Deficit)			
$ millions	**2026**	**2025**	**Change**
Employee Future Benefits	(370.6)	(351.5)	(19.1)
Ancillary Operations	34.9	30.5	4.4
Unrealized Swap Gain (Loss)	0.0	(0.1)	0.1
Transformational Change	0.0	(8.8)	8.8
Total Unrestricted (Deficit)	**(335.7)**	**(329.9)**	**(5.8)**

Endowment net assets increased by $82.5 million ($50.7 million in 2025) due primarily to a net investment return of 16.1% as well as donor contributions and internal transfers. *(More details on page 7.)*

Change in Endowed Net Assets			
$ millions	**2026**	**2025**	**Change**
Endowed Investment Income	69.8	31.8	38.0
Endowment Contributions	8.8	14.4	(5.6)
Internal transfers	3.9	4.5	(0.6)
Total Increase (Decrease)	**82.5**	**50.7**	**31.8**

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

Major Capital Activity

The University invested $72.1 million in 2026 ($76.3 million in 2025) in its buildings, facilities, and capital equipment. Spending on major building projects and student housing facilities was largely consistent with prior years. Expenditures on equipment, including research related and digital infrastructure, were lower in fiscal 2026 primarily due to lower Canada Foundation for Innovation ("CFI") sponsored research equipment purchases and cloud computing system implementation costs than in 2025.

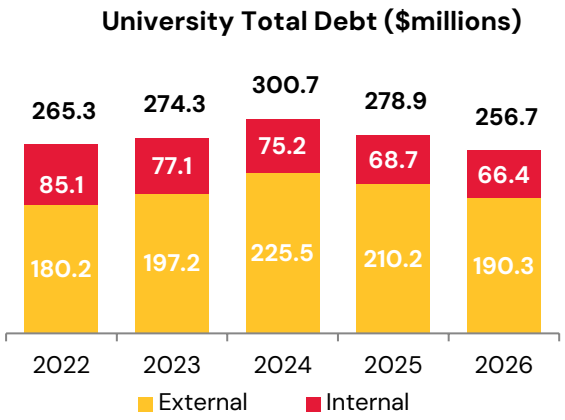
Capital Expenditures			
$ millions	**2026**	**2025**	**Change**
Major Building Projects	19.3	20.0	(0.7)
Main Campus Facilities Renewal	15.2	11.7	3.5
Student Housing Facilities Renewal	9.0	8.7	0.3
Equipment and Other	28.6	35.9	(7.3)
Total	**72.1**	**76.3**	**(4.2)**

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 adjacent table shows the current year and total to date spending on significant capital projects.

Capital Project Spending			
$ millions	**2026 Spending**	**Total Spending**	**Total Approved**
JD MacLachlan Building Renewal	7.4	10.9	48.0
East Residence Renovations	3.0	15.8	20.9
Nokom's House Research Centre	2.2	2.8	3.9
OVC Medical Surgical Training Facility	2.0	2.4	44.5
Student Residence at 78 College Ave	2.0	2.5	8.0
Mackinnon Building	1.9	2.0	2.1
Day Hall Renewal	1.4	2.1	33.5

Debt

The University uses financing from both internal[4] and external sources to fund high priority capital projects. Total financing decreased by $22.2 million reflecting principal repayments of $19.9 million on external debt and $10.5 million on internal debt, net of additions to internal debt of $8.2 million. No additional external debt was acquired during this fiscal year.

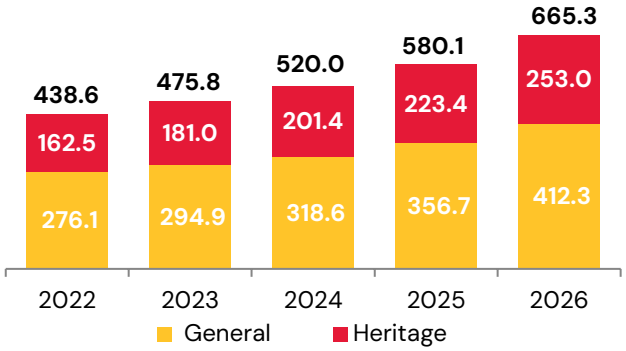


The University is reviewed annually by Standard and Poor's. In the credit rating process debt levels are considered in the context of overall fiscal health and peer institutions. During fiscal 2026, the University maintained its rating at AA with a stable outlook.

[4] 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.

Endowments

University endowments of $665.3 million consist of two major components, the Heritage Fund and the General Endowment Fund ("GEF"). While both funds are pooled together for investment purposes, each has its own payout formula and source of capital growth. In 2026, the endowment portfolio increased by $85.2 million on an overall net basis.



Additions to endowment capital totaled $12.7 million in 2026 ($18.9 million in 2025).

Market values of equities continued to rise in major markets across the globe contributing to a net investment return of 16.1% in fiscal 2026. The five-year annualized net investment return was 8.3%. Overall, the portfolio has outperformed its benchmark by 0.2% on a gross basis and underperformed its benchmark by 0.3% on a net basis over the past five years.

Endowment Annual & Five-year Annualized Returns (%)						
Returns	**2022**	**2023**	**2024**	**2025**	**2026**	**5-Year**
Gross	-0.8	8.6	9.7	10.6	16.6	8.8
Net *	-1.3	8.1	9.2	10.2	16.1	8.3
Benchmark	-0.5	6.0	8.3	11.0	18.7	8.6
** Net return is inclusive of external investment fees, but not the internal GEF administrative fee of up to 1%.*						

Total spending[5] from endowments increased by $5.4 million to $16.9 million in 2026 largely due to the Heritage Fund distribution of $7.8 million compared to $2.3 million in 2025.

Annual Spending from Endowments					
$millions	**2022**	**2023**	**2024**	**2025**	**2026**
General	7.3	7.8	8.9	9.2	9.1
Heritage Fund	6.1	0.0	1.6	2.3	7.8
Total	**13.4**	**7.8**	**10.5**	**11.5**	**16.9**

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

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

obligations related to service up to July 1, 2021. In the fall of 2025, 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, 2025, the University's obligation to fund it's pre-UPP service deficit increased to $14.266 million and monthly special payments totaling $1.643 million per year were required beginning January 2026. 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 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	**2026**	**2025**	**Change**	
Pension	39.4	36.4	3.0	*8.2%*
Non-Pension	8.4	7.9	0.5	*6.3%*
Total Contributions	**47.8**	**44.3**	**3.5**	*7.9%*

EFB Expenses: Combined EFB expenses increased by 1.9% or $1.2 million with increased pension expenses offsetting a slight decrease in non-pension.

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 $3.1 million decrease in net assets in 2026, with the increased UPP pre-conversion pension obligation offsetting non-pension actuarial gains.

EFB Expenses				
$ millions	**2026**	**2025**	**Change**	
Pension	38.5	36.5	2.0	*5.5%*
Non-Pension	25.5	26.3	(0.8)	*-3.0%*
Total Expenses	**64.0**	**62.8**	**1.2**	***1.9%***

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 2026 the University's total net EFB liability is $312.2 million, up from $292.8 million in 2025.

EFB Asset (Liability)				
$ millions	**2026**	**2025**	**Change**	
Pension (non-UPP)				
Invested Assets[6]	12.6	12.4	0.2	*1.6%*
Less: Obligations	3.7	3.8	(0.1)	*-2.6%*
Non-UPP Pension	**8.9**	**8.6**	**0.3**	***3.5%***
UPP pre-conversion	**(16.5)**	**(1.9)**	**(14.6)**	***>500%***
Non-Pension	**(304.6)**	**(299.5)**	**(5.1)**	***1.7%***
EFB Net Liability	**(312.2)**	**(292.8)**	**(19.5)**	***6.7%***

[6] The $12.6 million of pension invested assets remaining at April 30, 2026 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.

