Consolidated Financial Statements of

ONTARIO TECH UNIVERSITY

For the year ended March 31, 2026

ONTARIO TECH UNIVERSITY
Consolidated Financial Statements
Table of Contents
For the year ended March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the consolidated statement of financial position as at March 31, 2026
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2026, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit-organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 26, 2026

ONTARIO TECH UNIVERSITY
Consolidated Statement of Financial Position
(in thousands of dollars)
As at March 31, 2026

		2026		2025
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	**$**	**89,657**	$	75,330
Short-term investments (Note 4)		**12,462**		-
Grant receivable		**11,993**		9,114
Other accounts receivable (net of allowance for doubtful accounts - $1,744; 2025 - $1,304) (Note 3)		**10,304**		9,400
Prepaid expenses, deposits and inventories		**4,520**		2,618
		128,936		96,462
Long-term investments (Note 4)		**-**		12,000
Endowed and other investments (Note 5)		**44,960**		40,612
Other assets (Note 6)		**1,875**		1,819
Capital assets (Note 7)		**384,051**		391,991
Goodwill (Note 8)		**973**		973
Total assets	**$**	**560,795**	$	543,857
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable and accrued liabilities (Notes 9 and 18)	**$**	**47,324**	$	43,806
Deferred revenue (Note 10)		**40,346**		36,439
Current portion of other long-term debt (Note 11)		**863**		746
Current portion of obligations under capital lease (Note 12)		**669**		584
Current portion of long-term debenture debt (Note 13)		**9,549**		8,971
Current portion of fair value of interest rate swap (Note 14)		**780**		756
		99,531		91,302
Other long-term debt (Note 11)		**3,675**		4,538
Long-term portion of obligations under capital lease (Note 12)		**25,083**		25,752
Long-term portion of debenture debt (Note 13)		**102,259**		111,808
Long-term portion of fair value of interest rate swap (Note 14)		**18,810**		20,370
Deficiency in other investments (Note 15)		**26**		272
Deferred capital contributions (Note 16)		**151,193**		153,757
		400,577		407,799
Net Assets				
Unrestricted		**13,478**		12,685
Invested in capital assets (Note 19)		**74,236**		66,041
Internally restricted (Note 20)		**41,354**		28,061
Endowments (Note 21)		**31,150**		29,271
		160,218		136,058
Related party transactions (Notes 2,6,7,8,15,19,23)				
Contingencies and contractual commitments (Note 23)				
Subsequent event (Note 23 (d))				
Guarantees (Note 24)				
Financial instrument risks (Note 25)				
Total liabilities and net assets	**$**	**560,795**	$	543,857

See accompanying notes to the consolidated financial statements

Laura Elliott.

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

ONTARIO TECH UNIVERSITY
Consolidated Statement of Operations
(in thousands of dollars)
For the year ended March 31, 2026

		2026		2025
REVENUE				
Grants - operating and research (Note 17)	**$**	**94,315**	$	88,071
Grants - debenture (Note 13)		**13,500**		13,500
Donations		**3,494**		3,765
Student tuition fees		**132,236**		112,740
Student ancillary fees		**19,536**		16,801
Revenues from purchased services (Note 18)		**1,733**		1,557
Other income		**25,433**		22,346
Amortization of deferred capital contributions		**8,882**		8,653
Investment income (Note 5)		**3,668**		4,693
Income from other investments (Note 15)		**246**		1,538
Unrealized gain/(loss) on interest-rate swap		**781**		(1,597)
Unrealized gain on endowed and other investments		**2,213**		1,907
		306,037		273,974
EXPENSES				
Salaries and benefits		**167,657**		155,205
Student aid, financial assistance and awards		**18,087**		17,239
Supplies and expenses		**45,671**		41,133
Purchased services (Note 18)		**15,428**		16,245
Interest expense - debt obligations		**10,637**		10,981
Interest expense - other		**312**		282
Amortization of capital assets		**24,213**		23,340
Professional fees		**1,751**		2,300
Loss on disposal of assets		**-**		1
		283,756		266,726
Excess of revenue over expenses	**$**	**22,281**	$	7,248

