



IMPROVE LIFE.

ANNUAL FINANCIAL REPORT

Fiscal Year 2024

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Financial Summary

University financial results for the fiscal year ended April 30th, 2024 (“fiscal 2024”), reflect a revenue increase of 4.6% over 2023. The current year’s increase is driven by higher student enrolment, strong investment returns, and increases in sales and other revenue. Inflationary pressures on compensation and operating costs drove an increase in total expenses of 3.5%. The net result is an excess of revenue over expenses of \$29.4 million in fiscal 2024.

Total University - Annual Results				
\$ millions	2024	2023	Change	
Total Revenue	972.4	929.2	43.2	4.6%
Total Expenses	943.2	911.6	31.6	3.5%
Change in Unrealized Gain (Loss) on Interest Rate Swaps	0.2	1.2	(1.0)	
Revenue Less Expenses	29.4	18.8	10.6	
Direct Changes to Net Assets				
Endowment Additions ¹	20.4	16.0	4.5	
EFB ² Re-measurements	29.7	(42.1)	71.8	
Total Direct Changes	50.1	(26.1)	76.3	
Total Change in Net Assets	79.5	(7.3)	86.9	

Market returns were again positive in fiscal 2024 and the University’s endowment fund experienced a net return of 8.3%, which was 1.2% higher than the 7.1% in 2023. Investment income recognized in the Statement of Operations of \$46.4 million in 2024 was \$8.6 million greater than the \$37.8 million in 2023.

Employee Future Benefits (“EFB”) re-measurements provided an increase of \$29.7 million in net assets (\$4.2 million in 2023 offset by an opening balance adjustment of negative \$46.3 million); combined with endowment additions of \$20.4 million (\$16.0 million in 2023) and excess revenue over expenses of \$29.4 million (\$18.8 million in 2023) to provide an overall increase in total net assets of \$79.5 million (a decrease of \$7.3 million in 2023).

Revenue

Total revenue increased by \$43.2 million to \$972.4 million compared to the prior year and was mainly driven by a 4.5% increase in student tuition and fees of \$14.8 million due to higher enrolment as well as a 22.8% increase in investment income of \$8.6 million. Further increases were seen across almost all other revenue items.

Total University Revenue				
\$ millions	2024	2023	Change	
Prov. Grants MCU	210.9	208.2	2.7	1.3%
Prov. Contract OMAFRA	79.1	72.2	6.9	9.6%
Student Tuition/Fees	344.7	329.9	14.8	4.5%
Other Grants & Contracts	122.8	127.6	(4.8)	-3.8%
Sales of Goods & Services	109.0	102.3	6.7	6.5%
Investment Income	46.4	37.8	8.6	22.8%
Other	59.5	51.2	8.3	16.2%
Total Revenue	972.4	929.2	43.2	4.6%

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. Note that the University transferred the assets and liabilities of its registered pension plans to the University Pension Plan Ontario (“UPP”) on July 1, 2021 and UPP related re-measurements after July 1, 2021 are not included.

Expenses

Total expenses increased by \$31.6 million to \$943.2 million due largely to increases in compensation expenses in line with those seen across the University sector in Ontario since the repeal of Bill 124. The \$25.1 million increase (5.6%) in salaries was across all funds with the largest impact occurring in the operating fund.

Similarly, increased non-personnel operating expenses were incurred across all University funds and were offset by decreases of \$10.2 million in utilities, equipment, repairs & maintenance and \$6.3 million in student assistance.

<i>University Expenses</i>				
\$ millions	2024	2023	Change	
Salaries	476.0	450.9	25.1	5.6%
Benefits	124.8	117.6	7.2	6.1%
Student Assistance	47.6	53.9	(6.3)	-11.7%
Capital Amortization	58.2	53.7	4.5	8.4%
Interest	9.5	8.9	0.6	6.7%
Supplies and Services	100.5	95.2	5.3	5.6%
Utilities, Equipment, Repairs & Maintenance	66.3	76.5	(10.2)	-13.3%
Other Expenses	60.3	54.9	5.4	9.8%
Total Expenses	943.2	911.6	31.6	3.5%

Excess (Deficiency) of Revenue over Expenses by Fund

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

The deficiency in revenue less expenses in the Operating fund of \$33.3 million is offset by excess revenue less expenses in all the other funds, primarily driven by investment gains recognized in the Trust and Endowment funds.

<i>Revenue Less Expenses by Fund</i>			
\$ millions	2024	2023	Change
Operating	(33.3)	(35.0)	1.7
Capital	14.7	8.4	6.3
Ancillary Enterprises	11.9	18.5	(6.6)
Research	1.0	2.6	(1.6)
Trust	14.6	6.8	7.8
Endowment	20.5	17.5	3.0
Total	29.4	18.8	10.6

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. *(More details on pages 8, 9 and 10.)*

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

Ancillary Enterprises fund revenue increased slightly by \$0.9 million to \$102.6 million and total fund expenses increased 9.0% or \$7.5 million to \$90.7 million, due to inflationary pressures on compensation and input costs. Overall revenue less expenses for the fund maintained a net positive amount of \$11.9 million.

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

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

Net Assets by Category

University net assets are classified into three major categories in accordance with accounting policy.

The table to the right shows 2024 net asset balances compared to the prior year.

Net Asset Balances			
\$ millions	2024	2023	Change
Internally Restricted	927.9	897.6	30.3
Unrestricted (Deficit)	(334.7)	(343.1)	8.4
Endowment	486.1	445.2	40.9
Total University Net Assets	1,079.3	999.7	79.6

Internally Restricted Net Asset Balances			
\$ millions	2024	2023	Change
Invested in Capital Assets ³	704.1	700.8	3.3
Capital Projects ⁴	(62.4)	(75.2)	12.8
Capital Sinking Fund	33.0	29.2	3.8
Operating Fund	135.0	140.3	(5.3)
Other Funds	118.2	102.5	15.7
Total Internally Restricted	927.9	897.6	30.3

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. Increased capital asset acquisitions in 2024 compared to 2023 had the largest impact on the net \$3.3 million increase in the current year.

Change in Invested in Capital Assets			
\$ millions	2024	2023	Change
Capital asset acquisitions	74.1	45.1	29.0
Capital contributions recognized	21.8	21.8	0.0
External debt repayment	12.7	13.0	(0.3)
Capital asset amortization	(58.2)	(53.7)	(4.5)
Capital contributions deferred	(17.1)	(14.3)	(2.8)
New external debt	(30.0)	(30.0)	0.0
Total Change	3.3	(18.1)	21.4

Capital Projects reflect a decrease in internal financing in 2024, and the Capital Sinking Fund increased. The decrease in Operating Fund reflects an overall decrease in carryforward balances (accumulated unspent budget allocations), and a budget deficit in the operating fund.

Unrestricted Surplus (Deficit)			
\$ millions	2024	2023	Change
Employee Future Benefits	(351.9)	(362.2)	10.3
Ancillary Operations	25.3	18.9	6.4
Unrealized Swap Gain (Loss)	0.4	0.2	0.2
Transformational Change	(8.5)	-	(8.5)
Total Unrestricted (Deficit)	(334.7)	(343.1)	8.4

Unrestricted Deficit decreased by \$8.4 million mainly due to accounting recognition of employee future benefit re-measurements as well as ancillary operations results. These were offset in 2024 by the deficit from debt financed transformational change costs. *(More details on page 8.)*

Endowment net assets increased by \$40.9 million (\$33.6 million in 2023) due to a net investment return of 8.3% which provided \$29.5 million (\$22.7 million in 2023), as well as \$6.0 million (\$6.0 million in 2023) in new contributions from donors and \$5.4 million (\$4.9 million in 2023) in internal transfers.

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

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

Major Capital Activity

The University continued to invest in its buildings, facilities, and capital equipment with acquisitions totaling \$74.3 million (\$45.6 million in 2023).

Referring to the table to the right, the most significant investments occurred in equipment and on-going student housing facilities renewals.

<i>Capital Expenditures</i>			
\$ millions	2024	2023	Change
Major Buildings	17.1	6.0	11.1
Equipment and Other	32.0	23.1	8.9
Main Campus Facilities Renewal	10.9	5.8	5.1
Student Housing Facilities Renewal	14.3	10.7	3.6
Total	74.3	45.6	28.7

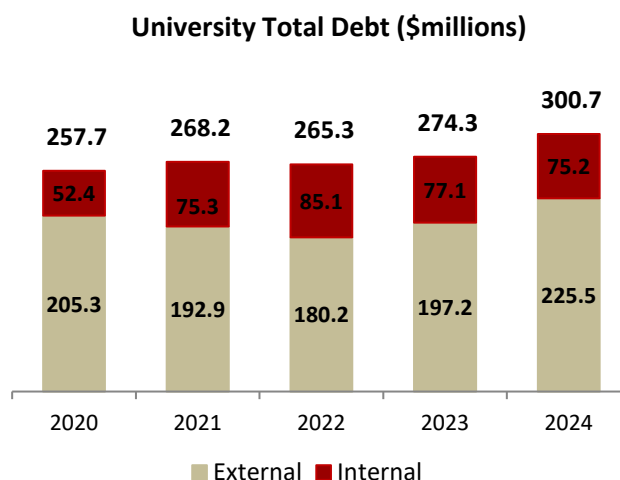
<i>Capital Project Spending</i>			
\$ millions	2024 Spending	Total Spending	Total Approved
South Residence Renovations	6.1	6.9	7.0
Honey Bee Research Centre	5.8	7.4	17.1
East Residence Renovations	5.7	6.4	21.5
Bedrock Aquifer Field Facility	3.6	4.3	6.7
Tunnels - DCRM repairs	2.6	2.7	5.9
UC Heat Recovery Loop	1.4	2.2	2.3

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

Debt

The University uses financing from both internal⁵ and external sources to fund high priority capital projects and uses external financing to fund the Strategic Transformation Initiative. Total financing increased by \$26.4 million reflecting principal repayments of \$11.2 million on internal debt and \$12.7 million on external debt, net of additions to internal debt of \$9.3 million and external debt of \$41.0 million in the year.

