Consolidated Financial Statements of

ONTARIO TECH UNIVERSITY

For the year ending March 31, 2025

ONTARIO TECH UNIVERSITY
Consolidated Financial Statements
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For the year ended March 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of University of Ontario Institute of Technology
(operating as Ontario Tech University)

Opinion

We have audited the consolidated financial statements of University of Ontario Institute of Technology (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2025
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2025, 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 Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the 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 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 27, 2025

ONTARIO TECH UNIVERSITY
Consolidated Statement of Financial Position
(In thousands of dollars)
As at March 31, 2025

		2025		2024
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	**$**	**75,330**	$	82,502
Grant receivable		**9,114**		9,859
Other accounts receivable (net of allowance for doubtful accounts - $1,304; 2024 - $1,296) (Notes 3 and 4)		**9,400**		9,876
Prepaid expenses, deposits and inventories		**2,618**		2,655
		96,462		104,892
Long-term investments (Note 4)		**12,000**		-
Endowed and other investments (Note 5)		**40,612**		36,442
Other assets (Note 6)		**1,819**		1,763
Capital assets (Note 7)		**391,991**		387,177
Goodwill (Note 8)		**973**		973
Total assets	**$**	**543,857**	$	531,247
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable and accrued liabilities (Notes 9 and 18)	**$**	**43,806**	$	34,363
Deferred revenue (Note 10)		**36,439**		32,800
Current portion of other long-term debt (Note 11)		**746**		655
Current portion of obligations under capital lease (Note 12)		**584**		506
Current portion of long-term debenture debt (Note 13)		**8,971**		8,427
Current portion of fair value of interest rate swap (Note 14)		**756**		734
		91,302		77,485
Other long-term debt (Note 11)		**4,538**		5,284
Long-term portion of obligations under capital lease (Note 12)		**25,752**		26,336
Long-term portion of debenture debt (Note 13)		**111,808**		120,778
Long-term portion of fair value of interest rate swap (Note 14)		**20,370**		19,529
Deficiency in other investments (Note 15)		**272**		1,810
Deferred capital contributions (Note 16)		**153,757**		153,400
		407,799		404,622
Net Assets				
Unrestricted		**14,017**		23,236
Invested in capital assets (Note 19)		**64,709**		51,528
Internally restricted (Note 20)		**28,061**		24,839
Endowments (Note 21)		**29,271**		27,022
		136,058		126,625
Related party transactions (Notes 2,6,7,8,15,16,19,23 and 24)				
Contingencies and Contractual Commitments (Note 23)				
Guarantees (Note 24)				
Financial instrument risks (Note 25)				
Subsequent event (Note 26)				
Total liabilities and Net Assets	**$**	**543,857**	$	531,247

See accompanying notes to the consolidated financial statements

Laura Elliott

Approved by: Laura Elliott, Chair of the Board of Governors

ONTARIO TECH UNIVERSITY
Consolidated Statement of Operations
(In thousands of dollars)
For the year ended March 31, 2025

		2025		2024
REVENUE				
Grants - operating and research (Note 17)	**$**	**86,712**	$	81,858
Grants - debenture (Note 13)		**13,500**		13,500
Donations		**3,765**		3,502
Student tuition fees		**112,740**		100,541
Student ancillary fees		**16,801**		16,098
Revenues from purchased services (Note 18)		**1,557**		1,449
Other income		**23,705**		25,704
Amortization of deferred capital contributions (Note 16)		**8,653**		8,235
Interest revenue		**4,693**		4,909
Gain/(loss) on other investments (Note 15)		**1,538**		(803)
Unrealized gain on endowed and other investments		**1,907**		1,964
		275,571		256,957
EXPENSES				
Salaries and benefits		**155,205**		144,012
Student aid, financial assistance and awards		**17,239**		15,675
Supplies and expenses		**41,133**		40,885
Purchased services (Note 18)		**16,245**		14,290
Interest expense - debt obligations		**10,981**		11,962
Interest expense - other		**282**		231
Amortization of capital assets		**23,340**		22,561
Professional fees		**2,300**		1,599
Loss/(gain) on disposal of capital assets		**1**		(7)
Unrealized loss/(gain) on interest rate swap		**1,597**		(695)
		268,323		250,513
Excess of revenue over expenses	**$**	**7,248**	$	6,444

See accompanying notes to the consolidated financial statements

ONTARIO TECH UNIVERSITY
Consolidated Statement of Changes in Net Assets
(In thousands of dollars)
For the year ended March 31, 2025

