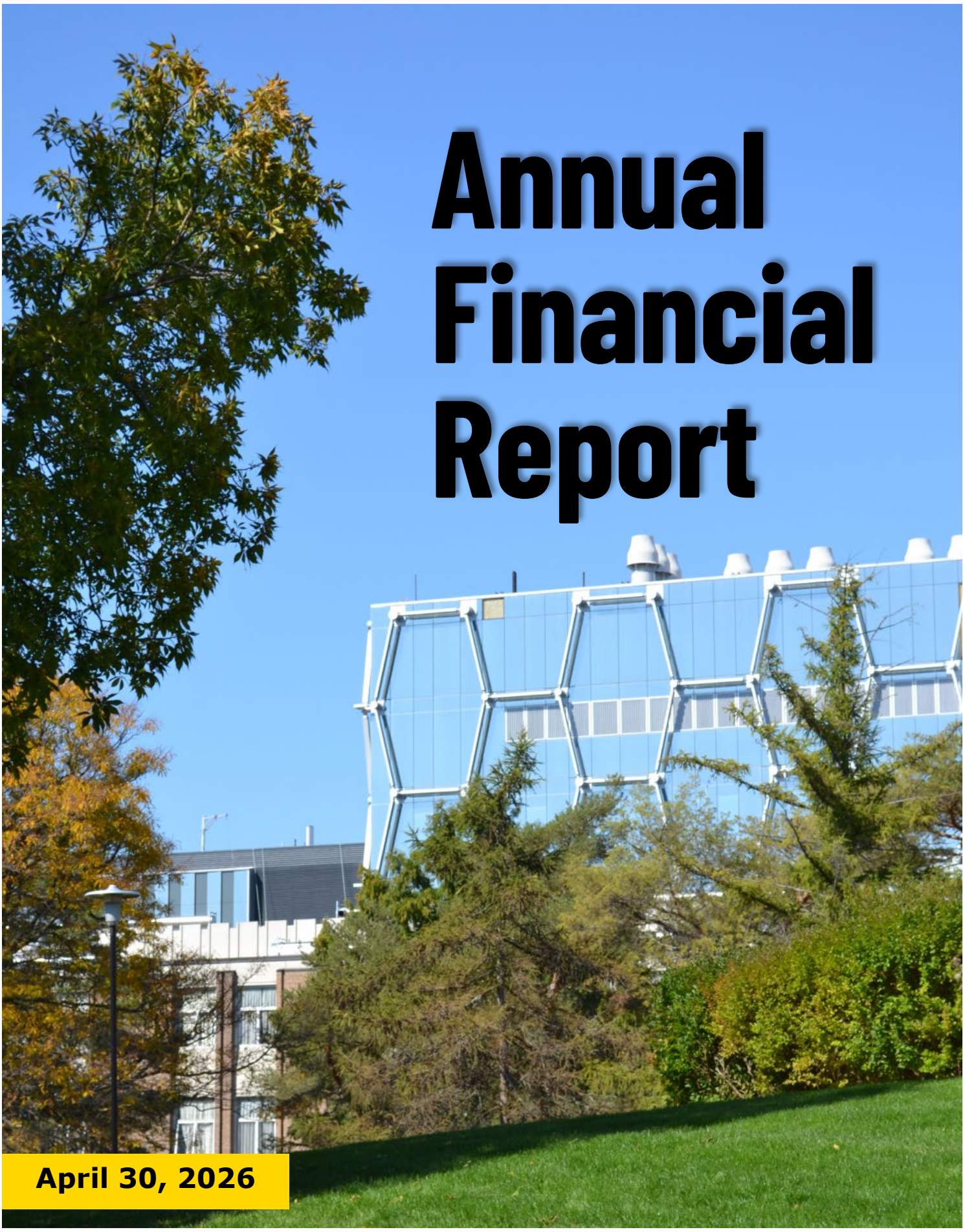


Annual Financial Report

April 30, 2026

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Statement of Management Responsibility

Management of the University of Waterloo (the "University") is responsible for the preparation of the financial statements, the notes thereto and all other financial information contained in this annual report.

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations as established by the Canadian Accounting Standards Board. Management believes the financial statements present fairly the University's financial position as at April 30, 2026 and the results of its operations and its cash flows for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has developed and maintains a system of internal control designed to provide reasonable assurance that University assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements.