The Operating Fund

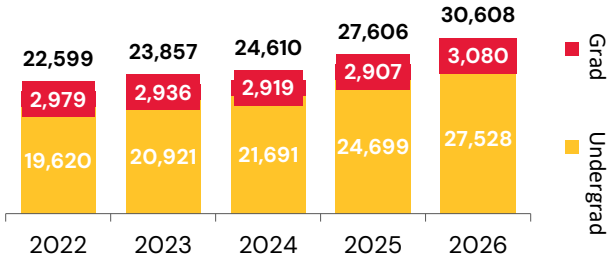
The Operating Fund, with over 60% of total University revenue, is the main source of funding for teaching programs and infrastructure support for all University research and services. The principal funding sources for this fund are student fees and provincial operating grants, both of which are based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

Operating Fund Revenue

Operating Fund revenue increased by 9.9% or $58.9 million in total largely due to increases of $31.8 million in student tuition and $5.1 million in non-tuition student fees, as well as an increase of $10.9 million in provincial operating grant revenue. These revenue increases are primarily driven by increased student enrolment.

Operating Fund Revenue				
$ millions	**2026**	**2025**	**Change**	
Student Tuition/Fees	344.3	307.4	36.9	*12.0%*
Provincial MCURES	221.3	210.4	10.9	*5.2%*
Provincial OMAFA	5.6	6.0	(0.4)	*-6.7%*
Sales & Other Contracts	62.8	55.0	7.8	*14.2%*
Other	20.8	17.1	3.7	*21.6%*
Total	**654.8**	**595.9**	**58.9**	***9.9%***

Student Enrolment in FTE's
(University Credit Programs excluding University of Guelph-Humber)



In 2026, university degree enrolments increased from 2025 levels by 12% at the undergraduate level and 6% for graduate level enrolments. While international student enrolment continues to be a priority, enrolment was slightly down again in fiscal 2026 for both undergraduate and graduate levels due to the impacts of recent changes in related federal government policy.

Operating Fund Expenses

Overall, Operating Fund expenses increased by $42.0 million or 6.8%, driven largely by increased personnel expenses. Salaries increased 5.7% mainly due to negotiated increases in rates of compensation as well as increased student supports to accommodate the growth in student population. The decrease in utilities costs compared to 2025 is due primarily to the elimination of the consumer carbon tax obligation effective April 2025. After a one-time decrease in the amount transferred to the Capital Fund in 2025, the amount transferred in 2026 was increased as per budget expectations.

Operating Fund Expenses				
$ millions	**2026**	**2025**	**Change**	
Salaries	386.4	365.4	21.0	*5.7%*
Benefits	114.2	109.4	4.8	*4.4%*
Student Assistance	34.3	32.1	2.2	*6.9%*
Supplies & Services	54.0	55.1	(1.1)	*-2.0%*
Utilities	18.9	26.3	(7.4)	*-28.1%*
Other Expenses	51.8	47.4	4.4	*9.3%*
Interfund Transfers	2.0	(16.1)	18.1	*112.4%*
Total	**661.6**	**619.6**	**42.0**	***6.8%***

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 the following 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 2026 Operating Fund annual deficiency of revenue over expenses impacting Internally Restricted Net Assets was $5.3 million, compared to $4.1 million in 2025. This calculation is consistent with the approach used in the development of the operating budget.

A $10.3 million non-cash expense for employee future benefits, an increase of $5.7 million in employee benefit reserves and $3.1 million in the accounting remeasurement charge for post-employment[7] liabilities, increased the University's unrestricted deficit related to post-employment benefits to $370.6 million as of the end of fiscal 2026.

The outstanding $8.8 million opening balance of the $11.0 million borrowed for strategic transformation costs was fully repaid during fiscal 2026.

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

Operating Fund – Net Assets

$millions	Opening Balances	2026 Annual Results	Transfers (From) To Reserves	EFB Re measure ments	Closing Balances
Internally Restricted					
Divisional Reserves	106.1	(5.4)			100.7
Central Reserves	11.6	(0.3)			11.3
Employee Benefit Reserves	10.5		5.7		16.2
Self-insurance & GH	1.9	0.4			2.3
Total Internally Restricted	**130.1**	**(5.3)**	**5.7**		**130.5**
Unrestricted					
Post-Employment	(351.5)	(10.3)	(5.7)	(3.1)	(370.6)
Debt-financed Transformation deficit	(8.8)	8.8			-
Total Unrestricted	**(360.3)**	**(1.5)**	**(5.7)**	**(3.1)**	**(370.6)**
Total Operating Net Assets	**(230.2)**	**(6.8)**	**-**	**(3.1)**	**(240.1)**

[7] 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.

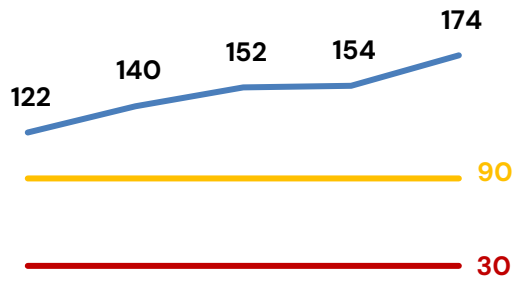
Supplementary Information

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, Universities, Research Excellence and Security ("MCURES"). 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 MCURES.

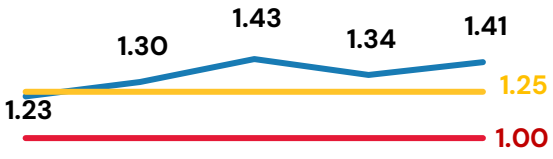
1. Liquidity Category Metrics

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 MCURES high-risk threshold is below 30 days, and the medium-risk threshold is below 90 days for this metric.



	2022	2023	2024	2025	2026
Primary Reserve Days	*122*	*140*	*152*	*154*	*174*
Expendable Net Assets ($millions)	292.8	348.5	394.0	420.0	493.4
Total Expenses ($millions)	879.5	911.6	943.2	997.7	1,032.2

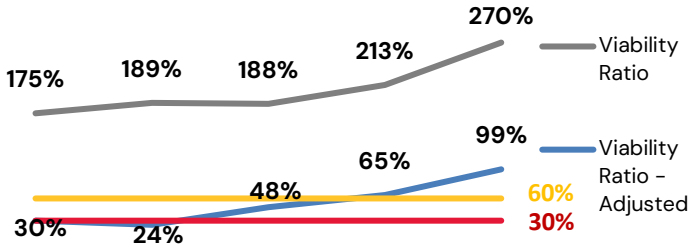
b. Working Capital Ratio: Indicates ability to meet short-term financial obligations by comparing current assets to current liabilities. Included in current assets are investments classified as long-term in the financial statements that are available for working capital purposes in the expendable fund portfolio. The MCURES high-risk threshold is below 1.0 and medium-risk threshold is below 1.25.



	2022	2023	2024	2025	2026
Working Capital Ratio	*1.23*	*1.30*	*1.43*	*1.34*	*1.41*
Current Assets ($millions)	388.6	439.6	500.4	500.8	522.8
Current Liabilities ($millions)	317.2	337.3	350.8	373.4	370.7

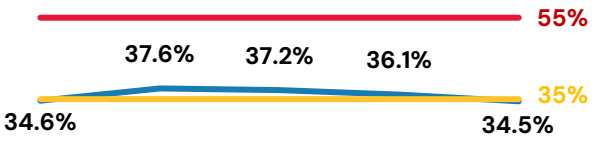
2. Sustainability Category Metrics

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 MCURES high-risk threshold is below 30% and medium-risk threshold is below 60%.