	Unrestricted	**Invested in Capital Assets (Note 19)**	**Internally Restricted (Note 20)**	**Endowments (Note 21)**	**Total 2025**	Total 2024
Balance - Beginning of Year	**$ 23,236**	**$ 51,528**	**$ 24,839**	**$ 27,022**	**$ 126,625**	$ 119,103
Excess / (deficiency) of Revenue over Expenses	**21,935**	**(14,687)**	**-**	**-**	**7,248**	6,444
Interfund Transfer - Endownment	**-**	**-**	**(64)**	**64**	**-**	-
					-	
Interfund Transfer	**(3,286)**	**-**	**3,286**	**-**	**-**	-
Investment in Capital Assets	**(27,868)**	**27,868**	**-**	**-**	**-**	-
Endowment Contributions	**-**	**-**	**-**	**2,185**	**2,185**	1,078
Net changes during the year	**(9,219)**	**13,181**	**3,222**	**2,249**	**9,433**	7,522
Balance - End of Year	**$ 14,017**	**$ 64,709**	**$ 28,061**	**$ 29,271**	**$ 136,058**	$ 126,625

See accompanying notes to the consolidated financial statements

ONTARIO TECH UNIVERSITY
Consolidated Statement of Cash Flows
(In thousands of dollars)
For the year ended March 31, 2025

		2025		2024
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Excess of revenue over expenses	**$**	**7,248**	$	6,444
Items not affecting cash:				
Amortization of capital assets		**23,340**		22,561
Amortization of deferred capital contributions		**(8,653)**		(8,235)
Loss/(gain) on disposal of capital assets		**1**		(7)
Gain/(loss) on other investments (Note 15)		**(1,538)**		803
Unrealized loss/(gain) on interest rate swap		**1,597**		(695)
Unrealized gain on endowed and other investments		**(1,907)**		(1,964)
		20,088		18,907
WORKING CAPITAL				
Grant and other accounts receivable		**1,221**		(1,828)
Prepaid expenses and deposits		**37**		63
Accounts payable and accrued liabilities		**9,443**		3,787
Deferred revenue		**3,639**		(2,526)
		34,428		18,403
INVESTING				
Purchase of capital assets		**(23,356)**		(11,597)
Proceeds on disposal of capital assets		**1**		89
Net change in investments		**(14,263)**		15,956
Net change in other assets		**(56)**		1,212
		(37,674)		5,660
FINANCING				
Repayment of interest rate swap		**(734)**		(712)
Repayment of long-term debt		**(9,081)**		(8,912)
Repayment of obligations under capital leases		**(506)**		(435)
Endowment contributions		**2,185**		1,079
Deferred capital contributions received		**4,210**		5,243
		(3,926)		(3,737)
NET CASH (OUTFLOW) / INFLOW		**(7,172)**		**20,326**
CASH & CASH EQUIVALENTS BALANCE, BEGINNING OF YEAR		**82,502**		62,176
CASH & CASH EQUIVALENTS BALANCE, END OF YEAR	**$**	**75,330**	$	82,502
SUPPLEMENTARY CASH FLOW INFORMATION				
Interest paid	**$**	**11,227**	$	12,190
Donated buildings (Note 16)	**$**	**4,800**		-

See accompanying notes to the financial statements

University of Ontario Institute of Technology (the "University") was incorporated without share capital under the University of Ontario Institute of Technology Act which received Royal assent on June 27, 2002. The objectives of the University, as well as the powers of the Board of Governors and the Academic Council, are defined in the Act.

The University is a market-oriented University integrating inquiry, discovery and application through excellence in teaching, learning and value-added research. The University is a degree granting and research organization offering graduate and undergraduate education. The University is a registered charity under Section 149 of the Income Tax Act and is, therefore, exempt from income taxes.

On March 27, 2019, the University launched its brand name and now operates as "Ontario Tech University".

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

(a) Basis of presentation

The University follows Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO") in Part III of the Chartered Professional Accountants of Canada ("CPA") Handbook. Except for Ontario Tech Talent, these consolidated financial statements reflect the assets, liabilities, net assets, revenue and expenses of all the operations controlled by the University.

On March 10, 2020, Ontario Tech Talent ("Talent") was incorporated as a separate legal entity with a fiscal year ended March 31st. Its purpose is to provide students and new graduates with opportunities to enhance their job readiness skills and improve employment prospects, and also to help alumni and community members remain current in the ever-changing job market by providing reskilling and upskilling. Talent is a for-profit entity, controlled by the University and its financial results to March 31, 2025 are accounted for using the equity method, whereby the investment is carried in the University's financial statements initially at cost, and includes the share of earnings or loss. Talent follows Canadian Accounting Standards for Private Enterprises, with no significant differences in accounting policies from those followed by the University. On January 30, 2025, the Board of Directors of Talent approved a motion to wind down its operations and full operations are planned to cease in early fiscal 2025/26.