See accompanying notes to the consolidated financial statements

ONTARIO TECH UNIVERSITY
Consolidated Statement of Changes in Net Assets
(in thousands of dollars)
As at March 31, 2026

	Unrestricted	Invested in Capital Assets (Note 19)	Internally Restricted (Note 20)	Endowments (Note 21)	Total 2026	Total 2025
Balance - Beginning of Year	$ 12,685	$ 66,041	$ 28,061	$ 29,271	$ 136,058	$ 126,625
Excess / (deficiency) Revenue over Expenses	37,612	(15,331)	-	-	22,281	7,248
Interfund Transfer	(13,293)	-	13,293	-	-	-
Investment in Capital Assets	(23,526)	23,526	-	-	-	-
Net Endowment Contributions	-	-	-	1,879	1,879	2,185
Net changes during the year	793	8,195	13,293	1,879	24,160	9,433
Balance - End of Year	$ 13,478	$ 74,236	$ 41,354	$ 31,150	$ 160,218	$ 136,058

See accompanying notes to the consolidated financial statements

ONTARIO TECH UNIVERSITY
Consolidated Statement of Cash Flows
(in thousands of dollars)
For the year ended March 31, 2026

		2026		2025
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Excess of revenue over expenses	$	**22,281**	$	7,248
Items not affecting cash:				
Amortization of capital assets		**24,213**		23,340
Amortization of deferred capital contributions		**(8,882)**		(8,653)
Loss on disposal of capital assets		**-**		1
Income from other investments		**(246)**		(1,538)
Unrealized (gain)/loss on interest-rate swap		**(781)**		1,597
Unrealized gain on endowed and other investments		**(2,213)**		(1,907)
		34,372		20,088
WORKING CAPITAL				
Grant and other accounts receivable		**(3,783)**		1,221
Prepaid expenses, deposits and inventories		**(1,902)**		37
Accounts payable and accrued liabilities		**3,518**		9,443
Deferred revenue		**3,907**		3,639
		36,112		34,428
INVESTING				
Purchase of capital assets		**(16,273)**		(23,356)
Proceeds on disposal of capital assets		**-**		1
Net change in investments		**(2,597)**		(14,263)
Net change in other assets		**(56)**		(56)
		(18,926)		(37,674)
FINANCING				
Repayment of interest-rate swap		**(755)**		(734)
Repayment of long-term and debenture debt		**(9,717)**		(9,081)
Repayment of obligations under capital leases		**(584)**		(506)
Net endowment contributions		**1,879**		2,185
Deferred capital contributions received		**6,318**		4,210
		(2,859)		(3,926)
NET CASH INFLOW /(OUTFLOW)		**14,327**		(7,172)
CASH & CASH EQUIVALENTS BALANCE, BEGINNING OF YEAR		**75,330**		82,502
CASH & CASH EQUIVALENTS BALANCE, END OF YEAR	**$**	**89,657**	$	75,330
SUPPLEMENTARY CASH FLOW INFORMATION				
Interest paid	**$**	**10,898**	$	11,227
Donated buildings	**$**	**-**	$	4,800

See accompanying notes to the financial statements

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

(a) Basis of presentation

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

On March 10, 2020, Ontario Tech Talent ("Talent") was incorporated as a separate legal entity with a March 31 fiscal year-end. Its purpose was to provide students and new graduates with opportunities to enhance their job readiness skills and improve employment prospects. Talent is a for-profit entity, controlled by the University and its financial results to March 31, 2026 are accounted for using the equity method, whereby the investment is carried in the University's financial statements initially at cost, and includes the share of earnings or loss. Talent follows Canadian Accounting Standards for Private Enterprises, with no significant differences in accounting policies from those followed by the University. On January 30, 2025, the Board of Directors of Talent approved a motion to wind down its operations. Operations ceased during fiscal 2025/26 and Talent will be dissolved in 2026/27.