The University is reviewed annually by Standard and Poor's. In the credit rating process debt levels are considered in the context of overall fiscal health and peer institutions. For fiscal 2024, the University maintained its rating at AA with a stable outlook.



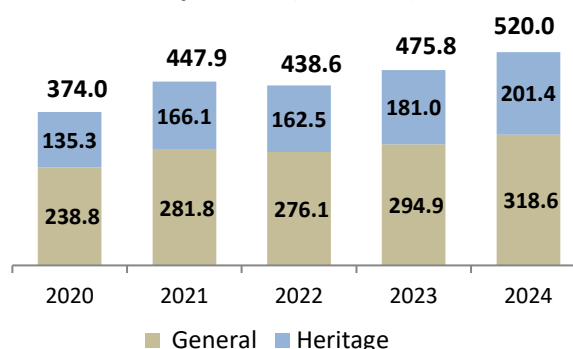
⁵ When there is sufficient operating cash liquidity, funds may be temporarily advanced to finance capital expenditures. As with external debt, internal financing must be repaid, usually over a period not exceeding 10 years. Internal debt here does not include short term financing of project costs during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

Endowments

University endowments of \$520.0 million consist of two major components, the Heritage Fund and the General Endowment Fund (“GEF”). While both funds are invested as a single pool, each has its own payout formula and source of capital growth. In 2024, the endowment portfolio increased by \$44.2 million on an overall net basis.

Market values of public equities continued to rise in major markets across the globe contributing to a net return of 8.3% in the GEF in fiscal 2024.

**Endowment Assets - Market Values
at April 30th (\$millions)**



Endowment Annual & Five-year Annualized Returns (%)						
Returns	2020	2021	2022	2023	2024	5-Year
Gross	-7.6	19.8	-0.8	8.6	9.7	5.5
Net	-9.0	18.4	-2.1	7.1	8.3	4.1
Benchmark	0.4	17.5	-0.5	6.0	8.3	6.1
<i>Note: Net return includes all investment management fees and internal University administrative fee in the GEF.</i>						

The five-year annualized net return was 4.1% (3.5% in 2023). Overall, the portfolio matched its benchmark in fiscal 2024, with most of the portfolio’s investment managers outperforming or matching their benchmarks.

Additions to endowment capital totaled \$11.4 million in 2024 (\$10.9 million in 2023).

Total spending⁶ from endowments increased by \$2.7 million to \$10.5 million in 2024 largely due to last year’s Heritage Fund distribution spending of \$nil as compared to \$1.6 million in 2024.

Annual Spending from Endowments					
\$millions	2020	2021	2022	2023	2024
General	7.0	6.5	7.3	7.8	8.9
Heritage Fund	5.3	0.6	6.1	0.0	1.6
Total	12.3	7.1	13.4	7.8	10.5

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

Employee Future Benefits (“EFB”)

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

The University is a founding member of the University Pension Plan Ontario (“UPP”), effective July 1, 2021. The University remains responsible to fund any net pension obligations related to service up to July 1, 2021, but no special funding has been required up to this point. The net pension obligation 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 participants of the UPP, after which the responsibility is totally shared with

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

all participants. 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 Expenses				
\$ millions	2024	2023	Change	
Pension	34.4	33.3	1.1	3.3%
Non-Pension	26.4	25.2	1.2	4.8%
Total Expenses	60.8	58.5	2.3	3.9%

EFB Contributions				
\$ millions	2024	2023	Change	
Pension	34.4	33.3	1.1	3.3%
Non-Pension	7.0	6.3	0.7	11.1%
Total Contributions	41.4	39.6	1.8	4.5%

EFB Expenses: Combined EFB expenses increased by 3.9% or \$2.3 million with increases in both pension and non-pension expenses.

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 \$29.7 million increase in net assets in 2024.

EFB Asset (Liability)				
\$ millions	2024	2023	Change	
Pension Plans – non-UPP				
Invested Assets ⁷	11.9	11.5	0.4	3.5%
Less: Obligations	3.5	3.8	(0.3)	-7.9%
Pension Plans	8.4	7.7	0.7	9.1%
Non-Pension Plans	(301.6)	(311.2)	9.6	-3.1%
EFB Net Liability	(293.2)	(303.5)	10.3	-3.4%

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 2024 the University's total net EFB liability is \$293.2 million, down from \$303.5 million in 2023.

The Operating Fund

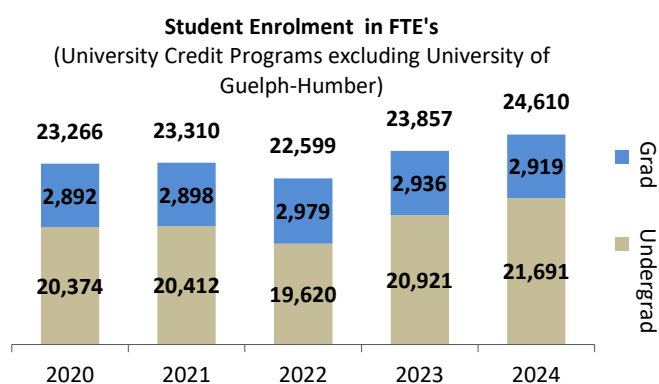
The Operating Fund, with over 60% of total University revenue, is the main source of funding for teaching programs and infrastructure support for all University research and services. The principal funding sources for this fund are provincial operating grants and student fees, both of which are based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

Operating Fund Revenues

Operating Fund revenue increased by 4.7% or \$25.0 million in total largely due to increases of \$12.3 million in student tuition and \$2.6 million in non-tuition student fees, as well as an increase of \$4.2 million in sales of goods & services. These revenue increases are primarily driven by increased student enrolment.

Operating Fund Revenue				
\$ millions	2024	2023	Change	
Provincial MCU	205.6	202.6	3.0	1.5%
Provincial OMAFRA	5.9	5.4	0.5	9.3%
Student Tuition/Fees	276.4	261.5	14.9	5.7%
Sales & Other Contracts	54.8	50.6	4.2	8.3%
Other	17.6	15.2	2.4	15.8%
Total	560.3	535.3	25.0	4.7%

⁷ The \$11.9 million of pension invested assets remaining at April 30, 2024 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.



In 2024, university degree enrolments increased from 2023 levels by 3.7% at the undergraduate level and remained stable for graduate level enrolments. International⁸ students have been a focus for growth in recent years and international enrolment was up in fiscal 2024 compared to fiscal 2023 by 1% for undergraduate and 14.9% for graduate levels.

Operating Fund Expenses

Overall, Operating Fund expenses increased by \$23.3 million or 4.1% driven almost entirely by increased personnel expenses. Salaries increased 5.9% mainly due to negotiated increases in rates of compensation impacted by the expiry of Bill 124. Partially offsetting this is a decrease in student aid funded by the Operating Fund, and a decrease in utilities costs reflecting the impact of changes in carbon tax estimates.

<i>Operating Fund Expenses</i>				
\$ millions	2024	2023	Change	
Salaries	351.8	332.1	19.7	5.9%
Benefits	101.2	97.0	4.2	4.3%
Student Assistance	30.9	37.3	(6.4)	-17.2%
Supplies & Services	50.7	47.8	2.9	6.1%
Utilities	17.4	20.4	(3.0)	-14.7%
Other Expenses	47.3	43.5	3.8	8.7%
Interfund Transfers	(5.7)	(7.8)	2.1	-26.9%
Total	593.6	570.3	23.3	4.1%

Strategic Transformation

In fiscal 2024, the University launched its [Strategic Transformation initiative](#); a five-year strategy focused on modernization through technology and digital solutions, streamlined operations and revenue growth to achieve \$45.7 million in cumulative budget savings. A key part of the University's strategic transformation involves operational reviews which aim to comprehensively assess our current operations, identify opportunities for modernization and digitization, and find ways to operate more efficiently. As these reviews are completed, the University will gain a more clear understanding of the opportunities for change across campus, and the outcomes may differ from initial plans. The University realized \$4.2 million in cumulative savings in fiscal 2024 and identified an additional \$1.3 million for a total \$5.5 million, which was more than 90% of the first-year target.

Initial estimates of the costs to implement the Strategic Transformation plan total \$35 million over three years and are being financed through external debt. \$8.6 million of expenses were incurred in fiscal 2024 and primarily consisted of voluntary faculty, veterinarian and librarian retirement incentive program ("VRIP") expenses.

<i>Strategic Transformation Costs</i>		
\$ millions	Initial Plan	2024
Costs of Implementation	7.0	2.0
Staff Restructuring	12.1	-
Academic Investments	3.5	-
Voluntary Retirement Incentive Program	12.4	6.6 ⁹
Total Expenses	35.0	8.6
Repayments from Operating Fund		(0.0)
Unrestricted Net Assets – Debt Financed Transformation Deficit		(8.6)

⁸ International student enrolments are approximately 7% of total enrolments at the University.

⁹ VRIP expenses totaled \$8.2 million, of which \$1.6 million was funded in-year from Operating Fund results.

Annual Financial Report – Summary Information

\$11.0 million was borrowed in April 2024 to finance these costs with repayment over five years at an effective interest rate of 5.13%.