The Board of Governors (the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit & Risk Committee (the "Committee").

The Committee is appointed by the Board and its members are not officers or employees of the University. The Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy itself that each party is properly discharging its responsibilities and to review the annual report, the financial statements and the external auditor's report. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance. The Committee also considers, for approval by the Board, the engagement or reappointment of the external auditors.

Financial statements for the year ended April 30, 2026 have been audited by KPMG LLP. The independent auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

UNIVERSITY OF WATERLOO

Financial Statement Commentary

Year Ended April 30, 2026

(millions of dollars)

Executive Summary and Highlights

- The University continues to operate in a complex and evolving environment.
    - In February 2026, the Ontario government announced support for the University sector with a new funding model and an updated tuition framework. The financial impacts of this funding announcement are included in the University's operating budget for its next fiscal year ending April 30, 2027 and did not affect the financial results of the year ended April 30, 2026.
    - The cost of delivering University programs and services continues to rise. Continued uncertainty remains around international student enrolment due to the geopolitical and economic environment and changing regulatory requirements.
    - The Ontario government funding support is welcome and meaningful and supports the University in its continuing work to achieve a balanced budget and long-term financial sustainability. In annual operating budget planning, the University works to match inflationary expense increases with revenue increases, or, as required, expense reductions.
- The audited financial statements and the following commentary reflect historical financial results and do not include information regarding current year to date or potential future financial performance.
- The audited financial statements present the total assets, liabilities, net assets, revenue and expenses for all University operations, which includes those related to funding sources that have external restrictions on how they can be used, such as research grants and donations directed to specific purposes (see Overview and Context section below for further information).
- The operating fund net results were a small surplus, which was more favourable than the operating budget deficit.
    - Academic fees, while higher than budget, were $30m lower than the previous year due to lower international student enrolment.
    - To reduce expenses and to manage expense escalation, the University is using hiring constraints. The University achieved a 2.2% reduction in total salaries and benefits expense as hiring constraints led to reductions in full-time and contract staffing levels.
    - Revenues and expenses were each more favourable than budget, demonstrating the University's continued focus on financial sustainability and disciplined expense management.
- The University had an overall excess of revenues over expenses of $92.7m for the year ended April 30, 2026.
    - 85.3% of this surplus can only be spent on restricted purposes and it was attributable to two sources:

        - $57.5m in the endowment fund due to strong investment returns. Earnings from the endowment fund must be spent on the restricted purposes as agreed to in donor agreements.
        - $21.6m from a non-recurring gain on the sale of a parcel of land to the Waterloo Region Health Network to be used for the development of a new hospital. The proceeds from the sale of land are restricted for the future repurchase of the land if required, and the earnings on these funds are also restricted (see Financial Results for Year Ended April 30, 2026 section below for further information).
    - 9.5% ($8.8m) of this surplus relates to the ancillary enterprises and is funding capital renewal projects including a new residence building.
- The University continues to prioritize student financial support and provided more than $145m in scholarships and bursaries.

Overview and Context

This commentary has been prepared for readers of the University of Waterloo's audited financial statements for the year ended April 30, 2026. It provides additional information to enhance understanding of the financial statements and support transparency.

The financial statements of the University reflect the total assets, liabilities, net assets, revenue and expenses for all University operations and include the following activities:

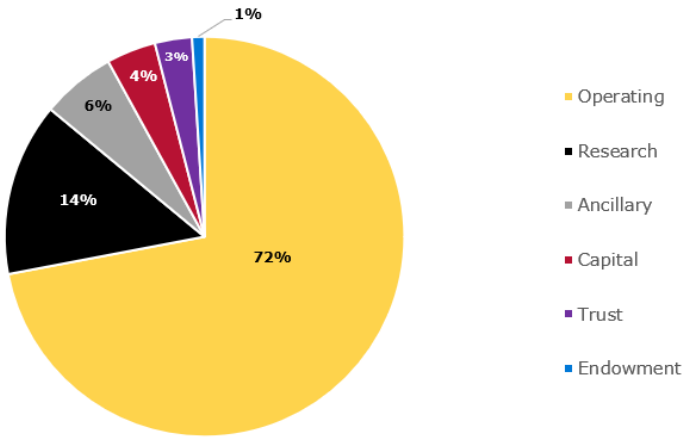
- Academic and related supporting activities that are funded by academic fees, provincial operating grants and other general revenues; the University annual operating budget relates to these activities.
- Activities that are funded by restricted purpose funds such as research grants, expendable donations, and endowment investment income made available for spending.
- Activities of the ancillary services to support campus customers, which include Campus Housing, Food Services, Print and Retail Solutions and Sustainable Transportation.