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

On June 21, 2025, Ontario Tech Edge Inc. ("Edge") was incorporated as a separate legal entity with a March 31 fiscal year-end. Edge was established to deliver high-quality professional programs and services to organizations across various industries in support of innovation, entrepreneurship, and the development of new ventures that contribute to workforce development and lifelong learning. Edge operates as a for-profit entity and is controlled by the University. The accounting policy choice to consolidate on an annual basis has been selected.

SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

(b) Revenue recognition

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

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

Student ancillary fees are recognized as revenue when courses are provided.

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

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

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

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

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

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

Investment income related to restricted spending is recorded directly to the endowment net assets. Investment income without restrictions is recognized when earned.

(c) Cash and cash equivalents

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

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

(d) Financial instruments

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

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

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

(e) Long-term debt

The University carries long-term debt at amortized cost.

(f) Inventories

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

(g) Capital assets

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

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

Buildings	15 – 40 years
Building renovations and major equipment	10 years
Leasehold improvements	over lease term
Parking	20 years
Furniture and fixtures	5 years
Laptops	4 years
Computer equipment and vehicles	3 years
Capital leases	over economic life of assets

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

(h) Goodwill and its impairment

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

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

(i) Deferred capital contributions

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

(j) Contributed goods and services

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

(k) Cloud computing arrangements

In the current year, the University adopted the Accounting Guideline AcG-20, Customer's Accounting for Cloud Computing Arrangements. Under the policy, the University has chosen the simplification approach, whereby expenditures related to elements in cloud computing arrangements are recorded as an expense as incurred. Amounts paid in advance for cloud services are recorded as prepaid expenses and recognized over the term of the arrangement. During the fiscal year, the University expensed $2,100 (2025 - nil) of cloud computing costs.

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

(l) Use of estimates

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

2. RELATED PARTY TRANSACTIONS

(a) Campus Corners Property

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

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

Pursuant to a purchase and gift agreement, the University acquired 50% interest in Campus Corners Property which comprises of the Campus Corners building and other buildings in the surrounding area. The acquisition of the Campus Corners Property was for cash consideration of $12,900. The fair market value of Campus Corners Property was determined to be $17,700. The resulting excess of the fair market value over the purchased price, being $4,800, was a gift to the University and is included in the consolidated financial statements as a deferred capital contribution in Note 16. The Campus Corners Property total value, inclusive of net sales taxes of $148, is $18,430 and is included under Buildings in the "Capital assets" Note 7.

The University entered into a co-ownership agreement with Wellington Corporation to own, manage, service, market and lease the Campus Corners Property. Any net rental cash flows from the agreement are distributed equally to the University and Wellington Corporation on a monthly basis. The net rental cash flows are included on a gross basis in the statement of operations. In the current year, the University received $1,079 (2025 - $674) of rental revenues.

Under the co-ownership agreement, the University and Wellington Corporation as landlord entered into an agreement with the University as tenant to extend the operating lease for Campus Corners building by a period of 25 years, commencing on September 17, 2024 and expiring on September 16, 2049. The remaining operating lease commitment is $26,394 and is included in Note 23 (b), "Contractual Commitments").

(In thousands of dollars)

3. CASH AND CASH EQUIVALENTS

		2026		2025
Bank of Montreal, cash balances	**$**	**70,730**	$	57,571
RBC guaranteed investment certificate		**18,000**		17,000
Royal Bank of Canada, cash balances		**146**		115
Harris Bank, cash balances/(drawn)		**34**		(15)
Other, balances		**747**		659
	$	**89,657**	$	75,330

The University has a credit facility agreement with a Canadian chartered bank, which provides for a revolving operating line of credit up to $17,000, bearing interest at prime plus 0.25%. As at March 31, 2026, the University utilized, on a cash consolidated basis, nil (2025 - nil) of the operating line of credit.

