Consolidated Financial Statements of

ALGOMA UNIVERSITY

And Independent Auditor’s Report thereon

Year ended April 30, 2026

Algoma University
Consolidated Financial Statements
For the year ended April 30, 2026

Algoma University respectfully acknowledges that its three campuses are located on the inherent and treaty lands of First Nations and within traditional lands of Indigenous peoples. For thousands of years, Indigenous peoples inhabited and cared for this land, and continue to do so today.

The Sault Ste. Marie campus is located in an area known as Baawaating on sacred lands set aside for education as envisioned by Chief Shingwauk for our children and for those as yet unborn. Located in Robinson-Huron Treaty territory, this land is the traditional territory of the Anishinaabek, specifically the Garden River and Batchewana First Nations, as well as Métis People. Sault Ste. Marie is also home to several urban Indigenous peoples.

We also acknowledge that:

The Brampton campus is part of the Treaty Lands and Territory of the Mississaugas of the Credit. In particular we acknowledge the territory of the Anishinabeg particularly the, Huron-Wendat, Haudenosaunee and Ojibway/Chippewa peoples; the land that is home to the Métis; and most recently, the territory of the Mississaugas of the Credit First Nation who are direct descendants of the Mississaugas of the Credit.

We also acknowledge that:

The Timmins campus is located on Treaty #9 territory, also known as the James Bay Treaty. It is the traditional territory of the Ojibwe/Chippewa, including the Mattagami First Nation, as well as the Mushkegowuk (Cree), Algonquin, and Métis Peoples.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Algoma University

Opinion

We have audited the consolidated financial statements of Algoma University (the University), which comprise:

- the consolidated statement of financial position as at April 30, 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 University as at April 30, 2026, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

We are independent of the University 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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 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 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 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 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 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

Sault Ste. Marie, Canada

September 29, 2026

ALGOMA UNIVERSITY

Consolidated Statement of Financial Position
Year ended April 30, 2026, with comparative information for 2025

(in thousands of Canadian dollars)	Notes	2026	2025
Assets			
Current assets:			
Cash	2	$ 190,008	$ 207,144
Accounts receivable - fees	3	1,248	13,456
Accounts receivable - other		4,353	8,422
Prepaid expenses and inventory		2,042	7,150
Total current assets		197,651	236,172
Non-current assets:			
Investments	2	10,283	8,739
Employee future benefits	4	1,032	1,001
Capital assets	5	106,960	84,908
Total non-current assets		118,275	94,648
Total assets		$ 315,926	$ 330,820
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued liabilities	7	$ 16,668	$ 17,837
Fees received in advance		16,939	26,111
Deferred government grants, program and campaign revenue		13,694	13,973
Current portion of long-term debt	8	-	3,915
Total current liabilities		47,301	61,836
Non-current liabilities:			
Deferred contributions - capital assets	9	37,834	39,528
Total liabilities		$ 85,135	$ 101,364
Net assets:			
Employee future benefits	4	1,032	1,001
Investment in capital assets	10	69,126	41,465
Internally restricted	11	156,198	182,899
Endowments	12	4,435	4,091
Total net assets		230,791	229,456
Contingent liabilities	13		
Commitments	14		
Total liabilities and net assets		$ 315,926	$ 330,820

The accompanying notes are an integral part of these consolidated financial statements

On behalf of the Board of Governors

Robert Battisti
Robert Battisti (Oct 8, 2026 14:20:31 EDT)
Robert Battisti, Chair

Kate Lamb
Kate Lamb (Oct 9, 2026 12:05:47 EDT)
Kate Lamb, Vice-Chair

ALGOMA UNIVERSITY

Consolidated Statement of Operations

Year ended April 30, 2026, with comparative information for 2025

(in thousands of Canadian dollars)	2026	2025
Revenue:		
Student tuition	$ 98,177	$ 234,539
Government grants for general operations	14,192	10,783
Sales and services	5,718	8,704
Research revenue	1,672	1,298
Donation and investment income	1,367	1,060
Other government grants	55	881
Interest income	4,761	9,456
Miscellaneous income	2,517	3,023
Amortization of deferred capital contributions	2,469	2,068
	130,928	271,812
Expenses:		
Salaries and benefits	61,786	69,120
Program delivery	11,486	45,009
Operating and research	25,643	41,142
Scholarships and bursaries	8,601	31,072
Amortization	6,574	5,656
Advertising and communication	4,140	16,264
Occupancy	12,140	11,759
Interest on long-term debt	52	68
	130,422	220,090
Excess of revenue over expenses from operations	506	51,722
Unrealized investment gain	601	346
Excess of revenue over expenses	$ 1,107	$ 52,068