University revenues and expenses are segregated and managed in designated funds in accordance with their source and purpose:

- Operating: Includes revenues and expenses for the core operations of the University.
- Research: Restricted fund to manage grant and contract revenue received for research activities (externally restricted).
- Ancillary: Revenues of these operations cover their operating expenses and capital investments.
- Capital: Funding and expenses for major construction and renovation projects (externally restricted and internally designated).
- Trust and Endowment: Restricted funds to support scholarships, Chairs, student activities or other activities (externally restricted).

Figure 1: University Expenses by Fund for the Year Ended April 30, 2026

The following chart presents the relative proportions of University expenses by fund for the year ended April 30, 2026. This distribution remains largely unchanged from the previous year.



Financial Results for Year Ended April 30, 2026

The Statement of Financial Position represents the financial position of the University as at the year end date, April 30, 2026. It demonstrates that the University has sufficient assets available to cover its financial obligations. Changes in the Statement of Financial Position include the addition of a mortgage receivable within long-term assets related to the sale of land, and a construction loan within liabilities to support construction of a new residence building.

The University has recognized an employee future benefit asset associated with the Registered Pension Plan ("Plan"). Recognition of this asset follows the calculation prescribed in the accounting standards established by the Canadian Accounting Standards Board. The Plan actuary completed the calculation required by the accounting standards. This asset ($295.1m) represents the fair value of Plan assets that exceeds the accrued benefit obligation as at April 30, 2026, also referred to as the Plan's going concern surplus. The corresponding increase in net assets is classified as restricted net assets, as it relates to assets held within the Plan. The going concern position of the Plan is subject to significant year-to-year variability based on factors such as the market value of pension investments, changes in economic conditions and plan experience. The going concern surplus of the Plan has increased significantly over the prior year in large part due to strong growth in the market value of the Plan's investments.

The University has also reported an employee future benefit liability related to its other benefits plans, with most of the $231.6m liability for a post-retirement health benefits plan.

The University continues to have significant one-time resources available, with the majority of these resources committed to research and student support or designated for capital projects, strategic initiatives and risk mitigation, in alignment with any applicable external restrictions (see also the section on Financial Resources on Hand for further details).

The Statement of Operations summarizes the University's revenue and expenses for all funds for the reporting period. The University reported an overall excess of revenues over expenses (i.e., an in-year

surplus) of $92.7m in the year ended April 30, 2026. This surplus has increased compared to prior year, despite ongoing constraints on revenues and inflationary pressures on expenses. The main components of this in-year surplus are as follows (see also Figure 4: Results by Fund for the Year Ended April 30, 2026):

- $57.5m in the endowment fund due to strong endowment investment returns. Earnings from the endowment fund must be spent on the restricted purposes (e.g., to support Chairs, professorships or provide student financial support) as agreed to in donor agreements.
- $21.6m non-recurring gain recognized on the sale of land to the Waterloo Regional Health Network for the future site of a new Waterloo Region hospital; related proceeds and returns on proceeds are restricted. The Board of Governors approved the restriction of proceeds from the sale of land for the future repurchase of the land if required. It further approved that the returns earned on these funds are directed to supporting capital projects and strategic initiatives related to health partnerships, research opportunities, and related investments in the Research + Technology Park. The proximity of the future hospital will support opportunities for research collaboration and student employment.
- $8.8m from ancillary enterprises which is being invested in related capital renewal projects including the new residence building.

Overall academic fees declined by 5.1% when compared to the prior year, with the main contributing factor being reduced international student enrolment. Undergraduate student tuition revenue accounts for 77.0% of the academic fees reported with graduate student tuition being 14.2%, and co-op fees, student services fees and other fees contributing the remaining 8.8% of academic fee revenue.