The balance includes $18,000 of an annual guaranteed investment certificate ("GIC") maturing on April 30, 2026, which is classified as "cash and cash equivalents" (2025 – $17,000). The interest income recognized on the GIC in the current year is $685 (2025 - $970), of which $646 (2025 - $970) is included in other accounts receivable.

4. SHORT-TERM AND LONG-TERM INVESTMENTS

Short-term investments of $12,462 consist of a two-year GIC maturing on March 11, 2027 and including interest of $462 recognized and reinvested after one year. In the prior year, this $12,000 GIC was classified as a long-term investment as its maturity date exceeded 12 months from the reporting date.

5. ENDOWED AND OTHER INVESTMENTS

The University maintains pooled investment funds for its endowed investments. The pooled funds are managed by external investment managers appointed by the University and are invested in accordance with the University's approved statement of investment policies and procedures.

Investment income included in the consolidated statement of operations consists of dividends on investments and interest on cash and cash equivalents and long-term investments.

Realized investment income and realized gains on endowed investments are recognized as changes in endowed net assets for capital preservation.

(In thousands of dollars)

5. ENDOWED AND OTHER INVESTMENTS (continued)

At March 31, 2026, the fair values of the funds are as follows:

	2026	2025
Pooled equity funds	**$ 32,914**	$ 29,261
Fixed Income	**11,013**	10,058
Money Market/Cash	**1,033**	1,293
	$ 44,960	$ 40,612

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

6. OTHER ASSETS

Included under Other assets is the donation of a life insurance policy the University received in July 2020. This policy, for which the University is the named beneficiary, is recorded at the current cash surrender value of $1,875 (2025 - $1,819). Other assets are net of an allowance for doubtful accounts of $165 (2025 - $270) that pertains to a receivable from its subsidiary, Talent (Note 15).

7. CAPITAL ASSETS

Capital assets consist of:

	2026			2025
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land	**$ 12,887**	**$ -**	**$ 12,887**	$ 12,887
Buildings	**498,896**	**204,259**	**294,637**	307,437
Building renovations	**46,387**	**32,788**	**13,599**	12,900
Leasehold improvements	**2,754**	**1,319**	**1,435**	1,476
Parking	**1,820**	**605**	**1,215**	1,200
Furniture and fixtures	**25,592**	**22,567**	**3,025**	3,279
Laptops	**4,095**	**3,672**	**423**	633
Vehicles	**613**	**504**	**109**	115
Computer equipment	**30,738**	**27,000**	**3,738**	3,695
Major equipment	**113,412**	**87,804**	**25,608**	27,167
Construction-in-progress	**8,410**	**-**	**8,410**	1,754
	$ 745,604	**$ 380,518**	**$ 365,086**	$ 372,543
Assets under capital leases:				
Land	**2,300**	**-**	**2,300**	2,300
Buildings	**24,152**	**7,487**	**16,665**	17,148
Total	**$ 772,056**	**$ 388,005**	**$ 384,051**	$ 391,991

(In thousands of dollars)

7. CAPITAL ASSETS (continued)

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

Included in the asset schedule are buildings of $18,430 acquired upon the purchase of 50% interest in the Campus Corners Property (note 2).

Included in land is property with a carrying value of $5,400 that has been leased in the current year to a third-party developer under a 99-year ground lease for the construction and operation of student residences. The University retains legal ownership of the land (note 23(c) "Contingencies and Contractual Commitments").

Amortization of assets under capital leases for the current year totaled $483 (2025 - $483).

8. GOODWILL

Goodwill of $973 represents the excess of the purchase price over the fair market value of Regent Corporation's net assets upon the acquisition of control of the Regent Corporation in 2023.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of $3,936 (2025 – $3,620).