On February 21, 2023, and pursuant to a share purchase agreement, the University acquired the share capital and control of the Regent Square Property Corporation ("Regent Corporation") and its related property for cash consideration. The acquisition has been accounted for using the acquisition method, whereby the purchase price is allocated to the net assets acquired based on their fair values. The accounting policy choice to consolidate on an annual basis has been selected.

These consolidated financial statements do not reflect the assets, liabilities, and results of operations of the various student organizations as they are not controlled by the University.

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) Revenue recognition

The University follows the deferral method of accounting for contributions, which includes donations and government grants.

Operating grants are recorded as revenue in the year to which they relate. Grants earned but not received at the end of an accounting year are accrued. When a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Student fees are recognized as revenue when courses are provided.

Student tuition fees are deferred to the extent that related courses extend beyond the fiscal year of the University.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are incurred. Pledged donations are not recorded until received due to the uncertainty involved in their collection.

Life insurance policy donation which is owned by the University and for which it is the named beneficiary, is recognized as revenue at the cash surrender value in the year in which it is received, with adjustments each year thereafter in accordance with the instrument’s cash surrender value increase.

Endowment contributions are reported as direct increases in net assets when received.

Other operating revenues are deferred to the extent that related services provided, or goods sold, are rendered or delivered subsequent to the end of the University's fiscal year.

Investment income related to restricted spending is deferred. Investment income without restrictions is recognized when earned.

(c) Cash and cash equivalents

Cash equivalents consist of highly liquid investments having terms to maturity of three months or less at the end of the fiscal year, and are readily convertible to cash on short notice and are recorded at market value.

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

(d) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the University determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the University expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(e) Long-term debt

The University carries long-term debt at amortized cost.

(f) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

(g) Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution when fair value is reasonably determinable. Otherwise, contributed assets are recorded at a nominal amount. Betterments, which extend the estimated useful life of an asset, are capitalized. When a capital asset no longer contributes to the University's ability to provide services, its carrying amount is written down to its residual value. Capital assets are amortized on a straight-line basis over their useful lives, which have been estimated to be as follows:

Buildings	15 – 40 years
Building renovations and major equipment	10 years
Leasehold improvements	over lease term
Parking	20 years

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

Furniture and fixtures	5 years
Laptops	4 years
Computer equipment and vehicles	3 years
Capital leases	over economic life of assets

Capital assets acquired during the financial year are amortized at half of the applicable rate. Construction-in-progress represents assets not yet available for use, therefore amortization commences when the project is complete.

(h) Goodwill and its impairment

Goodwill is the excess of the consideration paid over the fair value of the acquired assets and assumed liabilities in a business combination. Goodwill is not amortized but rather tested for impairment at which time an event has occurred and which indicates a possibility of impairment.

When the carrying amount of a reporting unit, including goodwill, exceeds its fair value, an impairment loss is recognized in an amount equal to the excess. An impairment loss is not subsequently reversed.

(i) Deferred capital contributions

Contributions received for capital assets are deferred and amortized over the same term and on the same basis as the related capital assets.

(j) Contributed goods and services

The University receives a number of contributed goods and services from individuals, corporations and community partners. Because of the difficulty in determining the fair value, contributed services are not recognized in the Consolidated Financial Statements. Contributed goods for which fair value is measurable and would have otherwise been purchased for use in the normal course of operations, are recognized in the Consolidated Financial Statements.

(k) Use of estimates

The preparation of Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements, and the reported amounts of revenue and expenses during the year. Items subject to such estimates and assumptions include the valuation of derivatives and the carrying value of capital assets. Actual results could differ from these estimates.

(In thousands of dollars)

2. RELATED PARTY TRANSACTIONS

On December 14, 2007, the University entered into an operating lease agreement on a building in north Oshawa, known as Campus Corners building, with Wellington Capital Corporation ("Wellington Corporation"). This lease was extended on May 2, 2012 with expiry on August 31, 2027.

On September 17, 2024, a series of financial transactions took place between Wellington Corporation, Simcoe Property Corporation and the University:

Pursuant to a purchase and gift agreement, the University acquired 50% interest in Campus Corners Property which comprises of the Campus Corners building and other buildings in the surrounding area. The acquisition of the Campus Corners Property was for cash consideration of $12,900. The fair market value of Campus Corners Property was determined to be $17,700. The resulting excess of the fair market value over the purchased price, being $4,800, was a gift to the University and is included in the consolidated financial statements as a deferred capital contribution in Note 16. The Campus Corners Property total value, inclusive of net sales taxes of $439, is $18,139 and is included under Buildings in the "Capital assets" Note 7.