The accompanying notes are an integral part of these consolidated financial statements

ALGOMA UNIVERSITY

Consolidated Statement of Changes in Net Assets

Year ended April 30, 2026, with comparative information for 2025

(in thousands of Canadian dollars)	Unrestricted	Employee Future Benefits	Invested in Capital Assets	Internally Restricted	Endowments	2026	2025
Balance, beginning of year	$ -	$ 1,001	$ 41,465	$ 182,899	$ 4,091	$ 229,456	$ 174,388
Excess (deficiency) of revenues over expenses	5,035	-	(4,105)	-	177	1,107	52,068
Net change in investment in capital assets	(31,766)	-	31,766	-	-	-	-
Employee future benefit remeasurement	-	61	-	-	-	61	2,895
Net current service change in employee future benefits	30	(30)	-	-	-	-	-
Endowment fund contributions and other adjustments	-	-	-	-	167	167	105
Internal restrictions:							
Transfer from internally restricted net assets	26,701	-	-	(26,701)	-	-	-
Balance, end of year	$ -	$ 1,032	$ 69,126	$ 156,198	$ 4,435	$ 230,791	$ 229,456

The accompanying notes are an integral part of these consolidated financial statements

ALGOMA UNIVERSITY

Consolidated Statement of Cash Flows

Year ended April 30, 2026, with comparative information for 2025

(in thousands of Canadian dollars)	2026	2025
Cash flows from operating activities:		
Excess of revenue over expenses	$ 1,107	$ 52,068
Items not involving cash:		
Amortization of deferred contributions	(2,469)	(2,068)
Amortization of tangible capital assets	6,574	5,656
Net current service change in employee future benefits	30	(115)
Unrealized investment gain	(601)	(346)
Change of control of NORDIK	125	-
	4,766	55,195
Changes in non-cash working capital balances:		
Accounts receivable - fees	12,208	(2,419)
Accounts receivable - other	3,977	(304)
Prepaid expenses and inventory	5,108	(4,518)
Accounts payable and accrued liabilities	(1,091)	(18,824)
Fees received in advance	(9,172)	(88,831)
Deferred government grants program and campaign revenue	445	3,033
	16,241	(56,668)
Cash flow from investing activities		
Purchase of tangible capital assets	(28,665)	(20,289)
Reinvested investment income	(943)	(537)
Net proceeds in endowment net assets	167	105
Sale of investments and accrued interest	-	55,143
	(29,441)	34,422
Cash flow from financing activities		
Cash transferred to NORDIK	(796)	-
Repayment of long-term debt	(3,915)	(329)
Deferred capital contributions received	775	2,544
	(3,936)	2,215
Decrease in cash	(17,136)	(20,031)
Cash, beginning of year	207,144	227,175
Cash, end of year	$ 190,008	$ 207,144

The accompanying notes are an integral part of these consolidated financial statements

Nature of operations

Algoma University (the "University") is a provincially funded university offering educational programs and upgrading to the accessing communities. The University is a registered charity and under the provisions of Section 149 of the Income Tax Act (Canada) is exempt from income taxes.

1. Summary of significant accounting policies:

(a) Basis of accounting:

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

(b) Basis of consolidation:

The consolidated financial statements reflect the assets, liabilities, net assets, revenue, and expenses and other transactions of all the operations and organizations controlled by the University. See note 17.

(c) Prepaid expenses:

Prepaid expenses are expenses paid in advance for services to be rendered in future periods.

(d) Inventory:

Inventory is valued at the lower of cost and net realizable value, with cost being determined on a first-in, first-out basis.

(e) Investments:

Investments are recorded at fair value.