10. DEFERRED REVENUE

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

	Opening balance April 1, 2025	Amounts received	Revenues recognized	Ending balance March 31, 2026
Grants - operating and research	$ 13,976	$ 96,323	$ (94,315)	**$ 15,984**
Grants - debenture	-	13,500	(13,500)	**-**
Donations	4,953	3,739	(3,494)	**5,198**
Student tuition fees	13,199	133,523	(132,236)	**14,486**
Student ancillary fees	1,416	19,536	(19,536)	**1,416**
Other income	2,895	25,800	(25,433)	**3,262**
	$ 36,439	$ 292,421	$(288,514)	**$ 40,346**

(In thousands of dollars)

11. OTHER LONG-TERM DEBT

The University has incurred debts in the amount of $4,538 through third parties related to a property in downtown Oshawa and leasehold improvements. Other long-term debt comprised the following:

		2026		2025
Unsecured loan for leasehold improvements in downtown Oshawa, repayable monthly at 9.3% per annum, with final instalment due April 30, 2041		**160**		165
Secured loan for property at 55 Bond Street, repayable monthly at 7.2% per annum with final instalment due September 1, 2030 (Note 24)		**4,378**		5,119
	$	**4,538**	$	5,284

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

2027		863
2028		925
2029		992
2030		1,064
2031		564
Thereafter, through 2042		130
		4,538
Less: current portion		863
	$	3,675

The fair value of the other long-term debt is $4,694 (2025 - $5,557). Fair value has been calculated using the future cash flows of the actual outstanding debt instrument, discounted at current market rates available to the University.

12. OBLIGATIONS UNDER CAPITAL LEASES

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

(In thousands of dollars)

12. OBLIGATIONS UNDER CAPITAL LEASES (continued)

Remaining capital lease repayments are due as follows:

		2026		2025
2026	**$**	**-**	$	2,929
2027		**2,959**		2,959
2028		**2,988**		2,988
2029		**3,018**		3,018
2030		**3,049**		3,049
2031		**3,079**		3,079
Thereafter, through 2041		**32,834**		32,835
Total minimum lease payments		**47,927**		50,857
Less: amount representing interest at 9.0%		**22,175**		24,521
Present value of net minimum capital lease payments		**25,752**		26,336
Less: current portion of principal obligation		**669**		584
	$	**25,083**	$	25,752

Interest of $2,345 (2025 - $2,394) relating to capital lease obligations has been included in interest expense – debt obligations on the consolidated statement of operations. The total cost of assets under capital leases is $26,452 (2025 - $26,452) with related accumulated amortization of $7,487 (2025 - $7,004).

The fair value of the capital leases is $26,062 (2025 - $26,720). Fair value has been calculated using the future cash flows of the actual outstanding debt instrument, discounted at current market rates available to the University.

13. LONG-TERM DEBENTURE DEBT

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

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

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

(In thousands of dollars)

13. LONG-TERM DEBENTURE DEBT (continued)

Total principal and interest paid on the debenture to March 31, 2026 is $346,521 (2025 - $330,020), $277,488 (2025 - $263,988) funded by the MCURES and $69,033 (2025 - $66,032) funded by the University. As at March 31, 2026, $217,431 (2025 - $217,431) had been used to finance capital assets. Total principal repayments for debenture debt are as follows:

	2026	2025
2026	**-**	8,971
2027	**9,549**	9,549
2028	**10,165**	10,165
2029	**10,821**	10,821
2030	**11,520**	11,520
2031	**12,263**	12,263
Thereafter, through 2034	**57,490**	57,490
Total minimum debt payments	**111,808**	120,779
Less: current portion	**9,549**	8,971
	102,259	111,808

The fair value of the long-term debenture debt is $119,404 (2025 - $130,311). Fair value has been calculated using the future cash flows of the actual outstanding debt instrument, discounted at current market rates available to the University.