The University entered into a co-ownership agreement with Wellington Corporation to own, manage, service, market and lease the Campus Corners Property. Any net rental cash flows from the agreement are distributed equally to the University and Wellington Corporation on a monthly basis. The net rental cash flows are included on a gross basis in the statement of operations. In the current year, the University received $674 of rental revenues.

Under the new co-ownership agreement, the University and Wellington Corporation as landlord entered into an agreement with the University as tenant to extend the operating lease for Campus Corners building by a period of 25 years, commencing on September 17, 2024 and expiring on September 16, 2049. The operating lease commitment over the 25-year term is $27,624 and is included under "Contractual Commitments" in Note 23(b).

3. CASH AND CASH EQUIVALENTS

		2025		2024
Bank of Montreal, cash balances	**$**	**57,571**	$	64,604
BMO guaranteed investment certificate		**17,000**		17,000
Royal Bank of Canada, cash balances		**115**		214
Harris Bank, cash balances/(drawn)		**(15)**		18
Other, balances		**659**		666
	$	**75,330**	$	82,502

(In thousands of dollars)

3. CASH AND CASH EQUIVALENTS (continued)

The University has a credit facility agreement with a Canadian chartered bank, which provides for a revolving operating line of credit up to $17,000, bearing interest at prime plus 0.25%. At March 31, 2025, the University utilized, on a cash consolidated basis, nil (2024 - nil) of the operating line of credit.

The bank balance includes $17,000 of an annual guaranteed investment certificate ("GIC") that matures on April 14, 2025 and is therefore disclosed as "cash and cash equivalents" (2024 – $17,000, matured on April 1, 2024). The total accrued interest receivable and interest income recognized on the GIC in the current year is $970 (2024 - $954).

4. LONG-TERM INVESTMENTS

Long-term investments consist of operating funds invested in a $12,000 (2024 – nil) GIC that expires on March 11, 2027. The total accrued interest receivable and interest income recognized on the GIC in the current year is $27 (2024 – nil).

5. INVESTMENTS

	2025		2024	
	Cost	**Fair Value**	Cost	Fair Value
Equities	**$ 22,906**	**$ 29,261**	$ 18,826	$ 24,166
Fixed income	**10,460**	**10,058**	12,265	11,390
Money Market/Cash	**1,293**	**1,293**	886	886
	$ 34,659	**$ 40,612**	$ 31,977	$ 36,442

Financial instrument risks are disclosed in Note 25, under "Financial instrument risks".

6. OTHER ASSETS

Included under Other assets is the donation of a life insurance policy the University received in July 2020. This policy, for which the University is the named beneficiary, is recorded at the current cash surrender value of $1,819 (2024 - $1,763). Other assets are net of an allowance for doubtful accounts of $270 (2024 - $2,109) that pertains to a receivable from its subsidiary, Talent (Note 15).

(In thousands of dollars)

7. CAPITAL ASSETS

Capital assets consist of:

	2025			2024
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land	**$ 12,887**	**$ -**	**$ 12,887**	$ 12,806
Buildings	**480,661**	**188,429**	**292,232**	286,183
Building renovations	**61,285**	**33,180**	**28,105**	29,532
Leasehold improvements	**2,754**	**1,278**	**1,476**	1,517
Parking	**1,726**	**526**	**1,200**	1,080
Furniture and fixtures	**24,774**	**21,495**	**3,279**	2,949
Laptops	**3,882**	**3,249**	**633**	983
Vehicles	**525**	**410**	**115**	195
Computer equipment	**28,881**	**25,186**	**3,695**	3,410
Major equipment	**110,220**	**83,053**	**27,167**	28,250
Construction-in-progress	**1,754**	**-**	**1,754**	341
	$ 729,349	**$ 356,806**	**$ 372,543**	$ 367,246
Assets under capital leases:				
Land	**2,300**	**-**	**2,300**	2,300
Buildings	**24,152**	**7,004**	**17,148**	17,631
Total	**$ 755,801**	**$ 363,810**	**$ 391,991**	$ 387,177

Donated assets other than non-depreciables, such as land, are amortized as per note 1(g) under Significant accounting policies and disclosures.

Included in the asset schedule are buildings of $18,139 acquired upon the purchase of 50% interest in the Campus Corners Property (note 2)

Amortization of assets under capital leases for the current year totaled $483 (2024 - $483).

8. GOODWILL

Goodwill of $973 was recorded by the University in the prior year upon the acquisition of control of the Regent Corporation and represents the excess of the purchase price over the fair market value of Regent Corporation's net assets.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of $3,620 (2024 – $3,645).