Operating Fund Net Assets

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

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

The 2024 Operating Fund annual deficiency of revenue over expenses impacting Internally Restricted Net Assets was \$6.1 million, compared to \$10.9 million in 2023. This calculation is consistent with the approach used when developing the operating budget, making these two figures comparable.

A \$29.7 million recovery in the accounting remeasurement charge for post-employment¹⁰ improved the University's unrestricted deficit in fiscal 2024.

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

<i>Operating Fund - Net Assets</i>					
\$millions	Opening Balances	2024 Annual Results	Transfers (From)To Reserves	EFB Re-measure	Closing Balances
Internally Restricted					
Divisional Reserves	93.5	6.4			99.9
Central Reserves	34.4	(12.5)			21.9
Employee Benefit Reserves	10.5		0.8		11.3
Self-insurance & GH	1.9				1.9
Total Internally Restricted	140.3	(6.1)	0.8		135.0
Unrestricted					
Post-Employment	(362.2)	(18.6)	(0.8)	29.7	(351.9)
Debt-financed Transformation deficit	-	(8.6)			(8.6)
Total Unrestricted	(362.2)	(27.2)	(0.8)	29.7	(360.5)
Total Operating Net Assets	(221.9)	(33.3)	-	29.7	(225.5)

¹⁰ 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.

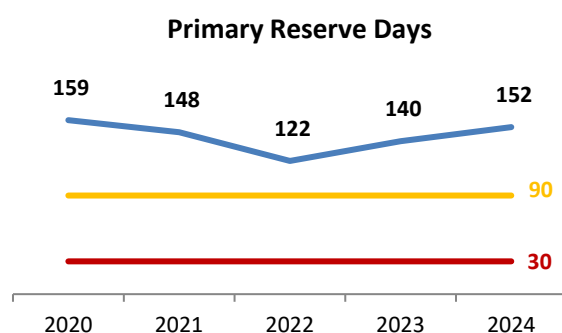
Supplementary Information

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 and Universities (“MCU”). UFAF groups eight key metrics into three categories that reflect important aspects of financial health. The following charts show each metric for the University measured against High and Medium risk thresholds, as determined by MCU.

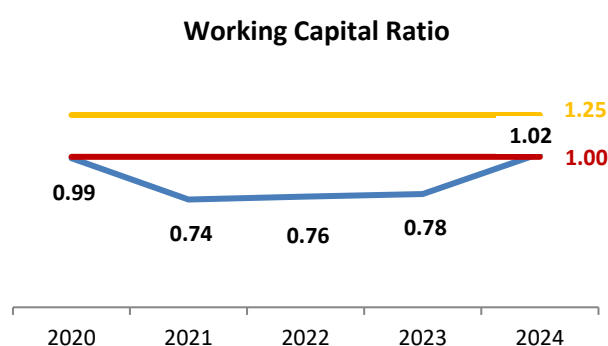
1. Liquidity Category Metrics

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



	2020	2021	2022	2023	2024
Primary Reserve Days	159	148	122	140	152
Expendable Net Assets	362.8	334.9	292.8	348.5	394.0
Total Expenses	834.5	828.3	879.5	911.6	943.2

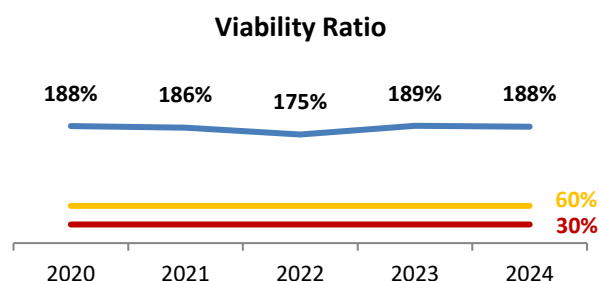
- b. Working Capital Ratio:** Indicates ability to meet short-term financial obligations by comparing current assets to current liabilities. The University’s approach to classification of short-term versus long-term investments and the inclusion of deferred contributions for research and trust grants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



	2020	2021	2022	2023	2024
Working Capital Ratio	0.99	0.74	0.76	0.78	1.02
Current Assets	272.5	242.6	241.6	262.2	357.6
Current Liabilities	275.0	325.8	317.2	337.3	350.8

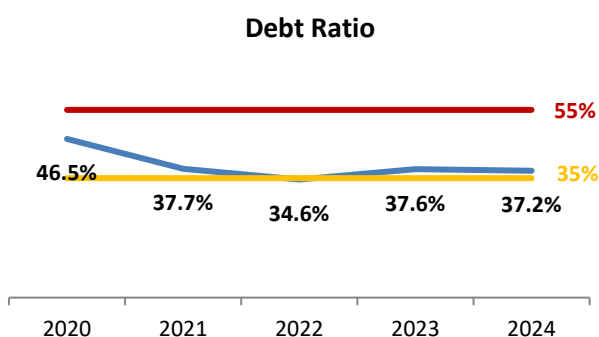
2. Sustainability Category Metrics

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



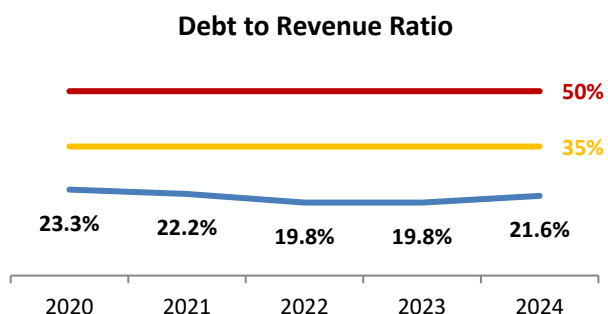
	2020	2021	2022	2023	2024
Viability Ratio	188%	186%	175%	189%	188%
Expendable Net Assets	362.8	334.9	292.8	348.5	394.0
Total Expenses	192.7	180.1	167.4	184.5	209.9

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



	2020	2021	2022	2023	2024
Debt Ratio	46.5%	37.7%	34.6%	37.6%	37.2%
Total Liabilities Less DCC	990.3	832.7	746.9	845.0	873.9
Total Assets	2,130.3	2,209.4	2,158.2	2,245.5	2,349.5

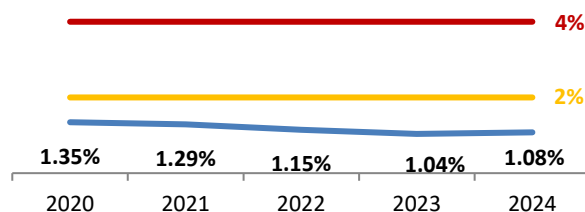
- c. Debt to Revenue Ratio:** Indicates debt capacity, measuring long-term debt over total revenues. The MCU high-risk threshold is above 50% and medium-risk threshold is above 35%.



	2020	2021	2022	2023	2024
Debt to Revenue Ratio	23.3%	22.2%	19.8%	19.8%	21.6%
Long-Term Debt	192.7	180.1	167.4	184.5	209.9
Total Revenue	826.6	812.5	845.6	930.4	972.6

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

Interest Burden Ratio

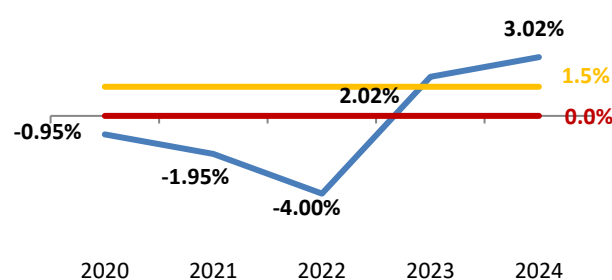


Interest Burden Ratio	2020	2021	2022	2023	2024
Interest Expense	10.5	10.0	9.5	8.9	9.6
Total Expenses Less Amortization	783.8	776.1	825.9	857.9	885.0

3. Performance Category Metrics

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

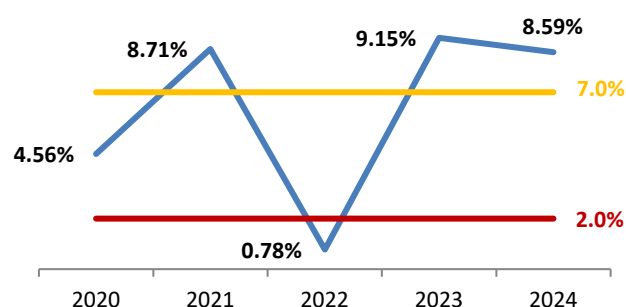
Surplus (Deficit) Ratio



Surplus (Deficit) Ratio	2020	2021	2022	2023	2024
Surplus (Deficit)	(7.9)	(15.9)	(33.9)	18.8	29.4
Total Revenues	826.6	812.5	845.6	930.4	972.6

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

Net Operating Ratio



Net Operating Ratio	2020	2021	2022	2023	2024
Cash Flow from Operations	37.7	70.8	6.6	85.1	83.5
Total Revenues	826.6	812.5	845.6	930.4	972.6