14. DERIVATIVE FINANCIAL INSTRUMENT

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

The fair value of the derivative liability is as follows:

	2026	2025
Interest rate swap	**$ 19,590**	$ 21,126
Less: current portion	**780**	756
	$ 18,810	$ 20,370

(In thousands of dollars)

15. DEFICIENCY IN OTHER INVESTMENTS

Deficiency in other investments comprise of the investment in Talent. Investment as at March 31, 2026 is a net loss of $26 (2025 – loss of $272) which includes the initial investment in Talent of 100 shares valued at one hundred dollars.

On January 30, 2025, the Board of Directors of Talent approved a motion to wind down its activities with business activities ceasing in fiscal 2025/26. Included in the total revenue of Talent is $355 (2025 - $3,250) of amounts due and forgiven by the University in the current year.

Financial information from Talent’s financial statements is as follows:

		2026		2025
Total assets	**$**	**139**	$	149
Total liabilities		**165**		421
Shareholders' equity				
- 100 common shares, valued at one hundred dollars		**-**		-
- Net accumulated loss		**(26)**		(272)
	$	**139**	$	149
Results of operations:				
Total revenue		**443**		4,690
Total expenses		**197**		3,152
Net income for the year	**$**	**246**	$	1,538

The total liabilities of Talent relates to a related party balance of $165 (2025 – $270), representing the outstanding draw of a credit facility with the University to fund the operating costs of Talent. This related party balance has been provided for by the University in the current year. There is no interest on this credit facility and there are no fixed terms of repayment.

16. DEFERRED CAPITAL CONTRIBUTIONS

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

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

(In thousands of dollars)

16. DEFERRED CAPITAL CONTRIBUTIONS (continued)

The changes in the balance consist of the following:

		2026		2025
Balance - beginning of year	**$**	**153,757**	$	153,400
Contributions		**6,318**		4,210
Donated buildings		**-**		4,800
Recognized as revenue during the year		**(8,882)**		(8,653)
Balance - end of year	**$**	**151,193**	$	153,757

Deferred capital contributions include unspent amounts of $3,066 (2025 - $1,332).

17. GRANT REVENUES – OPERATING AND RESEARCH

Grant revenues consist of the following:

		2026		2025
Operating	**$**	**77,630**	$	71,746
Externally funded research		**16,685**		16,325
Total grant revenues	**$**	**94,315**	$	88,071

18. PURCHASED SERVICE COSTS

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

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

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

Included in accounts payable and accrued liabilities is an amount payable to Durham College for shared services of $4,336 (2025 - $8,045)

(In thousands of dollars)

19. INVESTED IN CAPITAL ASSETS

Investment in capital assets represents the following:

		2026		2025
Capital assets - net book value	$	384,051	$	391,991
Less amount financed by deferred capital contributions, net of unspent amounts (Note 16)		(148,127)		(152,425)
Less amount financed by long-term debt (Notes 11, 12, 13 and 14)		(161,688)		(173,525)
Total investment in capital assets	**$**	**74,236**	$	66,041

		2026		2025
Net change in investment in capital assets:				
Purchase of capital assets	$	16,273	$	23,356
Donated buildings		-		4,800
Amounts funded by:				
Deferred capital contributions, net of unspent amounts		(4,584)		(2,878)
Donated buildings		-		(4,800)
Repayment of long-term debt		11,056		10,321
Unrealized gain/(loss) on interest rate swap and net book value of disposed capital assets		781		(1,599)
	$	**23,526**	$	29,200

		2026		2025
Amortization of deferred capital contributions	$	8,882	$	8,653
Less amortization of capital assets		(24,213)		(23,340)
	$	**(15,331)**	$	(14,687)
Net change during the year	**$**	**8,195**	$	14,513

(In thousands of dollars)

20. INTERNALLY RESTRICTED NET ASSETS

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

Details of the internally restricted net assets are as follows:

		2026		2025
Balance is comprised of the following:				
Research funds (a)	**$**	**5,809**	$	5,938
Capital projects and deferred maintenance (b)		**14,466**		1,966
Student assistance and related funds (c)		**4,460**		3,536
Working capital (d)		**6,000**		6,000
Learning re-imagined (e)		**4,367**		4,278
Digital and physical infrastructure re-imagined (f)		**2,588**		2,588
Revenue-generating unit carry-forward (g)		**3,664**		3,755
	$	**41,354**	$	28,061

(a) Research funds represent unspent start-up and professional development funds allocated to individual members under the terms of their collective agreement, and funded by university operations.

(b) Capital projects and deferred maintenance represent funds restricted for deferred maintenance, renovations and capital projects, including the athletic expansion and the new feature building projects.

(c) Student assistance and related funds represent unspent student fees, such as the student services fee, that are reserved for future student-related projects.

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

(e) Learning re-imagined represents funds allocated to support the academic plan and enhance the "pedagogy-technology" interface to improve the student, staff and faculty experience. These funds also include recruitment and student success initiatives.

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

(g) Revenue-generating unit carry-forward represents surplus funds restricted for future operating and strategic initiatives within those units.

(In thousands of dollars)

21. ENDOWMENTS

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

Investment income on endowments is recorded to endowments net assets.

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

The balance of endowments consists of the following:

	2026	2025
OSOTF	**$ 2,206**	$ 2,108
OTSS	**21,204**	20,043
OSOTF and OTSS	**23,410**	22,151
Other	**7,740**	7,120
	$ 31,150	$ 29,271

The change in the balance of endowments is as follows:

	2026	2025
Endowment fund balance, beginning of year	**$ 29,271**	$ 27,022
Donations	**307**	1,164
Realized gains	**1,290**	968
Realized investment income	**1,058**	893
Income distributions	**(776)**	(776)
Endowment fund balance, end of year	**$ 31,150**	$ 29,271

(In thousands of dollars)

21. ENDOWMENTS (continued)

As per the MCURES policies, the transactions related to OSOTF and OTTS should be presented in these consolidated financial statements, for the year ended March 31, 2026 and 2025.

	OSOTF	OTTS	Total 2026	Total 2025
Schedule of Changes in Endowment Fund Balance				
Endowment balance, beginning of year	**$ 1,930**	**$ 19,333**	**$ 21,263**	$ 20,700
Eligible cash donations	**-**	**85**	**85**	36
Preservation of capital	**27**	**300**	**327**	527
Endowment balance, end of year	**$ 1,957**	**$ 19,718**	**$ 21,675**	$ 21,263
Schedule of Changes in Expendable Funds Available for Awards				
Expendable balance, beginning of year	**$ 178**	**$ 710**	**$ 888**	$ 610
Realized investment income and realized gains	**148**	**1,676**	**1,824**	1,453
Less: Preservation of capital	**(27)**	**(300)**	**(327)**	(527)
Bursaries and awards disbursed	**(50)**	**(600)**	**(650)**	(648)
	$ 249	**$ 1,486**	**$ 1,735**	$ 888
Total funds, end of year	**$ 2,206**	**$ 21,204**	**$ 23,410**	$ 22,151

In the current year, 421 bursaries and awards valued at $776 were disbursed from the endowed funds (2025 – 471 bursaries and awards valued at $776).

22. PENSION PLAN

All eligible employees of the University are members of a defined contribution pension plan. Contributions made by the University to the pension plan during the year were $9,844 (2025 - $9,108).

23. CONTINGENCIES AND CONTRACTUAL COMMITMENTS

(a) Contingencies

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

The outcome of actions that are not determinable as at March 31, 2026 have not been recorded in these consolidated financial statements.