(In thousands of dollars)

10. DEFERRED REVENUE

Deferred revenue represents revenues related to expenses of future periods. The changes in deferred revenue balance is as follows:

	Opening balance April 1, 2024	Amounts received	Revenues recognized	Ending balance March 31, 2025
Grants - operating and research	$ 13,426	$ 87,262	$ (86,712)	**$ 13,976**
Grants - debenture	-	13,500	(13,500)	**-**
Donations	4,203	4,515	(3,765)	**4,953**
Student tuition fees	10,525	115,414	(112,740)	**13,199**
Student ancillary fees	1,980	16,237	(16,801)	**1,416**
Other income	2,666	23,934	(23,705)	**2,895**
	$ 32,800	$ 260,862	$ (257,223)	**$ 36,439**

11. OTHER LONG-TERM DEBT

The University has incurred debts in the amount of $5,284 through third parties related to a property in downtown Oshawa and leasehold improvements. Other long-term debt comprised the following:

	2025	2024
Unsecured loan for leasehold improvements in downtown Oshawa, repayable monthly at 9.3% per annum, with final instalment due April 30, 2041	**165**	169
Secured loan for property at 55 Bond, repayable monthly at 7.2% per annum with final instalment due September 1, 2030 (Note 24)	**5,119**	5,770
	$ 5,284	$ 5,939

(In thousands of dollars)

11. OTHER LONG-TERM DEBT (continued)

Total principal repayments in each of the next five years and thereafter for other long-term debt are as follows:

2026	746
2027	863
2028	925
2029	992
2030	1,064
Thereafter, through 2042	694
	5,284
Less: current portion	746
	$ 4,538

The fair value of the other long-term debt is approximately $5,557 (2024 - $6,170). Fair value has been calculated using the future cash flows of the actual outstanding debt instrument, discounted at current market rates available to the University.

12. OBLIGATIONS UNDER CAPITAL LEASES

In fiscal year 2011, the University entered into capital leasing arrangement on a property in downtown Oshawa to accommodate the growth in student population.

Remaining capital lease repayments are due as follows:

	2025	2024
2025	**$ -**	$ 2,900
2026	**2,929**	2,929
2027	**2,959**	2,959
2028	**2,988**	2,988
2029	**3,018**	3,018
2030	**3,049**	3,049
Thereafter, through 2041	**35,914**	35,914
Total minimum lease payments	**50,857**	53,757
Less: amount representing interest at 9.0%	**24,521**	26,915
Present value of net minimum capital lease payments	**26,336**	26,842
Less: current portion of principal obligation	**584**	506
	$ 25,752	$ 26,336

(In thousands of dollars)

12. OBLIGATIONS UNDER CAPITAL LEASES (continued)

Interest of $2,394 (2024 - $2,436) relating to capital lease obligations has been included in interest expense – debt obligations on the consolidated statement of operations. The total cost of assets under capital leases is $26,452 (2024 - $26,452) with related accumulated amortization of $7,004 (2024 - $6,521).

The fair value of the capital leases is approximately $26,720 (2024 - $27,300). Fair value has been calculated using the future cash flows of the actual outstanding debt instrument, discounted at current market rates available to the University.

13. LONG-TERM DEBENTURE DEBT

On October 8, 2004, the University issued Series A Debentures in the aggregate principal amount of $220,000. These debentures bear interest at 6.351%, payable semi-annually on April 15 and October 15, with the principal due in 2034. The proceeds of the issuance were used to finance capital projects including the construction of three Academic Buildings, a Library and related infrastructure. These debentures are secured by all assets of the University and are guaranteed by Durham College.

The debt is funded through special one-time grants from the Ministry of Colleges, Universities, Research Excellence and Security ("MCURES"), and by the University's operating funds.

On August 12, 2011, an agreement was signed between the University and the MCURES whereby the MCURES shall pay the University $13,500 each year in equal semi-annual payments of $6,750 in April and October to fund the repayment of the debentures. The agreement took effect on April 1, 2011 and the grant will continue until the maturity of the debentures in October 2034.

Total principal and interest paid on the debenture to March 31, 2025 is $330,020 (2024 - $313,519), $263,988 funded by the MCURES and $66,032 funded by the University. As at March 31, 2025, $217,431 (2024 - $217,431) had been used to finance capital assets.

Total principal repayments for debenture debt are as follows:

	2025	2024
2025	**$ -**	$ 8,427
2026	**8,971**	8,971
2027	**9,549**	9,549
2028	**10,165**	10,165
2029	**10,821**	10,821
2030	**11,520**	11,520
Thereafter, through 2041	**69,753**	69,752
Total minimum debt payments	**120,779**	129,205
Less: current portion	**8,971**	8,427
	111,808	120,778

(In thousands of dollars)

13. LONG-TERM DEBENTURE DEBT (continued)

The fair value of the long-term debenture debt is approximately $130,311 (2024 - $135,537). Fair value has been calculated using the future cash flows of the actual outstanding debt instrument, discounted at current market rates available to the University.