(f) Revenue recognition:

Restricted contributions, including certain government grants, research funding, donations and other externally restricted contributions, are recognized as revenue in the year in which the related expenditures are incurred. Amounts received in advance that relate to future periods or future expenditures are recorded as deferred revenue.

Unrestricted government grants, donations and other contributions are recognized as revenue when received or receivable, provided the amount can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in endowment net assets. Investment income earned on endowment funds is recognized as revenue unless restricted by the donor for addition to endowment principal.

1. Summary of significant accounting policies (continued):

(f) Revenue recognition (continued):

Tuition and ancillary fees are recognized in the academic period to which they relate. Amounts received for courses and programs to be delivered in a subsequent fiscal period are deferred and recognized when the related educational services are provided.

Research revenue is recognized as eligible expenditures are incurred in accordance with the terms and conditions of the related funding agreements.

Sales and services revenue is recognized at point of sale or when services have been provided.

Interest and other investment income are recognized as earned.

Contributions received for the acquisition or construction of tangible capital assets are deferred and recognized as amortization of deferred capital contributions revenue on the same basis and over the same periods as the related assets are amortized.

(g) Endowment funds:

Net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the endowment principal must be maintained permanently. Net investment income earned is available for distribution according to the terms of the endowment.

The University ensures, as part of its fiduciary responsibilities, that all funds with a restricted purpose are expended for the purpose for which they were provided.

(h) Internally restricted net assets:

The University internally restricts the use of portions of its unrestricted net assets for specific future use. Transfers to internally restricted net assets only occur once authorized by the Board of Governors. When expenses are incurred, expenses are charged to the Consolidated Statement of Operations and the balance of internally restricted net assets is reduced accordingly.

(i) Student unions:

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

1. Summary of significant accounting policies (continued):

(j) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Specifically, estimates related to rate of return on assets used in valuing the future pension benefit asset are affected by the uncertainty of predictions concerning future events. Should the underlying assumptions change, the estimated pension benefit asset disclosed in the notes to the consolidated financial statements may change by a material amount. Other items subject to such estimates and assumptions include the carrying amount of capital assets; valuation allowances for accounts receivable; accrued liabilities; and estimated obligations arising from lease commitments. These estimates are reviewed periodically, and, as adjustments become necessary, they are recognized in the financial statements in the year in which they become known.

(k) Tangible capital assets:

Tangible capital assets are recorded at cost. Amortization, based on the estimated useful life of the asset, is provided on a straight-line basis over the following periods:

Asset	Useful Life
Land	No amortization
Buildings	20-40 years
Furniture and equipment	5 years
Library books	5 years
Parking lot	15 years
Computer software system	10-15 years
Leasehold improvements	Per the term of the lease

Construction in progress is capitalized as work is completed. Upon completion of the projects, capitalized construction in progress costs are transferred to the various categories of tangible capital assets and will be amortized when they are put in use on a basis consistent with similar assets. Contributed rare books and other collections are recorded as revenue at fair market value at the date of contribution.

The carrying amount of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount would not be recoverable. An impairment loss is recognized in the consolidated statement of operations when the asset's carrying amount exceeds its fair value.

1. Summary of significant accounting policies (continued):

(l) Employee future benefits:

The University maintains a defined benefit plan covering the faculty and management staff employed by the University up to 2006. Contributions to the pension plan are made in accordance with the Pension Commission of Ontario actuarial requirements. The University accounts for its employee benefit plans using the immediate recognition approach. The University recognizes the amount of the accrued benefit obligations, net of the fair value of plan assets at year end, adjusted for any valuation allowances. Current service and finance costs are expensed during the year. Remeasurements and other items related to actuarial gains and losses and differences between actual and expected returns on plan assets and past service costs are recognized as a direct increase or decrease in net assets. The accrued benefit obligations for employee benefit plans are determined based on actuarial valuation reports prepared for funding purposes. These reports are required to be prepared at least on a triennial basis. In years where actuarial valuations are not prepared, the University uses a roll-forward technique to estimate the accrued liability using assumptions from the most recent actuarial valuation reports. Subsequent to 2006, faculty, management and staff are eligible to participate in a defined contribution group retirement savings plan.