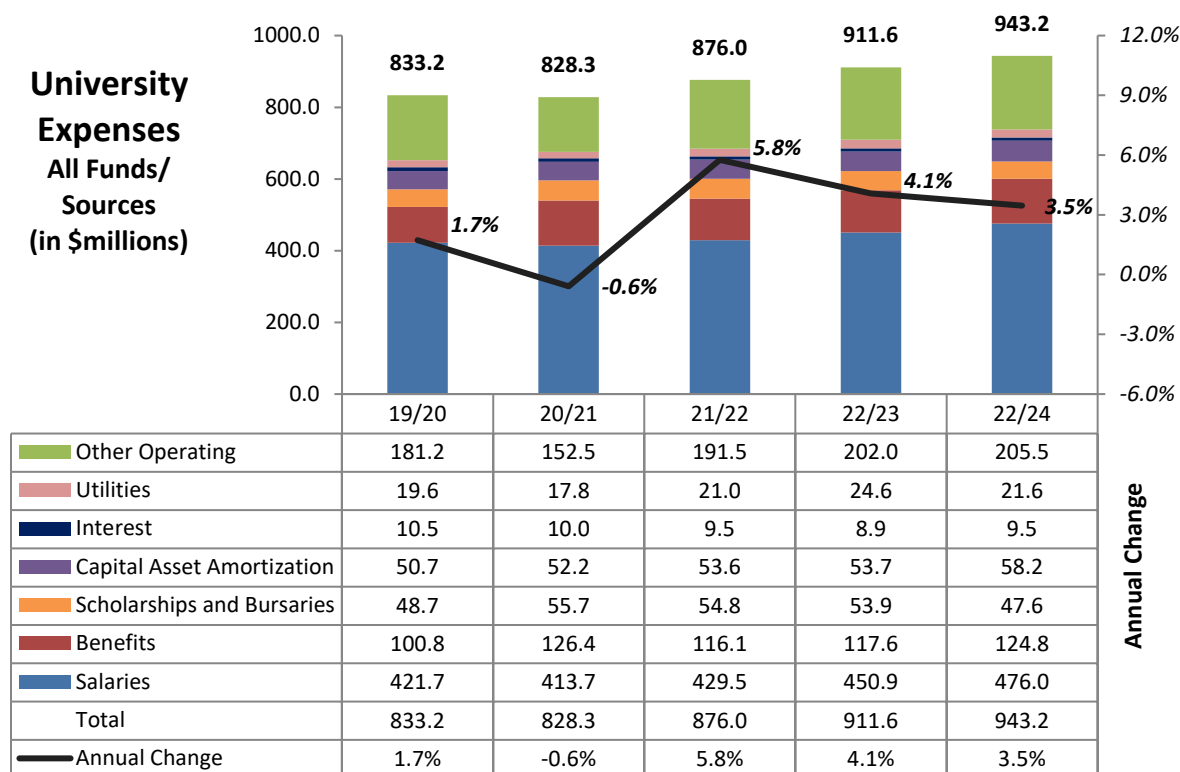
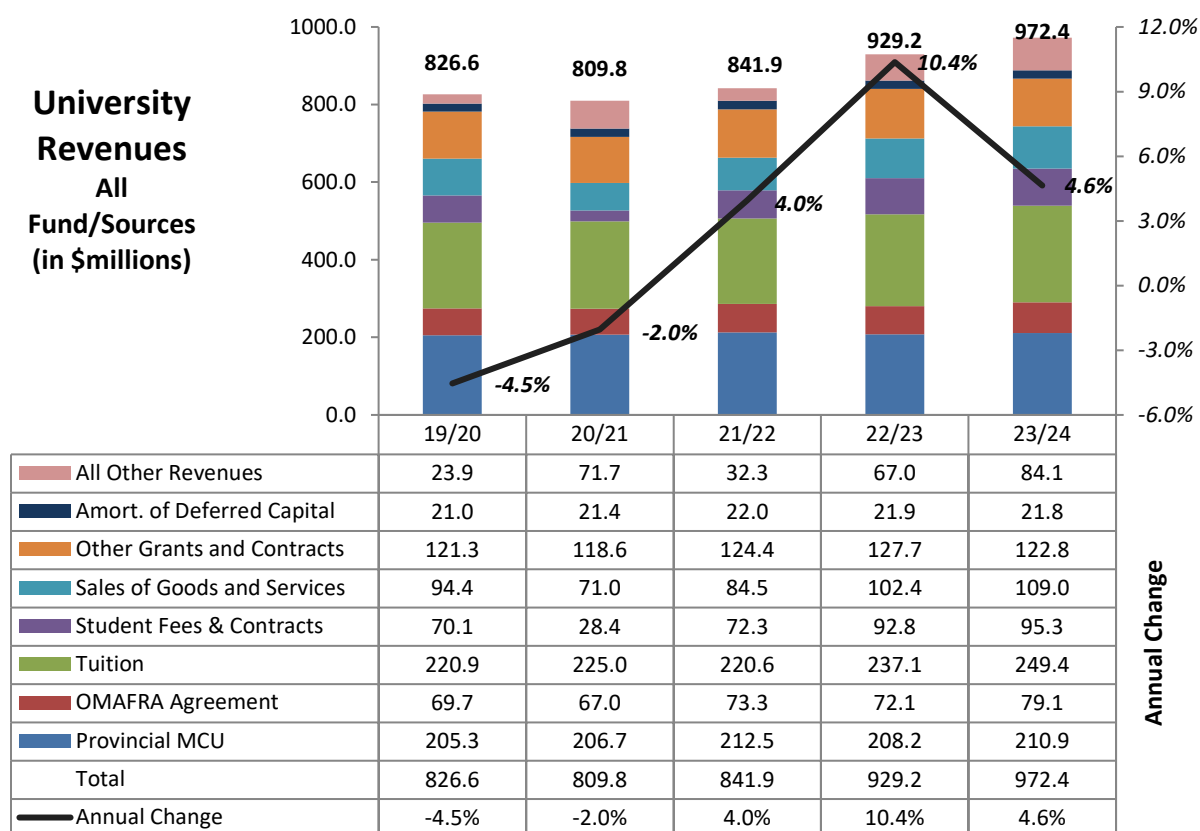
Table of Comparative Results¹¹

	2020	2021	2022	2023	2024
Enrolment FTEs (excluding Guelph-Humber)	23,226	23,310	22,602	23,857	24,610
Faculty and Staff (Budgeted Positions)	3,175	3,203	3,225	3,234	3,250
Full-time Faculty (as of October 1st)	830	839	836	823	820
Revenues and Expenses					
Total Revenues (\$M)	\$826.6	\$809.8	\$841.9	\$929.2	\$972.4
Total Expenditures (\$M)	\$833.2	\$828.3	\$872.2	\$910.5	\$943.2
Unrealized Gain (Loss) on Interest Rate Swaps	\$(1.3)	\$2.6	\$3.7	\$1.2	\$0.2
Annual Surplus/(Deficit) (\$M)	\$(7.9)	\$(15.9)	\$(30.4)	\$18.8	\$29.4
Revenue year-over-year change	-5%	-2%	4%	10%	5%
Expenditure year-over-year change	1.7%	-0.6%	6.2%	4.1%	3.6%
MCU Operating Grants per FTE (\$)	\$8,632	\$8,552	\$8,801	\$8,323	\$8,193
Revenue Mix (% of Total Revenues)					
Provincial Operating Grants - MCU	25%	25%	24%	22%	21%
Tuition	27%	28%	26%	26%	26%
Endowment and Donations	3%	3%	3%	3%	4%
Expense Mix (% of Total Expenses)					
Salaries	51%	50%	49%	49%	50%
Benefits (including EFB accounting charges)	12%	15%	13%	13%	13%
Components of Net Assets					
Invested in Capital Assets (\$M)	\$653.3	\$690.6	\$718.9	\$700.8	\$704.1
Endowed (\$M)	\$351.7	\$418.0	\$411.6	\$445.2	\$486.1
Internally Restricted (\$M)	\$272.9	\$222.9	\$172.3	\$196.8	\$223.8
Unrestricted (Deficit) (\$M)	\$(557.1)	\$(368.3)	\$(295.8)	\$(343.1)	\$(334.7)
Total Net Assets (\$M)	\$720.8	\$963.2	\$1,007.0	\$999.7	\$1,079.3
Capital and Capital Debt					
Total External Debt (\$M)	\$205.3	\$192.9	\$180.1	\$197.2	\$225.5
Total Debt per FTE (\$)	\$8,825	\$8,275	\$7,971	\$8,264	\$9,163
% Debt Service to Revenue¹²	2.8%	2.9%	2.8%	2.4%	2.4%
Capital Acquisitions (\$M)	\$75.4	\$71.3	\$63.1	\$45.1	\$74.1
Provincial Capital Grants (\$M)	\$0.3	\$3.2	\$9.2	\$5.6	\$5.3
Endowments					
Externally Restricted (\$M)	\$219.5	\$296.1	\$289.6	\$309.4	\$334.4
Internally Restricted (\$M)	\$154.5	\$151.8	\$149.0	\$166.4	\$185.6
Total Endowment Assets – Market Values (\$M)	\$374.0	\$447.9	\$438.6	\$475.8	\$520.0
Total Endowment per FTE (\$)	\$16,103	\$17,932	\$18,211	\$18,657	\$19,756
Employee Future Benefits (EFB)					
Pension Plans – Asset (Obligation) (\$M)	\$(196.0)	\$7.6	\$7.8	\$7.7	\$8.4
Other Benefit Plans – Obligation (\$M)	\$(305.8)	\$(314.7)	\$(250.3)	\$(311.2)	\$(301.6)
Latest Valuation Date – Other Benefit Plans	Jan-19	Jan-19	Jan-22	Jan-22	Jan-22

¹¹ Excludes the University of Guelph-Humber except for the 50% consolidation of revenue/expenses.

¹² Calculated as Interest + Principal Repayments + Sinking fund contributions divided by Total revenues.

Total Revenues and Total Expenses - Five Year Trends



OMAFRA Contract

Fiscal 2024 was the first fiscal year of the five-year funding agreement with OMAFRA (April 1, 2023 – March 31, 2028) to provide major research and service programs focused in the sectors of agriculture, food, bio-products, and rural communities. OMAFRA Agreement revenues and expenses are recorded within the Research Fund, Trust Fund or Operating Fund depending on the purpose of the specific program.