14. DERIVATIVE FINANCIAL INSTRUMENTS

On September 29, 2021, the University entered into an unsecured interest rate swap agreement with RBC for the long-term financing of the Shawenjigewining Hall. This agreement expires on September 28, 2046. Under the terms of the agreement, the University agrees with the counterparty to exchange, at specified intervals and for a specified period, its floating interest calculated on the notional principal amount of each loan for a fixed rate of 2.23% (2024 – 2.53%). The credit spread on this loan is 0.79% (2024 – 0.49%). The use of the swap effectively enables the University to convert the floating rate interest obligation of the loan into a fixed rate obligation, and thus manages its exposure to interest rate risk.

The fair value of the derivative liability is as follows:

		2025		2024
Interest rate swap	**$**	**21,126**	$	20,263
Less: current portion		**756**		734
	$	**20,370**	$	19,529

15. DEFICIENCY IN OTHER INVESTMENTS

Deficiency in other investments comprise of the investment in Talent. Investment as at March 31, 2025 is a net loss of $272 (2024 – loss of $1,810) which includes the initial investment in Talent of 100 shares valued at one hundred dollars.

On January 30, 2025, the Board of Directors of Talent approved a motion to wind down its activities with full operations ceasing in early fiscal 2025/26. Further to this decision, the University has assessed the amounts due from Talent at the end of the fiscal year. Included in the total revenue of Talent is $3,250 (2024 - $1,270) of amounts due and forgiven by the University in the current year.

(In thousands of dollars)

15. DEFICIENCY IN OTHER INVESTMENTS (continued)

Financial information from Talent's financial statements are as follows:

		2025		2024
Total assets	**$**	**149**	$	545
Total liabilities		**421**		2,355
Shareholders' equity				
- 100 common shares, valued at one hundred dollars		**-**		-
- Net accumulated loss		**(272)**		(1,810)
	$	**149**	$	545
Results of operations:				
Total revenue		**4,690**		2,036
Total expenses		**3,152**		2,839
Net income (loss) for the year	**$**	**1,538**	$	(803)

Included in the total liabilities of Talent is a related party balance of $270 (2024 – $2,109), representing the outstanding draw of a credit facility with the University to fund the operating costs of Talent. This related party balance has been provided for by the University in the current year. There is no interest on this credit facility (2024 – prime plus 0.25%) and there are no fixed terms of repayment.

16. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of contributions, including grants and donations, for the investment in capital assets.

On September 17, 2024, the University entered into an agreement with Wellington Corporation and Simcoe Property Corporation to purchase 50% interest in Campus Corners Property. The excess of fair market value of the Property over the purchase price (see "Related Party Transactions" Note 2), being $4,800, was a gift to the University and is included as a deferred capital contribution as the gift is directed to financing the purchase of the Campus Corners Property.

The changes in the balance consist of the following:

		2025		2024
Balance - beginning of year	**$**	**153,400**	$	156,392
Contributions		**4,210**		5,243
Donated buildings		**4,800**		-
Recognized as revenue during the year		**(8,653)**		(8,235)
Balance - end of year	**$**	**153,757**	$	153,400

(In thousands of dollars)

17. GRANT REVENUES – OPERATING AND RESEARCH

Grant revenues consist of the following:

		2025		2024
Operating	**$**	**71,746**	$	64,493
Externally funded research		**14,966**		17,365
Total grant revenues	**$**	**86,712**	$	81,858

18. PURCHASED SERVICE COSTS

Under a shared service agreement, the University purchases certain administrative services from Durham College. The cost of salaries, benefits and operating expenses purchased by the University are calculated based on a combination of individual percentage and actual cost by service area.

Amounts invoiced from Durham College for purchased services expense, including expense from ancillary operations, are recorded as expenses under "Purchased services" in the consolidated Statement of Operations. Revenues from ancillary operations are recorded as revenues and are included under "Revenues from purchased services" in the consolidated Statement of Operations.

Shared services are paid by a standing monthly instalment to Durham College, with a final true-up and settlement in April following the end of the fiscal year.