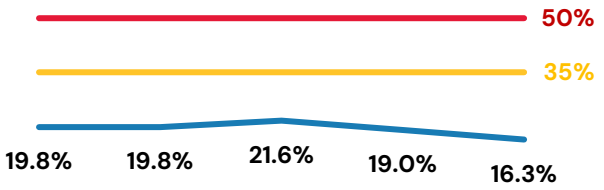
	2022	2023	2024	2025	2026
Viability Ratio - Adjusted[8]	***30%***	***24%***	***48%***	***65%***	***99%***
Viability Ratio – Unadjusted	***175%***	***189%***	***188%***	***213%***	***270%***
Adjusted Expendable Net Assets ($millions)	50.3	45.0	100.8	127.2	181.2
Expendable Net Assets ($millions)	292.8	348.5	394.0	420.0	493.4
Long-Term Debt ($millions)	167.4	184.5	209.9	196.9	182.5

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 MCURES high-risk threshold is above 55% and the medium-risk threshold is above 35%.



	2022	2023	2024	2025	2026
Debt Ratio	***34.6%***	***37.6%***	***37.2%***	***36.1%***	***34.5%***
Total Liabilities less DCC ($millions)	746.9	845.0	873.9	883.3	885.7
Total Assets ($millions)	2,158.2	2,245.5	2,349.5	2,445.0	2,569.0

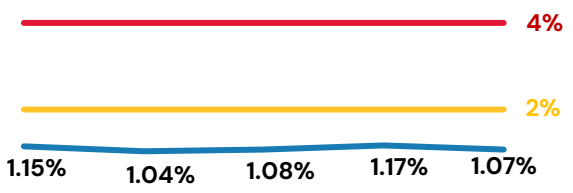
c. Debt to Revenue Ratio: Indicates debt capacity, measuring long-term debt over total revenue. The MCURES high-risk threshold is above 50% and medium- risk threshold is above 35%.



	2022	2023	2024	2025	2026
Debt to Revenue Ratio	***19.8%***	***19.8%***	***21.6%***	***19.0%***	***16.3%***
Long-Term Debt ($millions)	167.4	184.5	209.9	196.9	182.5
Total Revenue ($millions)	845.6	930.4	972.6	1,035.1	1,117.0

[8] MCURES released an updated version of the UFAF technical manual in February 2026 incorporating a revised calculation of Expendable Net Assets which removes the adjustment for employee future benefits net liability for determining the viability ratio, effective beginning fiscal 2025.

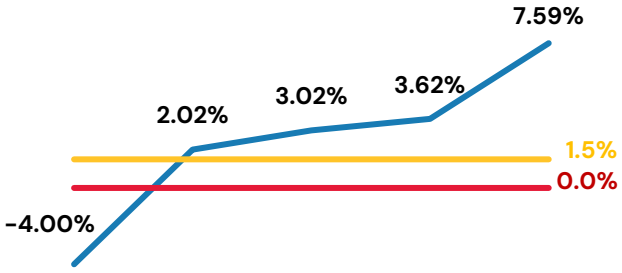
d. **Interest Burden Ratio:** Indicates cost of borrowing by measuring the extent to which interest is a portion of total expenses excluding capital asset amortization. MCURES high-risk threshold is above 4% and medium-risk threshold is above 2%.



	2022	2023	2024	2025	2026
Interest Burden Ratio	***1.15%***	***1.04%***	***1.08%***	***1.17%***	***1.07%***
Interest Expense ($millions)	9.5	8.9	9.6	11.0	10.4
Total Expenses less Amortization ($millions)	825.9	857.9	885.0	935.3	965.6

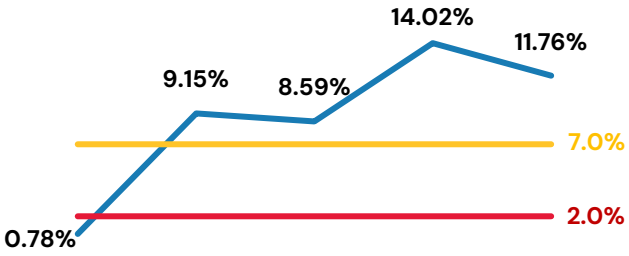
3. Performance Category Metrics

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 revenue. The metric can be volatile year to year, so a long-term view of this ratio should be taken into consideration. The MCURES high-risk threshold is below 0.0% and the medium-risk threshold is below 1.5%.



	2022	2023	2024	2025	2026
Surplus (Deficit) Ratio	***-4.00%***	***2.02%***	***3.02%***	***3.62%***	***7.59%***
Revenue less Expenses ($millions)	(33.9)	18.8	29.4	37.5	84.8
Total Revenue ($millions)	845.6	930.4	972.6	1,035.1	1,117.0

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



	2022	2023	2024	2025	2026
Net Operating Ratio	***0.78%***	***9.15%***	***8.59%***	***14.02%***	***11.76%***
Cash Flow from Operations ($millions)	6.6	85.1	83.5	145.1	131.3
Total Revenue ($millions)	845.6	930.4	972.6	1,035.1	1,117.0

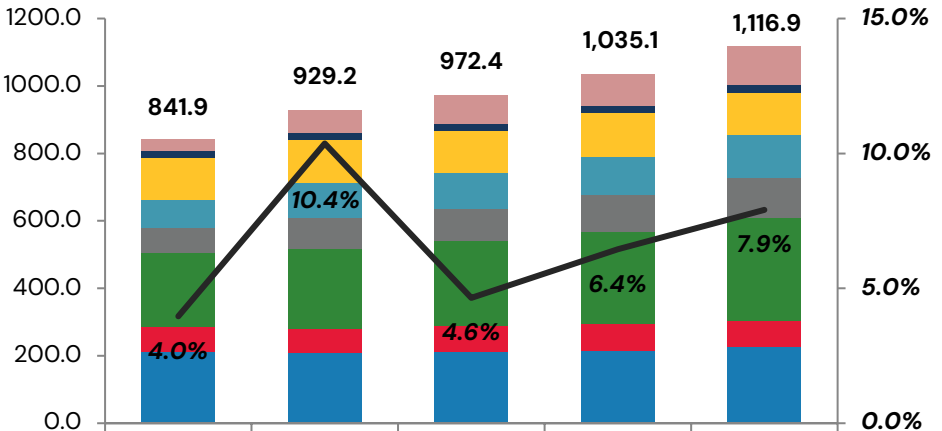
Table of Comparative Results[9]