All contract expenses are recorded in the University's financial statements as they are incurred, and provincial funding is recorded as 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 OMAFRA 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).

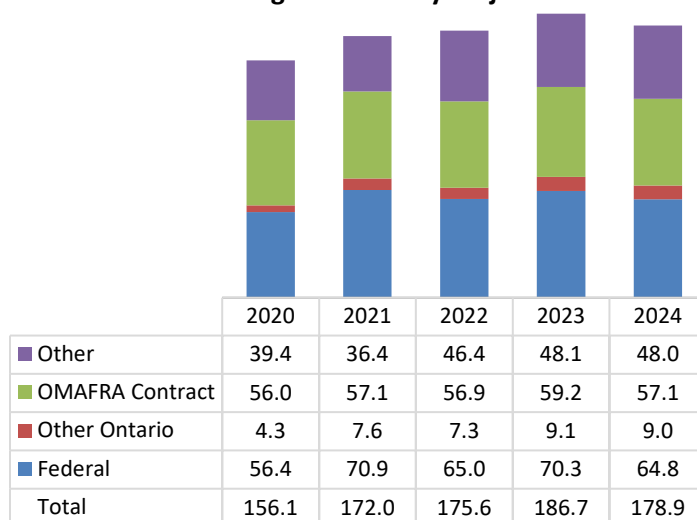
OMAFRA Agreement			
\$ millions	2024	2023	Change
REVENUE			
OMAFRA	71.3	67.6	5.5%
Sales of Goods & Services	26.4	24.9	6.0%
Investment Income	0.5	1.9	-73.7%
Other Revenue	0.6	0.9	-33.3%
Total Revenue	98.8	95.3	3.7%
EXPENSES			
Salaries	37.2	36.2	2.8%
Benefits	10.4	9.3	11.8%
Support for Faculty Costs	13.0	13.0	0.0%
Travel	0.6	0.7	-14.3%
Operating	42.7	41.3	3.4%
Internal Recoveries	-5.1	-5.2	-1.9%
Total Expenses	98.8	95.3	3.7%
REVENUE LESS EXPENSES	-	-	

Research Funding

Major sources of research funding include federal research grants such as the federal government Tri-Councils, CFI (Canada Foundation for Innovation), the OMAFRA 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 2024, \$178.9 million was received and allocated to departments (\$186.7 million in 2023).

Research Funding Allocated by Major Source



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.

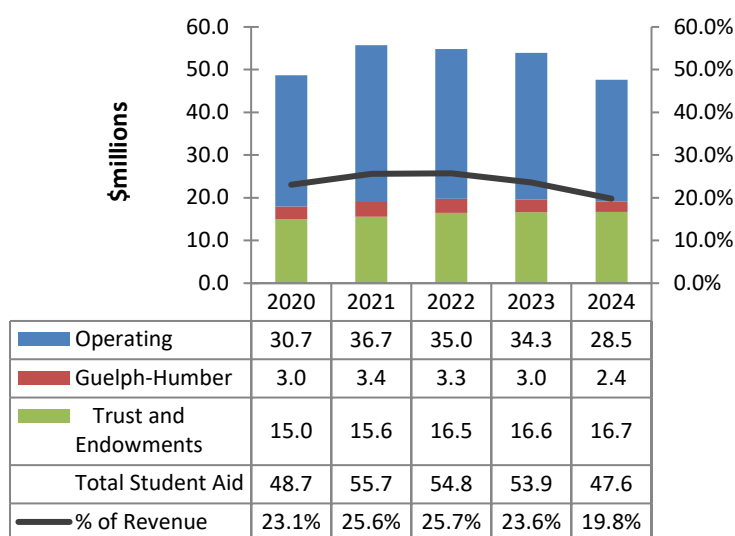
<i>Guelph-Humber</i>			
\$ millions	2024	2023	Change
REVENUE			
MCU	16.9	17.2	-1.7%
Tuition	15.7	15.8	-0.6%
Student Fees	0.2	0.2	0.0%
Other Revenue	0.0	0.1	-100.0%
Total Revenue	32.8	33.3	-1.5%
EXPENSES			
Salaries & Benefits	7.0	6.0	16.7%
Amortization	0.3	0.5	-40.0%
Scholarships & Bursaries	2.5	3.0	-16.7%
Supplies & Services	11.7	12.0	-2.5%
Other Operating	4.9	4.3	14.0%
Total Expenses	26.2	25.8	1.6%
REVENUE LESS EXPENSES	6.6	7.5	-12.0%
<i>Guelph-Humber</i>	<i>4,400</i>	<i>4,511</i>	<i>-2.5%</i>
<i>Undergraduate Enrolment (FTE's)</i>			

Student Aid

The University of Guelph, including 50% of the University of Guelph-Humber, spent \$47.6 million on Scholarships and Bursaries in fiscal 2024 reflecting a decrease of 11.7% from the prior year. The main sources of funding for student assistance include the Operating Fund and University of Guelph-Humber operations as well as external funds which consist of a wide variety of restricted funds, e.g., grants, donations, and endowments.

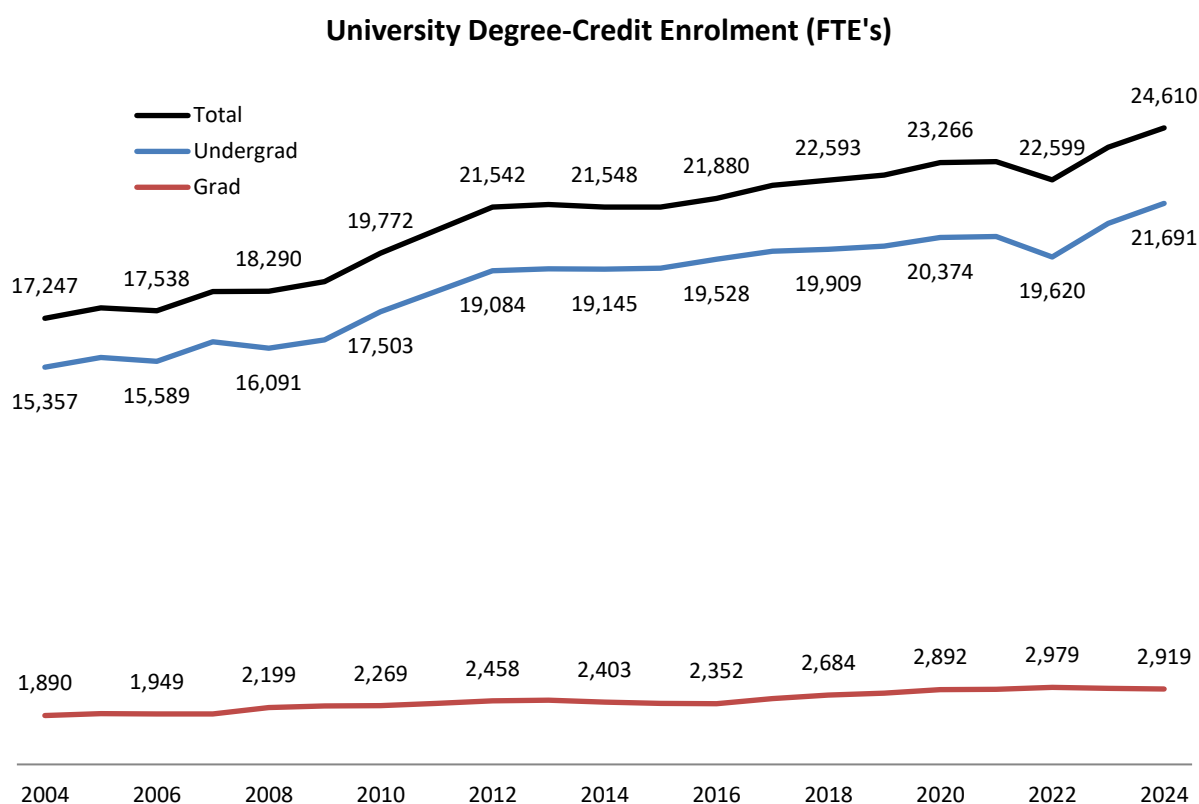
Student aid funding is now approximately 19.8% (23.6% in 2023) of total credit tuition revenues. Of the \$47.6 million, 60% was funded from the Operating Fund, 5% was from Guelph-Humber, and 35% was funded from trust funds including endowments.

Student Aid: Scholarships & Bursaries
as a Percentage of Tuition Revenue (Credit)



Enrolment (excluding University of Guelph-Humber)

In 2024 University enrolment as measured in full-time equivalents (“FTE’s”) increased compared to 2023. Graduate enrolment decreased slightly by 0.6%, and undergraduate enrolment increased by 3.7%. The chart below shows 20 years of enrolment figures, reflecting the management of enrolment growth in recent years compared to the significant growth seen in the previous decade.