The University received $271.2m in grants and contracts revenue from the Ministry of Colleges, Universities, Research Excellence and Security (MCURES) to support operating activities. Another $228.1m in grants and contracts revenue has been contributed to the University and spent for specific purposes such as research projects and capital construction.

Sales and services include $97.3m of revenue collected for housing fees, food services and other ancillary services and $61.0m for various university operating activities such as lab analysis, application fee processing, non-credit courses, rental revenue, and math contests.

Investment income continues to be a meaningful revenue source that supports the University’s core missions of teaching and research. Investment income recognized includes both realized income and some unrealized gains; the unrealized gains related to externally restricted endowments are not yet recognized in revenues.

As a people-centric organization, the University’s largest area of expenditure is salaries and benefits, representing 65.0% of expenses across all funds and 78.0% of expenses within the operating fund. Total salaries and benefits expense of $850.6m includes compensation for active employees ($843.4m) and amounts for compensated absences ($7.2m). Compensated absences include salaries and benefits and lump-sum payments to terminated employees, including involuntary separations and participation of eligible employees in a voluntary retirement program. Compared to the prior year, total salaries and benefits expense decreased by $19.4m (2.2%), driven by reductions in full-time and contract staffing levels and lower compensated absences payments. These decreases were partially offset by annual salary increases and increased benefits costs. The University continues to actively manage its workforce size through hiring constraints, enhanced workforce planning, and careful alignment of staffing with academic and operational priorities to support a balanced budget and long-term financial sustainability.

The University continues to invest in students. Student support, in the form of scholarships and bursaries, is 11.1% of the total expenses, with approximately half of the scholarships and bursaries awarded funded with operating funds and half with externally restricted funds.

Figure 2: University Revenue Source as a Percentage of Total Revenues for the Year Ended April 30, 2026

The following chart presents the relative distributions of the University's principal revenue sources for the year ended April 30, 2026. Compared with the prior year, academic revenues decreased from 44% to 41% of total revenues, primarily due to lower international student enrolment and due to increases in the amounts of all other revenue categories. Grants and contracts revenue rose from 35% to 36%, largely attributable to operating grant updates.

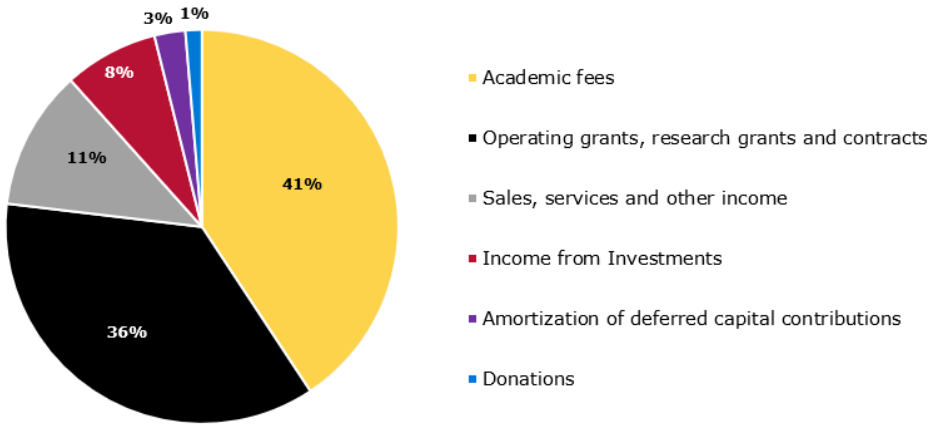
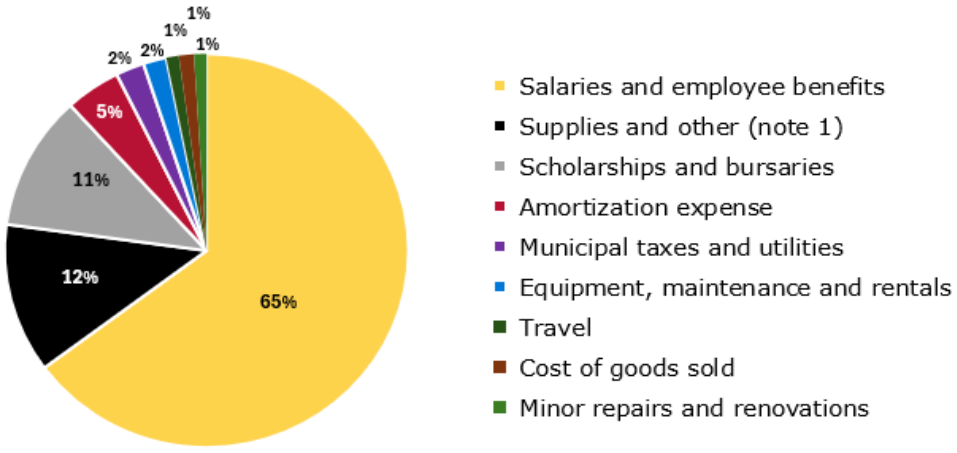