	2022	2023	2024	2025	2026
Enrolment FTEs (excluding Guelph-Humber)	22,602	23,857	24,610	27,606	30,608
Faculty and Staff (Budgeted Positions)	3,225	3,234	3,250	3,233	3,279
Full-time Faculty (as of October 1st)	836	823	820	805	831
Revenue and Expenses					
Total Revenue ($M)	$841.9	$929.2	$972.4	$1,035.1	$1,116.9
Total Expenditures ($M)	$876.0	$911.6	$943.2	$997.1	$1,032.2
Unrealized Gain (Loss) on Interest Rate	$3.7	$1.2	$0.2	$(0.5)	$0.1
Annual Surplus/(Deficit) ($M)	$(30.4)	$18.8	$29.4	$37.5	$84.8
Revenue year-over-year change	4.0%	10.4%	4.6%	6.4%	7.9%
Expenditure year-over-year change	5.8%	4.1%	3.5%	5.7%	3.5%
MCU Operating Grants per FTE ($)	$8,801	$8,323	$8,193	$7,476	$7,099
Revenue Mix (% of Total Revenues)					
Provincial Operating Grants – MCURES	24%	22%	21%	20%	20%
Tuition	26%	26%	26%	27%	27%
Endowment and Donations	3%	3%	4%	4%	4%
Expense Mix (% of Total Expenses)					
Salaries	49%	49%	50%	50%	51%
Benefits (including EFB accounting charges)	13%	13%	13%	14%	14%
Components of Net Assets					
Endowed ($M)	$411.6	$445.2	$486.1	$536.8	$619.3
Invested in Capital Assets ("ICA") ($M)	$718.9	$700.8	$704.1	$734.1	$761.8
Internally Restricted (non-ICA) ($M)	$172.3	$196.8	$223.8	$227.4	$255.7
Unrestricted (Deficit) ($M)	$(295.8)	$(343.1)	$(334.7)	$(329.9)	$(335.7)
Total Net Assets ($M)	$1,007.0	$999.7	$1,079.3	$1,168.4	$1,301.1
Capital and Capital Debt					
Total External Debt ($M)	$180.1	$197.2	$225.5	$210.2	$190.3
Total Debt per FTE ($)	$7,971	$8,264	$9,163	$7,614	$6,217
% Debt Service to Revenue[10]	2.8%	2.4%	2.4%	2.6%	2.8%
Capital Asset Purchases ($M)	$63.1	$45.1	$74.1	$76.3	$71.9
Provincial Capital Grants ($M)	$9.2	$5.6	$5.3	$6.1	$6.5
Endowments					
Externally Restricted ($M)	$289.6	$309.4	$334.4	$373.9	$431.7
Internally Restricted ($M)	$149.0	$166.4	$185.6	$206.2	$233.6
Total Endowment Assets – Market Values	$438.6	$475.8	$520.0	$580.1	$665.3
Total Endowment per FTE ($)	$18,211	$18,657	$19,756	$21,014	$21,736
Employee Future Benefits (EFB)					
Pension Plans – Asset (Obligation) ($M)	$7.8	$7.7	$8.4	$6.7	$(7.6)
Other Benefit Plans – Obligation ($M)	$(250.3)	$(311.2)	$(301.6)	$(299.5)	$(304.6)
Latest Valuation Date – Other Benefit Plans	Jan-22	Jan-22	Jan-22	Jan-25	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 revenue.

Total Revenue and Total Expenses – Five Year Trends

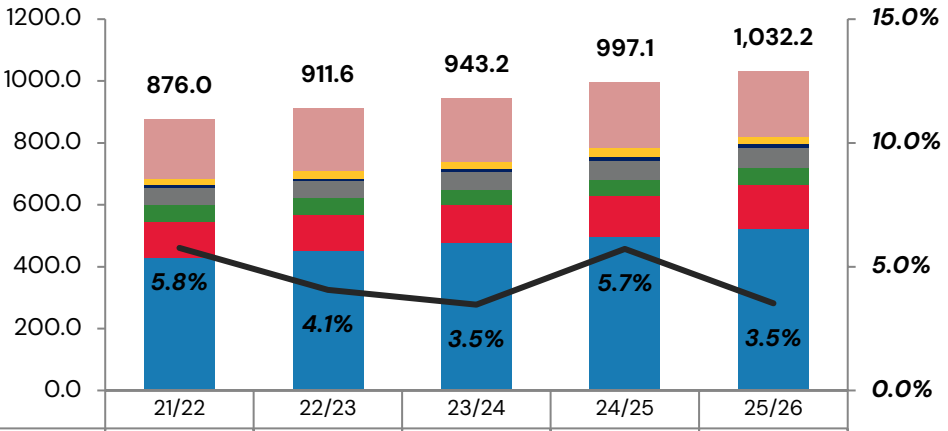
University Revenue
All Funds/ Sources
(in $millions)



	21/22	22/23	23/24	24/25	25/26
All Other Revenues	32.3	67.0	84.1	92.0	113.2
Amort. of Deferred Capital	22.0	21.9	21.8	22.7	23.4
Other Grants and Contracts	124.4	127.7	122.8	129.8	125.0
Sales of Goods and Services	84.5	102.4	109.0	114.5	128.6
Student Fees & Contracts	72.3	92.8	95.3	107.6	115.7
Tuition	220.6	237.1	249.4	274.9	306.7
OMAFRA Agreement	73.3	72.1	79.1	77.1	76.5
Provincial MCU	212.5	208.2	210.9	216.5	227.8
Total	841.9	929.2	972.4	1,035.1	1,116.9
Annual Change	4.0%	10.4%	4.6%	6.4%	7.9%

Annual Change

University Expenses
All Funds/ Sources
(in $millions)



	21/22	22/23	23/24	24/25	25/26
Other Operating	191.5	202.0	205.5	212.6	212.7
Utilities	21.0	24.6	21.6	30.1	22.8
Interest	9.5	8.9	9.5	11.0	10.4
Capital Asset Amortization	53.6	53.7	58.2	62.3	66.6
Scholarships and Bursaries	54.8	53.9	47.6	50.8	54.1
Benefits	116.1	117.6	124.8	135.9	142.9
Salaries	429.5	450.9	476.0	494.4	522.7
Total	876.0	911.6	943.2	997.1	1,032.2
Annual Change	5.8%	4.1%	3.5%	5.7%	3.5%

Annual Change

OMAFA Contract

Fiscal 2026 was the third 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.

OMAFA Agreement			
$ millions	**2026**	**2025**	**Change**
REVENUE			
OMAFA	72.4	70.6	2.5%
Sales of Goods & Services	33.4	30.2	10.6%
Investment Income	0.0	0.5	-100.0%
Other Revenue	0.4	0.6	-33.3%
Total Revenue	**106.2**	**101.9**	**4.2%**
EXPENSES			
Salaries	41.6	39.0	6.7%
Benefits	12.8	11.4	12.3%
Support for Faculty Costs	13.0	13.1	-0.8%
Travel	0.7	0.7	0.0%
Operating	43.2	42.7	1.2%
Internal Recoveries	(5.1)	(5.0)	2.0%
Total Expenses	**106.2**	**101.9**	**4.2%**
REVENUE LESS EXPENSES	-	-	

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.

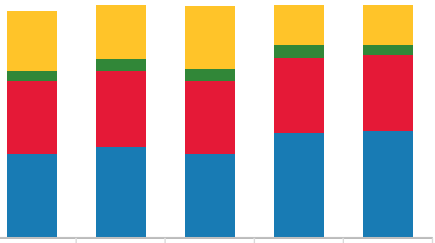
The OMAFA agreement is a major component of University research providing funding for approximately 35% of total University research and supporting approximately 20% of University employees, both faculty and staff. In addition to direct provincial funding, the province designates provincially owned facilities (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).

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 2026, $191.0 million was received and allocated to departments ($191.3 million in 2025).

Research Funding Allocated by Major Source ($millions)



	2022	2023	2024	2025	2026
Other	46.4	48.1	48.0	41.4	41.7
Other Ontario	7.3	9.1	9.0	10.5	7.3
OMAFA Contract	56.9	59.2	57.1	57.6	59.1
Federal	65.0	70.3	64.8	81.8	82.9
Total	175.6	186.7	178.9	191.3	191.0

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.