Statement of Operations – By Fund for Fiscal 2023 (May 1, 2023 to April 30, 2024)

(in thousands of dollars)

	Operating Fund	Capital Fund	Ancillary Enterprises	Research Fund	Trust Fund	Endowment Fund	Total 2024	Total 2023
REVENUE								
Provincial Grants – MCU	205,620	5,323	-	-	-	-	210,943	208,215
Provincial Contract – OMAFRA Agreement	5,922	-	-	49,037	24,121	-	79,080	72,162
Other Grants and Contracts	6,888	-	6	109,624	5,941	341	122,800	127,657
Tuition (Credit and Non-credit)	249,367	-	-	-	-	-	249,367	237,079
Student Fees and Contracts	26,985	-	67,769	-	526	-	95,280	92,799
Sales of Goods and Services	47,934	-	34,793	6,898	19,424	-	109,049	102,353
Investment Income	4,326	2,675	-	561	23,677	15,133	46,372	37,773
Amortization of Deferred Capital Contributions	-	21,777	43	-	-	-	21,820	21,849
Donations	233	-	-	8,453	15,326	2	24,014	17,714
Other	13,057	(22)	-	626	25	-	13,686	11,632
	560,332	29,753	102,611	175,199	89,040	15,476	972,411	929,233
EXPENSES								
Salaries	351,798	-	24,965	81,591	17,600	-	475,954	450,871
Employee Future Benefits (EFB)	60,847	-	-	-	-	-	60,847	58,477
Other Employee Benefits	40,359	-	5,350	12,776	5,483	-	63,968	59,145
Scholarships and Bursaries	30,896	-	5	5,187	11,516	-	47,604	53,934
Capital Asset Amortization	-	49,732	8,490	-	-	-	58,222	53,712
Equipment, Repairs and Maintenance	20,708	12,102	3,930	5,175	2,798	-	44,713	51,863
Professional and Externally Contracted Services	31,580	8	2,496	19,654	1,249	-	54,987	50,816
Supplies	19,122	-	2,110	16,783	7,478	-	45,493	44,416
Utilities	17,443	-	1,227	2,934	20	-	21,624	24,608
Interest	8	8,764	778	-	-	-	9,550	8,892
Travel	6,813	-	91	6,596	158	-	13,658	12,238
Other Operating	19,683	-	19,848	7,779	(712)	-	46,598	42,661
Decrease in Unrealized Loss on Interest Rate Swaps	-	(22)	(200)	-	-	-	(222)	(1,174)
Interfund Transactions	(5,675)	(55,498)	21,648	15,675	28,892	(5,042)	-	-
	593,582	15,086	90,738	174,150	74,482	(5,042)	942,996	910,459
Excess of Revenues over Expenses	(33,250)	14,667	11,873	1,049	14,558	20,518	29,415	18,774
Endowment Income & Contributions	-	-	-	-	-	20,430	20,430	16,073
EFB Remeasurements and Other Items	29,715	-	-	-	-	-	29,715	(42,104)
Transfers (To) From Invested in Capital and Endowed Net	-	(11,451)	8,106	-	-	(40,948)	(44,293)	(15,518)
Transfers (To) From Internally Restricted Net Assets	5,280	(3,193)	(13,405)	(1,049)	(14,558)	-	(26,925)	(24,488)
Net Increase (Decrease) in Unrestricted Net Assets	1,745	23	6,574	-	-	-	8,342	(47,263)
Unrestricted Net Assets, Beginning of Year	(362,220)	362	18,787	-	-	-	(343,071)	(295,808)
Unrestricted Net Assets, End of Year	(360,475)	385	25,361	-	-	-	(334,729)	(343,071)

Independent auditor's report

To the Board of Governors of the
University of Guelph

Opinion

We have audited the accompanying consolidated financial statements of the **University of Guelph** [the "University"], which comprise the consolidated statement of financial position as at April 30, 2024, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as at April 30, 2024 and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

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

Other information

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

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

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

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

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

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



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

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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

Waterloo, Canada
October 23, 2024



Chartered Professional Accountants
Licensed Public Accountants

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

(in thousands of dollars)

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current		
Cash and Cash Equivalents (Note 3)	103,789	79,876
Short-term Investments at Fair Value (Note 4)	187,478	113,925
Accounts Receivable	53,316	54,366
Inventories and Prepaid Expenses	12,625	13,865
Unrealized Gain on Interest Rate Swaps (Note 7)	428	206
	<u>357,636</u>	<u>262,238</u>
Long-term Investments at Fair Value (Note 4)	664,969	673,080
Defined Benefit Asset (Note 10)	11,941	11,448
Capital Assets, Net (Note 5)	<u>1,314,910</u>	<u>1,298,779</u>
	<u><u>2,349,456</u></u>	<u><u>2,245,545</u></u>
<u>LIABILITIES</u>		
Current		
Accounts Payable and Accrued Liabilities (Note 6)	68,037	55,071
Current Portion of Long-term Debt (Note 7)	15,588	12,707
Current Portion of Deferred Revenue	22,259	24,296
Deferred Contributions (Note 8)	244,876	245,189
	<u>350,760</u>	<u>337,263</u>
Long-term Debt (Note 7)	209,903	184,459
Deferred Revenue	8,055	8,307
Deferred Capital Contributions (Note 9)	396,270	400,801
Defined Benefit Liability (Note 10)	305,173	314,980
	<u>1,270,161</u>	<u>1,245,810</u>
<u>NET ASSETS</u>		
Internally Restricted (Note 11)	927,911	897,641
Unrestricted Deficit	(334,729)	(343,071)
Endowed (Note 12)	486,113	445,165
	<u>1,079,295</u>	<u>999,735</u>
	<u><u>2,349,456</u></u>	<u><u>2,245,545</u></u>

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

(See accompanying notes)

On behalf of the Board of Governors:

Signed

Nancy Brown Andison
Chair

Signed

Charlotte Yates
President

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

(in thousands of dollars)

	<u>2024</u>	<u>2023</u>
REVENUE		
Ministry of Colleges and Universities	210,943	208,215
Ministry of Agriculture, Food and Rural Affairs Agreement	79,080	72,162
Other Grants and Contracts	122,800	127,657
Tuition	249,367	237,079
Student Fees and Contracts	95,280	92,799
Sales of Goods and Services	109,049	102,353
Investment Income (Note 4)	46,372	37,773
Amortization of Deferred Capital Contributions (Note 9)	21,820	21,849
Donations (Note 14)	24,014	17,714
Other	13,686	11,632
	<u>972,411</u>	<u>929,233</u>
EXPENSES		
Salaries	475,954	450,871
Employee Future Benefits (Note 10)	60,847	58,477
Other Employee Benefits	63,968	59,145
Scholarships and Bursaries	47,604	53,934
Capital Asset Amortization	58,222	53,712
Equipment, Repairs and Maintenance	44,713	51,863
Professional and Externally Contracted Services	54,987	50,816
Supplies	45,493	44,416
Utilities	21,624	24,608
Interest (Note 7)	9,550	8,892
Travel	13,658	12,238
Other Operating	46,598	42,661
	<u>943,218</u>	<u>911,633</u>
Net Change in Unrealized Gain on Interest Rate Swaps (Note 7)	<u>222</u>	<u>1,174</u>
Excess of Revenues over Expenses	<u><u>29,415</u></u>	<u><u>18,774</u></u>

(See accompanying notes)

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

(in thousands of dollars)

	Internally Restricted	Unrestricted (Deficit)	Endowed	Total
2024				
Net Assets, Beginning of Year	897,641	(343,071)	445,165	999,735
Excess of Revenues over Expenses	-	29,415	-	29,415
Net Change in Internally Restricted Net Assets (Note 11)	30,270	(30,270)	-	-
Employee Future Benefits Remeasurements and Other Items (Note 10)	-	29,715	-	29,715
Endowment Contributions (Note 12)	-	-	5,982	5,982
Increase in Accumulated Investment Income on Externally Restricted Endowments (Note 12)	-	-	14,448	14,448
Internally Restricted Endowments (Note 12)	-	(15,133)	15,133	-
Other Transfers to Endowments (Note 12)	-	(5,385)	5,385	-
Net Assets, End of Year	<u>927,911</u>	<u>(334,729)</u>	<u>486,113</u>	<u>1,079,295</u>
2023				
Net Assets, Beginning of Year	891,172	(295,808)	411,628	1,006,992
Adjustment for Employee Future Benefits	-	(46,337)	-	(46,337)
Net Assets, Beginning of Year, as restated	891,172	(342,145)	411,628	960,655
Excess of Revenues over Expenses	-	18,774	-	18,774
Net Change in Internally Restricted Net Assets (Note 11)	6,469	(6,469)	-	-
Employee Future Benefits Remeasurements and Other Items (Note 10)	-	4,233	-	4,233
Endowment Contributions (Note 12)	-	-	5,973	5,973
Increase in Accumulated Investment Income on Externally Restricted Endowments (Note 12)	-	-	10,100	10,100
Internally Restricted Endowments (Note 12)	-	(12,611)	12,611	-
Other Transfers to Endowments (Note 12)	-	(4,853)	4,853	-
Net Assets, End of Year	<u>897,641</u>	<u>(343,071)</u>	<u>445,165</u>	<u>999,735</u>

(See accompanying notes)

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

(in thousands of dollars)

	2024	2023
OPERATING ACTIVITIES		
Excess of Revenues over Expenses	29,415	18,774
Add (Deduct) Non-cash Items:		
Capital Asset Amortization	58,222	53,712
Amortization of Deferred Capital Contributions	(21,820)	(21,849)
Decrease in Unrealized Investment Income	(14,250)	(11,298)
Decrease in Unrealized Loss on Interest Rate Swaps	(222)	(1,174)
Employee Future Benefits Expense	26,597	25,392
Employee Future Benefits Contributions	(7,182)	(6,471)
Net Change in Other Non-cash Items (Note 16)	12,654	28,062
	<u>83,414</u>	<u>85,148</u>
FINANCING ACTIVITIES		
Repayment of Long-term Debt	(12,704)	(12,991)
Proceeds from Long-term Debt	41,029	30,000
Capital Contributions Received	17,030	14,286
Endowment Contributions	5,982	5,973
	<u>51,337</u>	<u>37,268</u>
INVESTING ACTIVITIES		
Net Purchase of Investments	(36,744)	(77,970)
Purchase of Capital Assets	(74,094)	(45,139)
	<u>(110,838)</u>	<u>(123,109)</u>
 Increase (Decrease) in Cash and Cash Equivalents	 23,913	 (693)
Cash and Cash Equivalents, Beginning of Year	<u>79,876</u>	<u>80,569</u>
Cash and Cash Equivalents, End of Year	<u><u>103,789</u></u>	<u><u>79,876</u></u>

(See accompanying notes)

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2024
(in thousands of dollars)

1. AUTHORITY AND PURPOSE

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Cash and Cash Equivalents

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

(b) Investments and Investment Income

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

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

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

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

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2024
(in thousands of dollars)

(c) Derivative Financial Instruments

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

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

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

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

(d) Interests in Joint Venture Arrangements

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

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

(e) Other Financial Instruments

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

(f) Inventory Valuation

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

(g) Capital Assets, Collections and Cloud Computing Arrangements

Capital assets are recorded at cost less accumulated amortization, except for the donated assets which are recorded at appraised values. Art, rare books and other collections are recorded at a nominal value of \$1 and are not amortized.