(In thousands of dollars)

19. INVESTED IN CAPITAL ASSETS

		2025		2024
Capital assets - net book value	$	391,991	$	387,177
Less amount financed by deferred capital contributions		(153,757)		(153,400)
Less amount financed by long-term debt (Notes 11, 12, 13 and 14)		(173,525)		(182,249)
Total investment in capital assets	**$**	**64,709**	$	51,528

		2025		2024
Net change in investment in capital assets:				
Purchase of capital assets	$	23,356	$	11,597
Donated buildings		4,800		-
Amounts funded by:				
Deferred capital contributions		(4,210)		(5,243)
Donated buildings		(4,800)		-
Repayment of long-term debt		10,321		10,059
Net Book Value of disposed capital assets and unrealized (loss)/gain on interest rate swap		(1,599)		613
	$	**27,868**	$	17,026

		2025		2024
Amortization of deferred capital contributions	$	8,653	$	8,235
Less amortization of capital assets		(23,340)		(22,561)
	$	**(14,687)**	$	(14,326)
Net change during the year	**$**	**13,181**	$	2,700

(In thousands of dollars)

20. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets represent unspent funds which have been committed for specific purposes, including the appropriation of internally-funded research and investment in the University's academic priorities, working capital, facilities, information technology and student aid. Re-purposing or increasing such restrictions is subject to Board approval.

Details of the internally restricted net assets are as follows:

	2025	2024
Balance is comprised of the following:		
Research funds (a)	**$ 5,938**	$ 6,301
Capital projects and deferred maintenance (b)	**1,966**	1,467
Student assistance and related funds (c)	**3,536**	2,834
Working capital (d)	**6,000**	6,000
Learning re-imagined (e)	**4,278**	3,260
Digital and physical infrastructure re-imagined (f)	**2,588**	1,328
Revenue-generating unit carry-forward (g)	**3,755**	3,649
	$ 28,061	$ 24,839

(a) Research funds represent unspent start-up and professional development funds of individual members funded by Operations, and as provided by their collective agreement.

(b) Capital projects and deferred maintenance represent funds restricted for the University's deferred maintenance, renovations and capital projects.

(c) Student funds represent unpsent student fees such as the athletic fee and the student services fee which are reserved for future student-related projects.

(d) Working capital represents internally restricted funds set aside to improve the financial sustainability of the University, as mandated by the MCURES.

(e) Learning re-imagined represents amounts which have been allocated in support of the academic plan and to enhance the "pedagogy-technology" interface with the aim of providing skilled support for our students, staff and faculty. It also includes recruitment and student success initiatives.

(f) Digital and physical infrastructure re-imagined are funds restricted to enhance the virtual and physical campus.

(g) Revenue-generating unit carry-forward represents surplus funds restricted to be utilized by these units for future operating and strategic initiatives.

(In thousands of dollars)

21. ENDOWMENTS

Endowment funds are restricted donations received by the University where the endowment principal is required to be maintained intact. The investment income generated from these endowments must be used in accordance with the various purposes established by donors. The University ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

Investment income on endowments is deferred and recorded in the Consolidated Statement of Operations when the donors' conditions have been met and the related expenses are recognized.

Endowment funds include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund ("OSOTF") and the Ontario Trust for Student Support ("OTSS"). Under these programs, the government matches funds raised by the University. The purpose of these programs is to assist academically qualified individuals who, for financial reasons, would not otherwise be able to attend University. On January 5, 2012, the Ministry announced that the OTSS would be discontinued as of the end of Fiscal 2012 fundraising year.

The balance of endowments consists of the following:

	2025	2024
OSOTF	**$ 2,108**	$ 2,041
OTSS	**20,043**	19,269
OSOTF and OTSS	**22,151**	21,310
Other	**7,120**	5,712
	$ 29,271	$ 27,022

The change in the balance of endowments is as follows:

	2025	2024
Endowment fund balance, beginning of year	**$ 27,022**	$ 25,932
Donations	**1,164**	456
Realized gains	**968**	312
Realized investment income	**893**	889
Income distributions	**(776)**	(567)
Endowment fund balance, end of year	**$ 29,271**	$ 27,022

(In thousands of dollars)

21. ENDOWMENTS (continued)

As per the MCURES policies, the transactions related to OSOTF and OTTS should be presented in these consolidated financial statements, for the year ended March 31, 2025.

	OSOTF	OTTS	Total 2025	Total 2024
Schedule of Changes in Endowment Fund Balance				
Endowment balance, beginning of year	**$ 1,888**	**$ 18,812**	**$ 20,700**	$ 19,657
Eligible cash donations	**-**	**36**	**36**	119
Preservation of capital	**42**	**485**	**527**	924
Endowment balance, end of year	**$ 1,930**	**$ 19,333**	**$ 21,263**	$ 20,700
Schedule of Changes in Expendable Funds Available for Awards				
Expendable balance, beginning of year	**$ 153**	**$ 457**	**$ 610**	$ 1,071
Realized investment income	**117**	**1,336**	**1,453**	984
Less: Preservation of capital	**(42)**	**(485)**	**(527)**	(924)
Bursaries and awards disbursed	**(50)**	**(598)**	**(648)**	(521)
	$ 178	**$ 710**	**$ 888**	$ 610
Total funds, end of year	**$ 2,108**	**$ 20,043**	**$ 22,151**	$ 21,310

In the current year, 471 bursaries and awards valued at $776 were disbursed from the endowed funds (2024 – 403 bursaries and awards: $567 from endowed funds and $141 from operating funds).