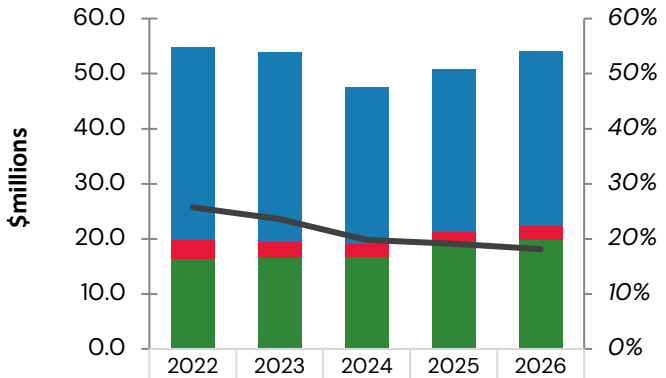
The University reports its 50% interest in the operations of Guelph-Humber using the proportionate consolidation method. The table shows the 50% of operations that are consolidated in the University's financial statements.

Guelph-Humber			
$ millions	**2026**	**2025**	**Change**
REVENUE			
MCU	16.5	16.1	2.5%
Tuition	15.4	15.0	2.7%
Student Fees	0.3	0.2	50.0%
Other Revenue	0.1	0.1	0.0%
Total Revenue	**32.3**	**31.4**	**2.9%**
EXPENSES			
Salaries & Benefits	8.0	7.4	8.1%
Amortization	0.5	0.2	150.0%
Scholarships & Bursaries	2.6	2.5	4.0%
Supplies & Services	10.7	11.0	-2.7%
Other Operating	4.4	4.4	0.0%
Total Expenses	**26.2**	**25.5**	**2.7%**
REVENUE LESS EXPENSES	**6.1**	**5.9**	**3.4%**
Guelph-Humber Undergraduate Enrolment (FTE's)	*4,262*	*4,213*	*1.2%*

Student Aid

The University of Guelph, including 50% of the University of Guelph-Humber, spent $54.1 million on scholarships and bursaries in fiscal 2026 reflecting an increase of 6.5% 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: Scholarships & Bursaries
as a Percentage of Tuition Revenue (Credit)

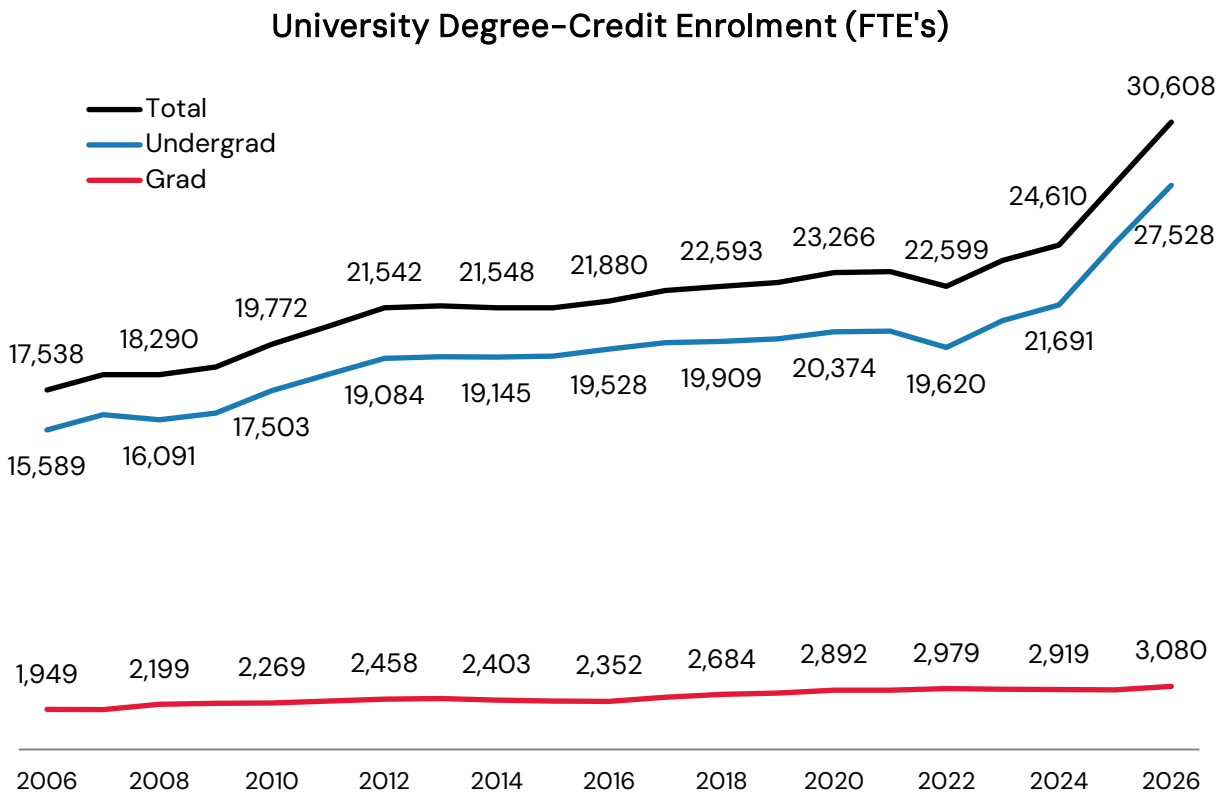


	2022	2023	2024	2025	2026
Operating	35.0	34.3	28.5	29.6	31.7
Guelph-Humber	3.3	3.0	2.4	2.5	2.6
Trust and Endowments	16.5	16.6	16.7	18.7	19.8
Total Student Aid	54.8	53.9	47.6	50.8	54.1
% of Revenue	25.7%	23.6%	19.8%	19.1%	18.1%

Student aid funding is now approximately 18.1% (19.1% in 2025) of total credit tuition revenue. Of the $54.1 million, 58% was funded from the Operating Fund, 5% was from Guelph-Humber, and 37% was funded from grant and trust funds including endowments.

Enrolment (excluding University of Guelph-Humber)

In 2026 University enrolment as measured in full-time equivalents ("FTE's") increased compared to 2025. Graduate enrolment increased by 6%, and undergraduate enrolment increased by 11.5%. 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 2026 (May 1, 2025 to April 30, 2026)