(m) Financial instruments:

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value with any unrealized gains and losses reported in operations. In addition, all balanced funds are classified in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each consolidated statement of financial position date and charged to the financial instrument for those measured at amortized cost. Freestanding derivative instruments that are not in a qualifying hedging relationship that are quoted in an active market are subsequently measured at fair value.

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 amounts 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 carrying value.

2. Cash and investments:

The University's cash and investments include amounts restricted for specific purposes that are not available to be spent at the University's discretion. Cash and investments consist of operating accounts and pooled investment funds. The cost balance of the pooled investment fund at April 30, 2026 was $9,276 (2025 - $8,333).

Interest income earned on cash and guaranteed investment certificates for the year ended April 30, 2026 was $4,761 (2025 - $9,456) and is included in interest income on the statement of operations.

3. Accounts receivable fees:

		2026		2025
Student accounts receivable	$	14,123	$	20,259
Allowance for doubtful accounts		(12,875)		(6,803)
	$	1,248	$	13,456

4. Employee future benefits:

Defined benefit pension plan:

The University maintains a defined benefit plan covering faculty hired prior to 2006. Actuarial reports, which were based on projections of employee's compensation levels to the time of retirement, indicate the net assets available to provide for benefits, and the present value of accrued pension benefits at April 30 are as follows:

		2026		2025
Fair value of plan assets	$	38,600	$	33,835
Accrued benefit obligation		(29,502)		(29,353)
Valuation allowance		(8,066)		(3,481)
Accrued benefit asset	$	1,032	$	1,001

The most recent actuarial valuation for post-employment benefits was performed as at July 1, 2024. The next valuation is set for July 1, 2027.

4. Employee future benefits (continued):

Defined benefit pension plan (continued):

In accordance with CPA Canada Handbook Part III Section 3463, the accrued benefit asset is limited to the present value of the economic benefit available from surplus. As of April 30, 2026, the Plan is in a surplus position. Since surplus refunds are generally not permitted for Ontario-registered plans without regulatory approval, and administration expenses are implicitly accounted for in the discount rate, the limit has been determined as the present value of future service costs.

Given the Plan is closed, future service costs were estimated based on current employee contributions and expected average future working lifetime for the active members. A valuation allowance of $8,066 has been recorded to reduce the accrued benefit asset to this limit. Changes in the valuation allowance are recognized in the remeasurement balance on the consolidated statement of changes in net assets.

The pension expense amounts totaled $233 (2025 - $376) and is included in salaries and benefits on the consolidated statement of operations. Employer contributions paid and payable during the year were $203 (2025 - $491).

The discount rate used is 5.50% (2025 - 4.40%), the estimated rate of salary increases used is 2.50% (2025 - 2.50%) and the estimated rate of return on assets used is 5.50% (2025 - 5.50%).

Group retirement savings plan:

Employees hired subsequent to 2006 are eligible to participate in a defined contribution group retirement savings plan. Employer contributions totaled $2,268 for 2026 (2025 - $2,264) and were fully expensed and are included in salaries and benefits on the consolidated statement of operations.

5. Tangible capital assets:

2026	Cost	Accumulated amortization	Net book value
Land	$ 2,583	$ –	$ 2,583
Buildings	87,923	34,376	53,547
Leasehold improvements	18,206	6,817	11,389
Furniture and equipment	14,019	11,403	2,616
Computer software system	8,169	4,650	3,519
Parking lot	2,129	2,129	–
Library books	645	645	–
Construction-in-progress	33,306	–	33,306
	$ 166,980	$ 60,020	$ 106,960

2025	Cost	Accumulated amortization	Net book value
Land	$ 1,719	$ –	$ 1,719
Buildings	74,801	31,460	43,341
Leasehold improvements	16,815	4,996	11,819
Furniture and equipment	13,152	10,435	2,717
Computer software system	8,169	3,808	4,361
Parking lot	2,129	2,129	–
Library books	645	645	–
Construction-in-progress	20,951	–	20,951
	$ 138,381	$ 53,473	$ 84,908

6. Line of credit:

The University has an operating line of credit due on demand in the amount of $2,000 (2025 - $2,000). The facility bears interest at the bank's prime lending rate minus 0.5% with advances made in multiples of $25. As at April 30, 2026, $2,000 (2025 - $2,000) was available to the University.