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2024
(in thousands of dollars)

The cost of capital assets is amortized on a straight-line basis over the 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 cost of insurance, cleaning, restoration and conservation of works in the collection are expensed.

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

(h) Recognition of Revenue

The University accounts for contributions, which include government grants and donations, in accordance with the deferral method.

Unrestricted contributions are recognized as revenue when received.

Externally restricted contributions received for:

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

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

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

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2024
(in thousands of dollars)

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

(k) Use of Estimates

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

(l) Contributed Services and Materials

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

3. CASH AND CASH EQUIVALENTS

	2024	2023
Cash	101,098	76,326
Pooled Fund Cash & Cash Equivalents	2,691	3,550
	<u>103,789</u>	<u>79,876</u>

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2024
(in thousands of dollars)

4. INVESTMENTS

(a) Details

Short-term Investments	187,478	113,925
Long-term Investments:		
Fixed Income	247,218	278,176
Canadian Equities	64,042	72,158
U.S. Equities	127,026	111,063
Non-North American Equities	93,770	107,879
Pooled Funds - Emerging Markets Equities	59,597	50,716
Pooled Funds - Real Estate	29,256	30,277
Infrastructure Limited Partnership	44,060	22,811
	664,969	673,080
Total Investments	852,447	787,005

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

Endowment Investment Funds	491,034	466,971
Funds Held for Debt Repayment	31,200	28,726
Expendable Fund Portfolio	142,735	177,383
	664,969	673,080

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

(b) Investment Income

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

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2024
(in thousands of dollars)

	2023		
	Non-Endowed	Endowed	Total
Net Realized Investment Income	12,292	17,540	29,832
Net Increase in Unrealized Investment Income	4,305	15,766	20,071
	16,597	33,306	49,903
Increase in Accumulated Investment Income			
on Externally Restricted Endowments (Note 12)	-	(10,100)	(10,100)
Increase in Accumulated Investment Income			
on Internally Restricted Endowments (Note 12)	12,611	(12,611)	-
Investment Income Made Available for Spending (Note 12)	10,595	(10,595)	-
Net Investment Income Deferred	(2,030)	-	(2,030)
	37,773	-	37,773

(c) Derivative Investments

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

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

	2024		2023	
	Notional Value	Fair Value	Notional Value	Fair Value
United States Dollar	16,036	43	18,887	(188)
Other	-	-	68	-
		43		(188)

(d) Uncalled Commitments

As at April 30, 2024, approximately 3.5% (2023 – 3.4%) of the University's long-term investment portfolio is invested in infrastructure private 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) in response to a series of capital calls issued to the investors by the manager. As at April 30, 2024, the University had uncalled commitments of \$1,578 (2023 - \$1,570).

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2024
(in thousands of dollars)

5. CAPITAL ASSETS

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

	2023		
	Cost	Accumulated Amortization	Net Book Value
Land	256,559	-	256,559
Land Improvements	44,484	15,911	28,573
Buildings	1,351,425	442,326	909,099
Furniture and Equipment	214,753	141,461	73,292
Construction in Progress	19,463	-	19,463
Computer Equipment	17,172	15,270	1,902
Asset for Implementation of Software Services	9,140	1,585	7,555
Library Books	12,305	9,970	2,335
Art, Rare Books and Other Collections	1	-	1
	<u>1,925,302</u>	<u>626,523</u>	<u>1,298,779</u>

For the year ended April 30, 2024, the University expensed \$1,269 (2023 - \$1,605) for software services included in professional and externally contracted services expenses on the Consolidated Statement of Operations and capitalized \$7,536 (2023 - \$5,593) in directly attributable expenditures on implementation activities related to software services included in the asset for implementation of software services.

6. GOVERNMENT REMITTANCES

Accounts Payable and Accrued Liabilities include \$6,330 (2023 - \$6,034) with respect to government remittances payable.

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2024
(in thousands of dollars)

7. LONG-TERM DEBT

(a) Details	Interest Rate	Issue Date	Due Date	2024	2023
Series A Unsecured Debenture	6.24%	11-Oct-02	10-Oct-42	100,000	100,000
Banker's Acceptances					
Toronto Dominion Bank	3.47%	13-Mar-09	13-Dec-23	-	660
Royal Bank of Canada	4.50%	23-Mar-10	24-Mar-25	504	1,020
Royal Bank of Canada	4.57%	1-May-10	1-May-25	812	1,479
Bank of Montreal	7.88%	16-Oct-00	15-Jun-25	5,300	8,300
Royal Bank of Canada	3.84%	3-Oct-11	2-Oct-26	6,229	8,724
Royal Bank of Canada	2.96%	5-Sep-12	5-Sep-27	6,610	8,548
Canadian Imperial Bank of Commerce	3.73%	1-Oct-13	1-Oct-28	5,839	7,140
Canadian Imperial Bank of Commerce	5.13%	25-Apr-24	25-Apr-29	11,008	-
Royal Bank of Canada	4.02%	28-Apr-23	28-Apr-30	29,150	29,866
Royal Bank of Canada	2.19%	15-Sep-16	15-Sep-41	30,018	31,429
Canadian Imperial Bank of Commerce	4.99%	25-Apr-24	25-Apr-54	30,021	-
				<u>125,491</u>	<u>97,166</u>
				225,491	197,166
Current Portion				<u>(15,588)</u>	<u>(12,707)</u>
				<u>209,903</u>	<u>184,459</u>

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 \$12,704 (2023 - \$12,991) and incurred \$9,550 (2023 - \$8,892) 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:

	2025	2026	2027	2028	2029	after 2029	Total
Required Repayments	15,588	13,097	10,001	7,678	6,180	172,947	225,491

(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.

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2024
(in thousands of dollars)

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

	Due Date	2024		2023	
		Notional Amount	Gain (Loss)	Notional Amount	Gain (Loss)
Toronto Dominion	13-Dec-23	-	-	666	8
Royal Bank of Canada	24-Mar-25	510	4	1,030	8
Royal Bank of Canada	1-May-25	815	7	1,483	13
Bank of Montreal	15-Jun-25	5,300	(79)	8,300	(262)
Royal Bank of Canada	2-Oct-26	6,300	116	8,820	120
Royal Bank of Canada	5-Sep-27	6,628	221	8,568	229
Canadian Imperial Bank of Commerce	1-Oct-28	5,850	159	7,150	90
			<u>428</u>		<u>206</u>

The increase in unrealized gain of \$222 (2023 – decrease of unrealized loss \$1,174) 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 notional amounts and the net unrealized gain (loss) of the contracts outstanding as at April 30th are:

	Due Date	2024			2023		
		Notional Amount	Gain (Loss)	All-in Fixed Rate	Notional Amount	Gain (Loss)	All-in Fixed Rate
Royal Bank of Canada	15-Sep-41	30,139	5,655	2.19%	31,537	4,515	2.19%
Royal Bank of Canada	28-Apr-30	29,283	939	4.02%	30,000	(297)	4.02%
Canadian Imperial Bank of Commerce	25-Apr-29	11,000	(5)	5.13%	-	-	
Canadian Imperial Bank of Commerce	25-Apr-54	30,000	(531)	4.99%	-	-	
			<u>6,058</u>			<u>4,218</u>	

The net change in the unrealized gain or loss of \$6,058 (2023 - \$4,218) 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:

	2024	2023
Balance, Beginning of Year	245,189	228,450
Contributions Received During the Year	229,311	239,339
Contributions Recognized to Revenue During the Year	(229,624)	(222,600)
Balance, End of Year	<u>244,876</u>	<u>245,189</u>

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2024
(in thousands of dollars)

9. DEFERRED CAPITAL CONTRIBUTIONS

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

	2024	2023
Balance, Beginning of Year	400,801	407,882
Contributions Received During the Year	17,289	14,768
Amortization of Deferred Capital Contributions	(21,820)	(21,849)
Balance, End of Year	<u>396,270</u>	<u>400,801</u>

10. EMPLOYEE FUTURE BENEFITS

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

The assets and liabilities, including the pension obligations, of the University's registered pension plans ("RPPs") were transferred to the UPP as at July 1, 2021 (the "Effective Date"). As of the Effective Date, the accrual of benefits and contributions under the UPP commenced for members of the RPPs, all of whom have been transferred to the UPP, and benefits and contributions under the RPPs ceased. Two RPPs were terminated and the other is still open due to a windup surplus of \$11,941 (2023 - \$11,448) to be transferred to the University pending legislative processes. This balance is held in a separate trust, until all relevant legislative and legal requirements are determined and settled.