(In thousands of dollars)

23. CONTINGENCIES AND CONTRACTUAL COMMITMENTS (continued)

(b) Contractual Commitments

Future minimum lease payments, exclusive of taxes and operating costs, for premises and under operating leases at March 31, 2026 are as follows:

2027	$	1,334
2028		1,334
2029		1,334
2030		1,334
2031		1,307
Thereafter		20,244
	$	26,887

(c) Student Residences

During the fiscal year, the University entered into agreements with a third-party developer to design, construct, lease and operate purpose-built student residences on campus with expected completion in Fall 2027.

On July 15, 2025, the University entered into a long-term ground lease for university-owned land, under which the University acts as a landlord and the developer as a tenant. Rental income on the ground lease is nominal (one dollar per annum) for the first five years. Thereafter, rental income will be variable, based on a revenue-sharing agreement with the developer, and will be recognized as income in the period in which it is earned.

On March 9, 2026, the University entered into a separate long-term building lease with the developer, whereby the developer acts as a landlord and the University is the tenant for its exclusive use of the student residences. This leaseback will be classified as a capital lease. However, as lease payments are contingent in nature, no minimum lease payments have been identified. Accordingly, no asset or lease obligation has been recognized at the commencement of the lease term in the consolidated financial statements.

The developer is responsible for the construction, financing, and ongoing operation of the residences, including all related operating costs.

These agreements are expected to generate future economic benefits to the University; however, such benefits are contingent upon the financial performance of the residences and the developer's recovery of its capital investment. Accordingly, no amounts have been recognized in the consolidated financial statements as at year-end.

Upon completion of construction, the University plans to enter into residential lease agreements with students under a sublease arrangement commencing in Fall 2027. Rental revenues will be collected by the property manager, who will administer and manage the student lease agreements, with no rental income flowing through to the University.

23. CONTINGENCIES AND CONTRACTUAL COMMITMENTS (continued)

(d) Other

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

On March 15, 2023, the University issued a letter of credit in the amount of $159 to the Province of Ontario to secure its obligations under the Land Transfer Tax Act in connection with the donation of property from Regent Corporation. The letter of credit was required in order to obtain a deferral of land transfer tax, subject to the University meeting certain conditions, including a 36-month holding period. Upon expiry of the required holding period, the University submitted a request in April 2026 to the Province of Ontario to cancel the letter of credit and release the University from the associated obligations. The Province approved this request subsequent to year-end.

24. GUARANTEES

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

On February 21, 2023, Regent Corporation signed an amended credit agreement with Sun Life Assurance Company of Canada and the University, with the latter acting as guarantor on the mortgage assumed on the 55 Bond Street property upon acquisition of control of Regent Corporation by the University. The outstanding mortgage as at March 31, 2026 is $4,378 (2025 - $5,119).

25. FINANCIAL INSTRUMENT RISKS

(a) Credit and interest rate risk

The value of fixed income securities will generally increase if interest rates fall and decrease if interest rates rise. Changes in interest rates may also affect the value of equity securities. The fixed income investments consist of pooled funds that include various Canadian government and corporate bonds and individual mortgage holdings. The fixed income investments bear coupon rates ranging from 0.0% to 7.2% (2025 – 0.0% to 31.1%) and have maturity dates ranging from April 1, 2026 to December 12, 2061 (2025 - April 1, 2025 to November 15, 2083).

25. FINANCIAL INSTRUMENT RISKS (continued)

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

The University is also exposed to interest rate risk on its fixed and floating interest financial instruments. Fixed-interest instruments subject the University to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

The University mitigates interest rate risk on its term debt through derivative financial instruments (interest rate swaps) that exchange the variable rate inherent in the term debt for a fixed rate. Therefore, fluctuations in market interest rates will not impact future cash flows and operations relating to the term debt. There have been no changes in interest rate risk exposure as compared to the prior year.

(b) Foreign currency risk

The University is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. The University, through its investment management advisors, hedges against foreign exchange risks. There has been no change in the University's hedging policy from 2025.

(c) Market price risk

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

(d) Liquidity risk

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

26. COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.