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are the following government remittances of $Nil (2025 - $20) which include amounts payable for payroll related liabilities.

8. Long-term debt:

	2026	2025
TD Bank George Leach Centre loan, repayable $12,089 monthly including interest at 1.40%, secured by a general security agreement, matured November 2025	$ –	$ 1,426
TD Bank Bioscience and Technology Convergence Centre loan, repayable $20,964 monthly including interest at 1.82%, secured by a general security agreement, matured March 2026	–	2,489
		3,915
Less: current portion	–	(3,915)
	$ –	$ –

Interest on long-term debt during the year amounted to $52 (2025 - $68).

9. Deferred contributions related to tangible capital assets:

Deferred contributions related to tangible capital assets relate to grants received for purchase or construction of tangible capital assets and are amortized over the life of the tangible capital assets. The changes in deferred contributions are as follows:

	2026	2025
Balance, beginning of year	$ 39,528	$ 39,052
Contributions	775	2,544
Amounts recorded as revenue during the year	(2,469)	(2,068)
Balance, end of year	$ 37,834	$ 39,528

10. Investment in capital assets:

	2026	2025
Capital assets	$ 106,960	$ 84,908
Long-term debt	–	(3,915)
Deferred capital contributions	(37,834)	(39,528)
	$ 69,126	$ 41,465

11. Net assets internally restricted:

The following balances represent net assets set aside by the Board of Governors for the specific purpose of:

	2026	2025
Operating	$ 22,976	$ 30,333
Academic strategic initiatives fund	8,018	10,369
Calls to action (reconciliation)	3,253	4,000
Future research initiatives	5,000	5,000
Future capital projects	113,827	130,351
Tuition set aside	544	500
Advancement	2,274	1,915
Nordik Institute (note 17)	–	125
Anishinaabe Peoples' Council operating	133	133
Anishinaabe Peoples' Council capital	173	173
	$ 156,198	$ 182,899

12. Endowments:

Endowments consist of externally restricted donations received by the University. The endowment principal is required to be maintained intact. The investment income generated from 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. The market value of the investment portfolio for endowed funds included in the total investments disclosed in Note 2 is equal to $4,435 (2025 - $4,091).

12. Endowments (continued):

Ontario Student Opportunity Trust Fund and Ontario Trust for Student Support:

The Government of Ontario established the Ontario Student Opportunity Trust Fund ("OSOTF") and the Ontario Trust for Student Support ("OTSS") programs to encourage individuals and companies to contribute funds to support post-secondary students. The University established three funds – OSOTF - Phase 1 in fiscal 1997; OSOTF - Phase 2 in fiscal 2004; and OTSS in fiscal 2005. Eligible donations were equally matched by the Province. Investment income earned on these funds is used to finance awards to qualified students in need of financial aid.

OSOTF – Phase 1		2026		2025
Endowment balance	$	444	$	444
Expendable balance, beginning of year	$	246	$	202
Investment income		118		70
Bursaries awarded (2026 - 17 bursaries; 2025 - 24 bursaries)		(25)		(26)
Expendable balance, end of year	$	339	$	246

OSOTF – Phase 2		2026		2025
Endowment balance	$	492	$	492
Expendable balance, beginning of year	$	280	$	223
Investment income		133		78
Bursaries awarded (2026 - 12 bursaries; 2025 - 28 bursaries)		(17)		(21)
Expendable balance, end of year	$	396	$	280

OTSS		2026		2025
Endowment balance	$	1,737	$	1,737
Expendable balance, beginning of year	$	973	$	765
Investment income		463		277
Bursaries awarded (2026 - 49 bursaries; 2025 - 97 bursaries)		(65)		(69)
Expendable balance, end of year	$	1,371	$	973

13. Contingent liabilities:

The University is a member of the Canadian Universities Reciprocal Insurance Exchange ("CURIE"). CURIE insures general liability, university property and errors and omissions. Annual premiums paid by the University are determined by the CURIE Board, on the advice of the actuary. There is a provision under the agreement for assessments to all member universities if these premiums are not sufficient to cover losses. As of December 31, 2025, the date of the latest financial statements available, CURIE had a surplus of $10,666 (2024 - $28,397). Additional insurance for automotives, artwork, miscellaneous property, cyber-attacks and major construction projects is purchased through commercial insurers to provide coverage for losses not insured by CURIE.