(in thousands of dollars)	Operating Fund	Capital Fund	Ancillary Enterprises	Research Fund	Trust Fund	Endowment Fund	Total 2026	Total 2025
REVENUE								
Tuition (Credit and Non-Credit)	306,674	–	–	–	–	–	306,674	274,865
Student Fees and Contracts	37,579	–	77,510	–	592	–	115,681	107,554
Provincial Grants – MCURES	221,295	6,489	–	–	–	–	227,784	216,483
Provincial Contract – OMAFA Agreement	5,611	–	–	50,325	20,546	–	76,482	77,145
Other Grants and Contracts	8,617	–	–	110,456	5,508	406	124,987	129,833
Sales of Goods and Services	54,155	–	41,135	8,451	24,838	–	128,579	114,503
Investment Income	4,874	6,098	–	25	36,619	27,479	75,095	55,845
Amortization of Deferred Capital Contributions	–	23,349	42	–	–	–	23,391	22,695
Donations	224	–	–	6,628	15,122	2	21,976	22,962
Other	15,757	37	–	349	124	–	16,267	13,205
	654,786	35,973	118,687	176,234	103,349	27,887	1,116,916	1,035,090
EXPENSES								
Salaries	386,382	–	27,846	88,072	20,410	–	522,710	494,406
Employee Future Benefits (EFB)	64,027	–	–	–	–	–	64,027	62,803
Other Employee Benefits	50,162	–	6,577	15,274	6,838	–	78,851	73,049
Scholarships and Bursaries	34,322	–	–	6,980	12,848	–	54,150	50,810
Capital Asset Amortization	–	57,903	8,720	–	–	–	66,623	62,343
Equipment, Repairs and Maintenance	21,800	11,440	5,065	5,501	3,668	–	47,474	47,943
Professional and Externally Contracted Services	33,965	7	2,567	18,294	2,083	–	56,916	57,019
Supplies	20,023	–	1,903	15,748	7,800	–	45,474	46,040
Utilities	18,867	–	1,422	2,528	7	–	22,824	30,106
Interest	557	8,754	1,046	–	–	–	10,357	10,951
Travel	7,792	–	120	7,076	170	–	15,158	14,515
Other Operating	21,698	–	20,062	6,717	(838)	–	47,639	47,154
Decrease in Unrealized Loss on Interest Rate Swaps	–	(41)	(34)	–	–	–	(75)	512
Interfund Transactions	1,960	(85,045)	25,750	9,934	50,930	(3,529)	–	–
	661,555	(6,982)	101,044	176,124	103,916	(3,529)	1,032,128	997,651
Excess of Revenue over Expenses	**(6,769)**	**42,955**	**17,643**	**110**	**(567)**	**31,416**	**84,788**	**37,439**
Endowment Income & Contributions	–	–	–	–	–	51,073	51,073	32,699
EFB Remeasurements and Other Items	(3,088)	–	–	–	–	–	(3,088)	18,934
Transfers (To) From Invested in Capital and Endowed	–	(19,692)	(8,020)	–	–	(82,489)	(110,201)	(80,654)
Transfers (To) From Internally Restricted Net Assets	(423)	(23,222)	(5,194)	(110)	567	–	(28,382)	(3,589)
Net Increase (Decrease) in Unrestricted Net Assets	(10,280)	41	4,429	–	–	–	(5,810)	4,829
Unrestricted Net Assets, Beginning of Year	(360,300)	(47)	30,447	–	–	–	(329,900)	(334,729)
Unrestricted Net Assets, End of Year	(370,580)	(6)	34,876	–	–	–	(335,710)	(329,900)

Independent auditor's report

To the Board of Governors of the
University of Guelph

Opinion

We have audited the consolidated financial statements of the **University of Guelph** [the "University"], which comprise the consolidated statement of financial position as at April 30, 2026, 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.

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, 2026, and its consolidated results of 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.

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

Toronto, Canada
October 21, 2026

Chartered Professional Accountants
Licensed Public Accountants

Statement 1

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

(in thousands of dollars)

	2026	2025
ASSETS		
Current		
Cash and Cash Equivalents (Note 3)	115,355	88,967
Short-term Investments at Fair Value (Note 4)	92,249	169,701
Accounts Receivable	48,776	51,658
Inventories and Prepaid Expenses	15,184	14,117
	271,564	324,443
Long-term Investments at Fair Value (Note 4)	950,489	779,376
Defined Benefit Asset (Note 10)	12,628	12,356
Capital Assets, Net (Note 5)	1,334,338	1,328,852
	2,569,019	2,445,027
LIABILITIES		
Current		
Accounts Payable and Accrued Liabilities (Note 6)	66,765	64,489
Unrealized Loss on Interest Rate Swaps (Note 7)	9	84
Current Portion of Long-term Debt (Note 7)	7,865	13,342
Current Portion of Deferred Revenue	23,705	25,474
Deferred Contributions (Note 8)	272,395	269,980
	370,739	373,369
Long-term Debt (Note 7)	182,461	196,864
Deferred Revenue	7,652	7,909
Deferred Capital Contributions (Note 9)	382,192	393,344
Defined Benefit Liability (Note 10)	324,835	305,174
	1,267,879	1,276,660
NET ASSETS		
Internally Restricted (Note 11)	1,017,545	961,451
Unrestricted Deficit	(335,710)	(329,900)
Endowed (Note 12)	619,305	536,816
	1,301,140	1,168,367
	2,569,019	2,445,027

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

(See accompanying notes)

On behalf of the Board of Governors:

Signed	**Signed**
Deb Stark	Rene Van Acker
Chair	President

Statement 2

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

(in thousands of dollars)

	2026	2025
REVENUE		
Tuition	306,674	274,865
Student Fees and Contracts	115,681	107,554
Ministry of Colleges, Universities, Research Excellence and Security	227,784	216,483
Ministry of Agriculture, Food and Agribusiness Agreement	76,482	77,145
Other Grants and Contracts	124,987	129,833
Sales of Goods and Services	128,579	114,503
Investment Income (Note 4)	75,095	55,845
Amortization of Deferred Capital Contributions (Note 9)	23,391	22,695
Donations (Note 14)	21,976	22,962
Other	16,267	13,205
	1,116,916	1,035,090
EXPENSES		
Salaries	522,710	494,406
Employee Future Benefits (Note 10)	64,027	62,803
Other Employee Benefits	78,851	73,049
Scholarships and Bursaries	54,150	50,810
Capital Asset Amortization	66,623	62,343
Equipment, Repairs and Maintenance	47,474	47,943
Professional and Externally Contracted Services	56,916	57,019
Supplies	45,474	46,040
Utilities	22,824	30,106
Interest (Note 7)	10,357	10,951
Travel	15,158	14,515
Other Operating	47,639	47,154
	1,032,203	997,139
Net Change in Unrealized Gain (Loss) on Interest Rate Swaps (Note 7)	75	(512)
Excess of Revenue over Expenses	84,788	37,439

(See accompanying notes)

Statement 3

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
		2026		
Net Assets, Beginning of Year	961,451	(329,900)	536,816	1,168,367
Excess of Revenue over Expenses	-	84,788		84,788
Net Change in Internally Restricted Net Assets (Note 11)	56,094	(56,094)		-
Employee Future Benefits Remeasurements and Other Items (Note 10)	-	(3,088)		(3,088)
Endowment Contributions (Note 12)	-	-	8,779	8,779
Increase in Accumulated Investment Income on				
Externally Restricted Endowments (Note 12)	-	-	42,294	42,294
Internally Restricted Endowments (Note 12)	-	(27,478)	27,478	-
Other Transfers to Endowments (Note 12)	-	(3,938)	3,938	-
Net Assets, End of Year	1,017,545	(335,710)	619,305	1,301,140
		2025		
Net Assets, Beginning of Year	927,911	(334,729)	486,113	1,079,295
Excess of Revenue 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	961,451	(329,900)	536,816	1,168,367

(See accompanying notes)

Statement 4

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

(in thousands of dollars)

	2026	2025
OPERATING ACTIVITIES		
Excess of Revenue over Expenses	84,788	37,439
Add (Deduct) Non-cash Items:		
Capital Asset Amortization	66,623	62,343
Amortization of Deferred Capital Contributions	(23,391)	(22,695)
Decrease (Increase) in Unrealized Investment Income	(17,380)	24,224
Increase (Decrease) in Unrealized Loss on Interest Rate Swaps	(75)	512
Employee Future Benefits Expense	25,575	26,687
Employee Future Benefits Contributions	(9,274)	(8,167)
Net Change in Other Non-cash Items (Note 16)	4,480	24,791
	131,346	145,134
FINANCING ACTIVITIES		
Repayment of Long-term Debt	(19,880)	(15,285)
Capital Contributions Received	12,002	19,765
Endowment Contributions	8,779	14,365
	901	18,845
INVESTING ACTIVITIES		
Net Purchase of Investments	(33,989)	(102,520)
Purchase of Capital Assets	(71,870)	(76,281)
	(105,859)	(178,801)
Increase (Decrease) in Cash and Cash Equivalents	26,388	(14,822)
Cash and Cash Equivalents, Beginning of Year	88,967	103,789
Cash and Cash Equivalents, End of Year	115,355	88,967

(See accompanying notes)

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, revenue, expenses and other transactions of all the operations of the University, including its wholly owned subsidiary and its 50% share in the University of Guelph-Humber Joint Venture.