22. PENSION PLAN

All eligible employees of the University are members of a defined contribution pension plan. Contributions made by the University to the pension plan during the year were $9,108 (2024 - $8,340).

23. CONTINGENCIES AND CONTRACTUAL COMMITMENTS

(a) Contingencies

The University has been named as the defendant in certain legal actions, in which damages have been sought.

The outcome of actions that are not determinable as at March 31, 2025 have not been recorded in these consolidated financial statements.

(In thousands of dollars)

23. CONTINGENCIES AND CONTRACTUAL COMMITMENTS (continued)

(b) Contractual Commitments

Future minimum lease payments, exclusive of taxes and operating costs, for premises and under operating leases at March 31, 2025 are as follows:

2026	$	1,326
2027		1,334
2028		1,334
2029		1,334
2030		1,334
Thereafter		21,551
	$	28,213

(c) Other

On July 24, 2020, the University entered into a land exchange agreement with the City of Oshawa. The appraised fair market value of the City of Oshawa property was $6,250 and that of the University was $4,365. As per the agreement, the University agrees and warrants that after Closing, it shall be restricted from conveying any part of the City Property to any third party without first offering to the City for the nominal sum of Two Dollars ($2.00) on an "AS IS, WHERE IS" basis.

On March 15, 2023, a letter of credit in the amount of $159 was issued on behalf of the University to the Province of Ontario. This letter of credit represents the obligations of the University to be incurred under the Land Transfer Tax Act with regards to the donation of property from Regent Corporation to the University.

24. GUARANTEES

On October 30, 2020, the University signed a license agreement with Ontario Tech Student Union ("OTSU"), whereby the OTSU will pay the University a one-time license fee of $5,000 for the use and occupation of the licensed areas in the new Shawenjigewining Hall. Under this agreement, both parties agree and confirm that the University will provide a guarantee of the OTSU's obligations under a loan of a principal amount of up to a maximum of $3,500 which was obtained by OTSU to complete the transactions in the license agreement.

On February 21, 2023, Regent Corporation signed an amended credit agreement with Sun Life Assurance Company of Canada and the University, with the latter acting as guarantor on the mortgage assumed on the 55 Bond Street property upon acquisition of control of Regent Corporation by the University. The outstanding mortgage as at March 31, 2025 is $5,119 (2024 - $5,770).

25. FINANCIAL INSTRUMENT RISKS

(a) Credit and interest rate risk

The value of fixed income securities will generally increase if interest rates fall and decrease if interest rates rise. Changes in interest rates may also affect the value of equity securities. The fixed income investments consist of pooled funds that include various Canadian government and corporate bonds and individual mortgage holdings. The fixed income investments bear coupon rates ranging from 0.0% to 31.1% (2024 – 0.0% to 13.9%) and have maturity dates ranging from April 1, 2025 to November 15, 2083 (2024 - April 1, 2024 to December 31, 2099).

Credit risk refers to the risk that a counterparty may default on its contractual obligations, resulting in a financial loss. The University is exposed to credit risk with respect to investments and accounts receivable. The University assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

The University is also exposed to interest rate risk on its fixed and floating interest 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. Therefore, fluctuations in market interest rates will 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.

(b) Foreign currency risk

The University is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. The University, through its investment management advisors, hedges against foreign exchange risks. There has been no change in the University’s hedging policy from 2024.

(c) Market price risk

Market price risk arises as a result of trading fixed income securities and equities. The value of equity securities change with stock market conditions which are affected by general economic and market conditions. Changes in interest rates may also affect the value of equity securities. Fluctuation in the market exposes the University to a risk of loss. The University manages this risk through policies and procedures in place governing asset mix, equity and fixed income allocations, and diversification among and within categories.

(d) Liquidity risk

Money market investments represent instruments in highly liquid investments that are readily converted into known amounts of cash. The University invested in equity and fixed income investments that are traded in an active market, and can be readily liquidated at amounts close to their fair value in order to meet liquidity requirements.

26. SUBSEQUENT EVENT

Subsequent to March 31, 2025, a memorandum of agreement between the University and the Ontario Public Service Employees Union representing professional, administrative and technical staff was ratified. The contingency existed prior to March 31, 2025 and the monetary terms of the agreement are known and require an increase in salaries and benefits. Accordingly, the negotiated settlement has been reflected as a salary expense and accrued liability in the consolidated financial statements.