The University is involved with pending litigation and claims which arise in the normal course of operations. In the opinion of the administration, a liability that may arise from such contingencies would not have a significant adverse effect on the financial statements of the University.

14. Commitments:

The following are the future minimum annual lease payments for campus buildings and vehicles due over the next five years:

Year		Amount
2027	$	7,825
2028		7,853
2029		6,629
2030		8,952
2031		11,584
Total	$	42,843

The University has signed a 35-year lease for a residence building to be built in Brampton, Ontario. The lease will commence upon delivery of the property, which is expected to be on or before September 1, 2029. The annual gross rent cannot be estimated at this time.

15. Financial risks:

The University's management monitors, evaluates and manages the principal risks assumed with financial instruments on a daily basis. The risks that arise from transacting financial instruments include liquidity risk, credit and concentration of credit risk.

(a) Liquidity risk:

Liquidity risk arises from the University's management of accounts payable, long-term debt and other current liabilities. It is the risk that the University will encounter difficulty in meeting its financial obligations as they fall due. The University's policy to minimize this risk is to ensure a restricted operating reserve is maintained and an adequate line of credit exists for the University. The University manages its liquidity risk by monitoring its operating requirements. The University prepares a budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Recent changes to federal immigration and international student policies may adversely affect the University's financial position. Management continues to monitor these developments and assess their impact on liquidity requirements.

(b) Credit and concentration of credit risk:

Credit risk is the risk of financial loss to the University if a member or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the University’s accounts receivable and investments. The University mitigates its potential credit risk from accounts receivable through credit evaluation, approval and monitoring processes. Furthermore, it evaluates the collectability of accounts receivable and records an allowance for doubtful accounts, which reduces the receivables to the amount the University reasonably believes will be collected. Management regularly reviews the accounts receivable balance and initiates collection efforts to reduce the University’s exposure and believes that these measures are appropriate to mitigate the increased credit risk exposure.

Credit risk with respect to investments is managed through the University’s investment policies.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The University is exposed to interest rate risk on amounts drawn under its revolving credit facilities. At April 30, 2026, there were no amounts drawn under these facilities.

There have been no significant changes to the interest rate risk exposure from 2025.

15. Financial risks (continued):

(d) Market volatility risk:

Market volatility risk arises from the University's investment portfolio, which contains various pooled funds. It is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of general economic and other market factors affecting equity prices.

The University manages this risk through investment policies.

There have been no significant changes to the market volatility risk exposure from 2025.

16. Related party transactions:

The University has an economic interest in its student unions as it collects student fees on their behalf. Transactions with these related parties, unless disclosed otherwise, are considered to be in the normal course of operations and are recorded at their exchange amounts, which is the amount of consideration established and agreed to between the University and the related parties. On April 30, 2026, the University held $178 (2025 - $1,486) in student fees related to the student unions' operations and $8,111 (2025 - $7,130) in student fees related to capital investment as directed by the student unions.

17. Change in reporting of Northern Ontario Research, Development, Ideas and Knowledge Institute:

The prior year consolidated financial statements reflected the assets, liabilities and the results of the Northern Ontario Research, Development, Ideas and Knowledge Institute (NORDIK) as it is a controlled entity. The University reassessed its relationship with NORDIK and concluded that it no longer controls the entity, effective May 1, 2025. This conclusion was based on changes in the characteristics of its relationship with NORDIK, including governance rights, economic interest and the integration of NORDIK's purpose with that of the University. Accordingly, NORDIK has not been consolidated in the University's 2026 financial statements. The University continues to maintain a collaborative relationship with NORDIK in support of research and community engagement initiatives.

The carrying value of NORDIK's net assets were removed from the University's consolidated financial statements upon the loss of control. As a result of the loss on control, $125 was recognized as an expense in the statement of operations and is included in operating and research expenses.