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, "Accounting Standards for Not-for-Profit Organizations",* which sets out generally accepted accounting principles for not-for-profit organizations in Canada 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, composed 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.

(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 were 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) Investments in Controlled Entities and Interests in Joint Venture Arrangements

Investments in controlled entities and interests in joint ventures are accounted for using either the equity method or proportionate consolidation.

The University is the sole shareholder of U of G Student Housing General Partner Inc. ("UG Housing GP"). The UG Housing GP is the General Partner of U of G Student Housing Limited Partnership ("UG Housing LP"). The University is also the Limited Partner of UG Housing LP. These entities were established in fiscal 2026 to build and manage student residences for the University's students. The University's investment in both entities is accounted for using the equity method, whereby the investment is initially recorded at cost, net of any impairment, and adjusted thereafter for the University's share of the entity's net surplus or deficit and reduced by any distributions received (Note 15(a)).

With the approval of the Ontario Ministry of Colleges and Universities, 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 (the "Joint Venture"). The University's 50% interest in the Joint Venture is accounted for using the proportionate consolidation method (Note 15(b)).

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(c)).

(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

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 costs 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. Amounts capitalized are reviewed for impairment in a manner similar to capital assets.

(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 acquisition 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.

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

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. Revenue 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 Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as 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

	2026	2025
Cash	113,162	87,828
Pooled Fund Cash and Cash Equivalents	2,193	1,139
	115,355	88,967

4. INVESTMENTS

(a) Details

	2026	2025
Short-term Investments	92,249	169,701
Fixed Income	387,228	310,077
Canadian Equities	68,956	74,001
U.S. Equities	163,693	131,379
Non-North American Equities	151,442	129,745
Pooled Funds – Emerging Markets Equities	83,018	60,792
Pooled Funds – Real Estate	45,929	31,382
Infrastructure Limited Partnership	50,223	42,000
Long-term Investments	950,489	779,376
Total Investments	1,042,738	949,077

Long-term investments are held in separate investment portfolios for the following purposes, with the Expendable Fund Portfolio consisting mainly of the University's working capital for operations:

	2026	2025
Endowment Investment Funds	655,228	566,438
Funds Held for Debt Repayment	43,989	36,586
Expendable Fund Portfolio	251,272	176,352
	950,489	779,376

(b) Investment Income

	2026		
	Non-endowed	Endowed	Total
Net Realized Investment Income	32,446	43,151	75,597
Net Increase (Decrease) in Unrealized Investment Income	(1,349)	46,444	45,095
	31,097	89,595	120,692
Increase in Accumulated Investment Income on Externally Restricted Endowments (Note 12)	-	(42,294)	(42,294)
Increase in Accumulated Investment Income on Internally Restricted Endowments (Note 12)	27,478	(27,478)	-
Investment Income Available for Spending (Note 12)	19,823	(19,823)	-
Net Investment Income Deferred	(3,303)	-	(3,303)
	75,095	-	75,095

	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

(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 are as follows:

	2026		2025	
	Notional Value	Fair Value	Notional Value	Fair Value
U.S. Dollar	20,656	230	11,745	202
Other	448	4	-	-
		234		202

(d) Uncalled Commitments

As at April 30, 2026, approximately 7.0% of the University's long-term investment portfolio is invested in private funds managed by third-party managers comprising infrastructure and real estate investments. 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). As at April 30, 2026, the University has uncalled commitments of $42,034.

5. CAPITAL ASSETS

	2026		
	Cost	Accumulated Amortization	Net Book Value
Land	256,559	-	256,559
Land Improvements	46,317	19,069	27,248
Buildings	1,461,970	555,753	906,217
Construction in Progress	38,574	-	38,574
Furniture and Equipment	229,301	142,128	87,173
Computer Equipment	14,066	10,959	3,107
Asset for Implementation of Software Services	32,888	17,973	14,915
Library Books	7,881	7,337	544
Art, Rare Books and Other Collections	1	-	1
	2,087,557	753,219	1,334,338

	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
	2,033,899	705,047	1,328,852

For the year ended April 30, 2026, the University expensed $723 (2025 - $1,045) for software services included in professional and externally contracted services expenses on the Consolidated Statement of Operations and capitalized $6,550 (2025 - $9,662) 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 $7,179 (2025 - $6,977) with respect to government remittances payable.

7. LONG-TERM DEBT

(a) Details

	Interest Rate	Issue Date	Due Date	2026	2025
Series A Unsecured Debenture	6.24%	11-Oct-02	10-Oct-42	100,000	100,000
Banker's Acceptances					
Royal Bank of Canada	4.57%	1-May-10	1-May-25	-	149
Bank of Montreal	7.88%	16-Oct-00	15-Jun-25	-	1,900
Royal Bank of Canada	3.84%	6-Jan-16	2-Oct-26	1,264	3,791
Royal Bank of Canada	3.12%	5-Sep-12	5-Sep-27	2,754	4,697
Canadian Imperial Bank of Commerce	3.73%	1-Oct-13	1-Oct-28	3,260	4,565
Canadian Imperial Bank of Commerce	5.13%	25-Apr-24	25-Apr-29	-	8,806
Royal Bank of Canada	4.02%	28-Apr-23	28-Apr-30	27,766	28,543
Royal Bank of Canada	2.19%	15-Sep-16	15-Sep-41	27,271	28,735
Canadian Imperial Bank of Commerce	4.99%	25-Apr-24	25-Apr-54	28,011	29,020
				90,326	110,206
				190,326	210,206
Current Portion				(7,865)	(13,342)
				182,461	196,864

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 $19,880 (2025 - $15,285) and incurred $10,357 (2025 - $10,951) 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:

	2027	2028	2029	2030	2031	after 2031	Total
Required Repayments	7,865	5,478	4,088	27,839	2,637	142,419	190,326

(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.

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 as at April 30 are:

		2026		2025	
	Due Date	Notional Amount	Gain (Loss)	Notional Amount	Gain (Loss)
Royal Bank of Canada	1-May-25	-	-	147	(1)
Bank of Montreal	15-Jun-25	-	-	1,900	(17)
Royal Bank of Canada	2-Oct-26	1,260	(4)	3,780	(21)
Royal Bank of Canada	5-Sep-27	2,748	4	4,688	1
Canadian Imperial Bank of Commerce	1-Oct-28	3,250	(9)	4,550	(46)
			(9)		(84)

The decrease in unrealized loss of $75 (2025 – decrease in unrealized gain of $512) 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 30 are:

			2026		2025	
	All-in Fixed Rate	Due Date	Notional Amount	Gain (Loss)	Notional Amount	Gain (Loss)
Royal Bank of Canada	2.19%	15-Sep-41	27,246	3,642	28,709	3,128
Royal Bank of Canada	4.02%	28-Apr-30	27,760	(223)	28,537	(956)
Canadian Imperial Bank of Commerce	5.13%	25-Apr-29	-	-	8,800	(313)
Canadian Imperial Bank of Commerce	4.99%	25-Apr-54	28,000	(1,465)	29,000	(3,366)
				1,954		(1,507)

The net unrealized gain of $1,954 (2025 – loss of $1,507) 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:

	2026	2025
Balance, Beginning of Year	269,980	244,876
Contributions Received During the Year	234,626	271,604
Contributions Recognized to Revenue During the Year	(232,211)	(246,500)
Balance, End of Year	272,395	269,980

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:

	2026	2025
Balance, Beginning of Year	393,344	396,270
Contributions Received During the Year	12,239	19,769
Amortization of Deferred Capital Contributions	(23,391)	(22,695)
Balance, End of Year	382,192	393,344

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 $12,628 (2025 - $12,356) 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 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, 2025, the University had a pre-conversion deficit obligation of $16,218 (2025 - $1,851) and is required to make special payments of $1,643 annually for 15 years, payable on a monthly basis commencing in January 2026. 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 $16,480 as at April 30, 2026 (2025 - $1,906), 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, 2025 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, 2025 indicated an actuarial surplus on a going concern basis of $245 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 $38,452 (2025 - $36,116).