Any pension surplus or deficit of the UPP is a joint responsibility of the members and employers for service after the transition date of July 1, 2021 and may affect future contribution rates for members and employers. The University remains responsible to fund any net pension obligations (determined based on the UPP actuarial assumptions) related to service up to the transition date of July 1, 2021, over 15 years. 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.

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, 2023 indicated an actuarial surplus on a going concern basis of \$380 million. Contributions made to the UPP during the year are included in employee future benefits expense in the Consolidated Statement of Operations and amounted to \$34,250 (2023 - \$33,085).

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 contributions to the UPP, employee future benefits expense for the year includes other benefits expense of \$26,597 (2023 - \$25,392). Remeasurements, which are recorded in the Consolidated Statement of Changes in Net Assets, rather than in the Consolidated Statement of Operations, are as follows:

	2024	2023
Return on Plan Assets Greater than Discount Rate	(493)	(246)
Actuarial Gain	(29,222)	(3,987)
	<u>(29,715)</u>	<u>(4,233)</u>

UNIVERSITY OF GUELPH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2024
(in thousands of dollars)

The most recent actuarial valuations were prepared as at April 30, 2022 for unfunded pension arrangements and January 1, 2022 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 30th.

The discount rate used for determining the defined benefit obligation at April 30th is 5.15% (2023 – 4.65%) for unfunded pension arrangements and 5.20% (2023 – 4.70%) for the other benefits plan.

The assumed rate for dental inflation is 4.0% (2023 – 4.0%). The assumed rates for prescription drug costs inflation is 5.0% up to 2030, decreasing linearly to 4.0% in 2040 (2023 – same), and for other health care costs is 4.0% to 2025, 4.5% in 2026, 5.0% from 2027 to 2030, decreasing linearly to 4.0% in 2040 (2023 – same).

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

	2024	2023
Accrued Benefit Obligation	(305,173)	(314,980)
Fair Value of Pension Plan Asset	11,941	11,448
Funded Status - Deficit	<u>(293,232)</u>	<u>(303,532)</u>
Consolidated Statement of Financial Position		
Defined Benefit Asset	11,941	11,448
Defined Benefit Liability	<u>(305,173)</u>	<u>(314,980)</u>
Net Defined Benefit Liability	<u>(293,232)</u>	<u>(303,532)</u>

In addition to the plan assets, as at April 30, 2024, the University has internally restricted net assets of \$11,246 (2023 - \$10,558) 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, 2023	Transfer to (from) in year	Balance, April 30, 2024
Operating Fund Reserves			
Division Reserves	93,481	6,443	99,924
Central Operating Reserves	34,347	(12,411)	21,936
Guelph-Humber Internally Restricted	900	-	900
Self Insured Losses	1,000	-	1,000
Employee Benefit Reserves (Note 10)	10,558	688	11,246
	<u>140,286</u>	<u>(5,280)</u>	<u>135,006</u>
Invested in Capital Assets	700,812	3,345	704,157
Internally Financed Projects	(99,843)	14,337	(85,506)
Capital Projects and Renovations	24,663	(1,601)	23,062
Funds Held for Debt Repayment (Note 7(b))	29,268	3,775	33,043
Trust	44,869	14,558	59,427
Research	57,086	1,049	58,135
Other	500	87	587
	<u>897,641</u>	<u>30,270</u>	<u>927,911</u>

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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 2024, the allocation made available for spending was calculated as 3.5% (2023 - 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:

	2024		
	Externally Restricted	Internally Restricted	Total
Investment Income on Endowments	23,302	18,369	41,671
Less: Available for Spending (Note 4(b))	(8,854)	(3,236)	(12,090)
Increase in Accumulated Investment Income on Endowments (Note 4(b))	14,448	15,133	29,581
Endowment Contributions (Note 14)	5,982	-	5,982
	20,430	15,133	35,563
Transfers to Endowments	-	5,385	5,385
Net Increase in Net Assets	20,430	20,518	40,948
Net Assets, Beginning of Year	253,923	191,242	445,165
Net Assets, End of Year	274,353	211,760	486,113
	2023		
	Externally Restricted	Internally Restricted	Total
Investment Income on Endowments	18,491	14,815	33,306
Less: Available for Spending (Note 4(b))	(8,391)	(2,204)	(10,595)
Increase in Accumulated Investment Income on Endowments (Note 4(b))	10,100	12,611	22,711
Endowment Contributions (Note 14)	5,973	-	5,973
	16,073	12,611	28,684
Transfers to Endowments	-	4,853	4,853
Net Increase in Net Assets	16,073	17,464	33,537
Net Assets, Beginning of Year	237,850	173,778	411,628
Net Assets, End of Year	253,923	191,242	445,165

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13. ONTARIO STUDENT OPPORTUNITY TRUST FUNDS ("OSOTF") - PHASE I & PHASE II AND ONTARIO TRUST FOR STUDENT SUPPORT ("OTSS")

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

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

	2023		
	OSOTF Phase I	OSOTF Phase II	OTSS
Endowment Funds, Beginning of Year	20,529	770	8,297
Donations	-	-	-
Endowment Funds, End of Year - Book Value	20,529	770	8,297
Expendable Funds, Beginning of Year	10,712	435	3,318
Contributions to Awards	1	-	-
Realized Investment Income	1,176	48	444
Bursaries Awarded	(991)	(41)	(387)
Expendable Funds, End of Year - Book Value	10,898	442	3,375
<i>Number of Bursaries Awarded</i>	<i>616</i>	<i>19</i>	<i>228</i>
Total Balance, End of Year - Book Value	31,427	1,212	11,672
Total Balance, End of Year - Market Value	34,013	1,377	12,858

14. DONATIONS

	2024	2023
Donations Received During the Year	37,962	36,747
Less: Donations Recorded as Endowment Contributions (Note 12)	(5,982)	(5,973)
Donations Recorded as Deferred Capital Contributions	(6,186)	(7,286)
Net Increase in Deferred Contributions from Donations	(1,780)	(5,774)
Donations Recognized as Revenue	24,014	17,714

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15. JOINT VENTURE ARRANGEMENTS

(a) University of Guelph-Humber

As part of its participation in the Joint Venture, the University provides certain services including academic administration, student recruitment and admissions, curriculum development, course delivery, and IT services. The University advances funds equal to the cost of these services to the Joint Venture on an ongoing basis and is then reimbursed for these expenses periodically. All amounts are shared 50% by each venturer. The total amount advanced by the University for such services during the year was \$12,410 (2023 - \$12,774), which represents the exchange amount as agreed to by the parties. A financial summary of the University's share of the Joint Venture at April 30 follows:

		2024	2023
Financial Position:	Total Assets	13,592	14,731
	Total Liabilities	3,357	3,338
	Total Net Assets	<u>10,235</u>	<u>11,393</u>
Results of Operations:	Total Revenue	32,739	33,172
	Total Expenses	26,152	25,880
	Excess of Revenue over Expenses	<u>6,587</u>	<u>7,292</u>

(b) TRIUMF

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

		2024	2023
		Unaudited	
Financial Position:	Total Assets	58,076	53,755
	Total Liabilities	11,156	11,266
	Total Net Assets	<u>46,920</u>	<u>42,489</u>
Results of Operations:	Total Revenue	108,789	101,155
	Total Expenses	104,358	99,356
		<u>4,431</u>	<u>1,799</u>

16. NET CHANGE IN OTHER NON-CASH ITEMS

	2024	2023
Accounts Receivable	1,050	8,368
Inventories and Prepaid Expenses	1,240	(1,150)
Accounts Payable and Accrued Liabilities	12,966	(2,277)
Deferred Revenue	(2,289)	6,382
Deferred Contributions	(313)	16,739
	<u>12,654</u>	<u>28,062</u>

17. COMMITMENTS

Costs to complete major capital projects in progress as at April 30, 2024 are estimated to be \$28,947 (2023 - \$24,703) and will be funded by government grants, gifts and University resources.

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18. CONTINGENCIES

(a) The nature of the University's activities is such that there are usually claims or potential claims in prospect at any one time. At April 30, 2024, the University believes it has valid defenses and appropriate insurance coverage in place on certain claims which are not expected to have material impact on the University's consolidated financial position. There also exist other claims or potential claims where the ultimate outcome cannot be determined at this time. Any additional losses related to claims would be recorded in the year during which the amount of the liability is able to be estimated or adjustments to the amount recorded are determined to be required.

(b) The University is a member in a self-insurance co-operative in association with other Canadian universities to provide property and general liability insurance coverage. Under this arrangement referred to as the Canadian Universities Reciprocal Insurance Exchange ("CURIE"), a contractual agreement exists to share the property and liability insurance risks of member universities. The projected cost of claims is funded through members' premiums based on actuarial projections. As at December 31, 2023, CURIE had an accumulated surplus of \$107,548 (2023 - \$99,851) of which the University's pro rata share is \$3,650 (2023 - \$3,306).

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

(d) The University of Guelph has signed eleven letters of credit primarily related to ongoing constructions projects. At April 30, 2024, the total amount outstanding is \$1,887 (2023 - \$880) and these letters will expire during the year as the construction projects reach completion.

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

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

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

(a) Currency Risk

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

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

(b) Credit Risk

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

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

(c) Interest Rate Risk

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

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

(d) Liquidity Risk

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

(e) Other Price Risk

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

20. COMPARATIVE NUMBERS

Certain comparative numbers have been reclassified to conform to the presentation adopted for the current year.