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.

In addition to the above-noted contributions to the UPP, employee future benefits expense for the year includes other post-employment benefits expense of $25,575 (2025 - $26,687). Remeasurements and other items recorded directly in the Consolidated Statement of Changes in Net Assets are $11,178 (2025 - $20,785) 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 as at April 30 is 4.85% (2025 – 4.70%) for unfunded pension arrangements and 5.15% (2025 – 4.95%) for the other benefits plan. The assumed rate for dental inflation is 4.5% (2025 – 4.5%). 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 (2025 – 4.0% up to 2027, 4.5% in 2028 and 2029, 5.0% in 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 (2025 – 5.0% to 2030, decreasing linearly to 4.0% in 2040).

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

	2026	2025
Non-pension Post-employment Plan Accrued Benefit Obligation	304,585	299,462
Other Unfunded Pension Arrangements Accrued Benefit Obligation	3,770	3,806
UPP Pre-conversion Required Special Payments Obligation	16,480	1,906
Total Defined Benefit Liability	324,835	305,174
Pension Plan for Non-professional Employees Wind-up Surplus Asset	12,628	12,356
Net Defined Benefit Liability	(312,207)	(292,818)

In addition to the plan assets, as at April 30, 2026, the University has internally restricted net assets of $16,177 (2025 - $10,493) 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, 2025	Transfer to (from) in Year	Balance, April 30, 2026
Division Reserves	106,087	(5,418)	100,669
Central Operating Reserves	11,577	(268)	11,309
Self-Insured Losses & Guelph-Humber	1,900	425	2,325
Employee Benefit Reserves (Note 10)	10,493	5,684	16,177
Total Operating Fund Reserves	130,057	423	130,480
Invested in Capital Assets	734,108	27,712	761,820
Internally Financed Projects	(90,145)	(2,907)	(93,052)
Capital Projects and Renovations	17,272	24,090	41,362
Funds Held for Debt Repayment (Note 7(b))	37,473	7,198	44,671
Trust	70,541	(567)	69,974
Research	61,259	110	61,369
Other	886	35	921
	961,451	56,094	1,017,545

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 2026, the allocation made available for spending was calculated as 3.5% (2025 - 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:

	2026		
	Externally Restricted	Internally Restricted	Total
Investment Income on Endowments	52,981	36,614	89,595
Less: Available for Spending (Note 4(b))	(10,687)	(9,136)	(19,823)
Increase in Accumulated Investment Income (Note 4(b))	42,294	27,478	69,772
Endowment Contributions (Note 14)	8,779	-	8,779
Transfers to Endowments	-	3,938	3,938
Net Increase in Net Assets	51,073	31,416	82,489
Net Assets, Beginning of Year	307,052	229,764	536,816
Net Assets, End of Year	358,125	261,180	619,305

	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 (Note 4(b))	18,334	13,531	31,865
Endowment Contributions (Note 14)	14,365	-	14,365
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

13. ONTARIO STUDENT OPPORTUNITY TRUST FUNDS ("OSOTF") - PHASES I & 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, Universities Research Excellence and Security, note disclosure or separate audited year-end reports containing the information below are required.

	2026		
	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	16,647	649	5,534
Realized Investment Income	2,827	113	1,067
Contributions to Awards	1	-	-
Bursaries Awarded	(907)	(50)	(336)
Expendable Funds, End of Year – Book Value	18,568	712	6,265
Number of Bursaries Awarded	*527*	*13*	*192*
Total Balance, End of Year – Book Value	39,097	1,482	14,562
Total Balance, End of Year – Market Value	43,044	1,700	16,264

	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
Number of Bursaries Awarded	*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

14. DONATIONS

	2026	2025
Donations Received During the Year	43,874	46,143
Less: Donations Recorded as Endowment Contributions (Note 12)	(8,779)	(14,365)
Less: Donations Recorded as Deferred Capital Contributions	(2,138)	(3,764)
Net Increase in Deferred Contributions from Donations	(10,981)	(5,052)
Donations Recognized as Revenue	21,976	22,962

15. CONTROLLED ENTITIES AND JOINT VENTURE ARRANGEMENTS

(a) U of G Student Housing Limited Partnership

The University recognizes its share of the excess of revenue over expenses of the UG Housing LP in its Consolidated Statement of Operations and as an investment on the Consolidated Statement of Financial Position. The University will receive the profits of UG Housing LP at a future date based on a profit-sharing formula defined in the limited partnership agreement.

There have been no transactions undertaken by UG Housing LP as at April 30, 2026. As such, the University has not adjusted its investment in UG Housing LP and no amounts have been recorded in these Consolidated Financial Statements as the University's share of the net income.

(b) 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 $11,958 (2025 - $12,118), which represents the exchange amount as agreed to by the parties. A financial summary of the University's share of the Joint Venture as at April 30 is as follows:

	2026	2025
Statement of Financial Position: Total Assets	15,506	12,429
Statement of Financial Position: Total Liabilities	5,233	3,291
Statement of Financial Position: Total Net Assets	10,273	9,138
Statement of Operations: Total Revenue	32,258	31,362
Statement of Operations: Total Expenses	26,169	25,483
Statement of Operations: Excess of Revenue over Expenses	6,089	5,879

(c) 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.

	2026	2025
Statement of Financial Position: Total Assets	59,253	72,374
Statement of Financial Position: Total Liabilities	17,018	25,569
Statement of Financial Position: Total Net Assets	42,235	46,805
Statement of Operations: Total Revenue	120,872	114,847
Statement of Operations: Total Expenses	125,442	114,972
Statement of Operations: Excess of Revenue over Expenses	(4,570)	(125)

16. NET CHANGE IN OTHER NON-CASH ITEMS

	2026	2025
Accounts Receivable	2,882	1,658
Inventories and Prepaid Expenses	(1,067)	(1,492)
Accounts Payable and Accrued Liabilities	2,276	(3,548)
Deferred Revenue	(2,026)	3,069
Deferred Contributions	2,415	25,104
	4,480	24,791

17. COMMITMENTS

Costs to complete major capital projects in progress as at April 30, 2026 are estimated to be $35,038 and will be funded by government grants, gifts and University resources.

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. As at April 30, 2026, the University believes it has valid defences 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 $133,886 (2025 - $130,336), of which the University's pro rata share is $4,583 (2025 – $4,417).

(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 has signed 10 letters of credit primarily related to ongoing construction projects. As at April 30, 2026, the total amount outstanding is $1,771 (2025 - $1,771) 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 an 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 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 U.S. dollars to hedge against approximately one year of expenses that are payable in U.S. dollars 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.