Figure 3: Expenses for the Year Ended April 30, 2026

The following chart illustrates the proportional composition of the University's major categories of expenses for the year ended April 30, 2026. The composition of expenses by type is consistent with the previous year.



Note 1: Supplies and Other includes enterprise software, consulting, contracted services, library acquisitions and other miscellaneous expenses.

Figure 4: Results by Fund for the Year Ended April 30, 2026

The following table provides revenues and expenses by fund for the year ended April 30, 2026 (in millions of dollars):

	Operating	Capital	Research	Ancillaries	Trust	Endowment	Total
Revenues	954.7	37.3	186.5	97.4	33.2	70.9	1,380.0
Expenses	950.8	49.8	185.9	75.8	33.2	13.4	1,308.9
Surplus (Deficit) before gain on sale of land and transfers to capital for construction projects [1]	3.9	(12.5)	0.6	21.6	-	57.5	71.1
Gain on sale of land	21.6	-	-	-	-	-	21.6
Transfers to capital for construction projects [2]	(20.7)	34.1	(0.6)	(12.8)	-	-	-
Net Results by Fund	4.8	21.6	-	8.8	-	57.5	92.7

Note 1:

- Operating: There was a surplus in the operating fund resulting from operational activities. Operating fund revenues and expenses include cost recovery activities not reflected in the operating budget including indirect costs of research and other unit managed activities. See section below titled Budget to Actual – Operating Fund for information on operating fund results compared to budget.
- Capital: The deficit before transfers for construction projects relates to the amortization of capital assets purchased with unrestricted funds net of funding transferred for capital assets purchased in the normal course of operations with unrestricted funds in the current year.
- Research: Research revenue is recognized when the corresponding expenses are incurred, which results in no financial impact to the overall revenues over expenses.
- Ancillaries: There was a surplus across all ancillary enterprises resulting from in-year operational activities. Surpluses are retained by the ancillary enterprise to fund capital investments.
- Trust: Trust revenue is recognized when the corresponding expenses are incurred, which results in no financial impact to the overall revenues over expenses.
- Endowment: The excess relates to unrealized and realized investment income recognized in excess of spending.

Note 2:

- Transfers to capital for construction projects include transfers of restricted and non-restricted funds to fund capital construction projects such as the new residence building and Math4.
- The 2026/27 Budget Report includes a Capital Projects Report that provides further information on major capital projects.

Budget to Actual – Operating Fund

The annual operating budget represents the University's estimated operating revenues and the budget for expenses supported by those revenues.

For the year ended April 30, 2026, the actual results in the operating fund were more favourable than in the operating budget by $32.5m, reflecting revenues that were $19.3m higher than budgeted and expenses that were $13.2m lower than budgeted.

Operating revenues include provincial operating grants, academic fees, student incidental fees, and investment income earned on expendable funds. These revenue sources support the University's core operating activities.

Operating expenses include salaries and benefits, student support, facilities-related operating costs, other non-salary expenditures, and strategic initiative funding.

In addition to the resources provided through the annual operating budget, the University has one-time operating funds on hand. These funds have been set aside over time to support significant projects and strategic investments, and to mitigate financial risks (see also the section on Financial Resources on Hand for further details).

Figure 5: Comparison of Operating Fund Budget to Actual

The following table compares the structural operating budget deficit in the approved operating budget for the year ended April 30, 2026 to the actual results of the operating fund for the year ended April 30, 2026, (in millions of dollars).

2025/26 Operating budget structural deficit	**(33.7)**
Variances from budget:	
Revenue higher than budget[1]	19.3
Expenses lower than budget[2]	13.2
Items not included in the budget:	
Gain on sale of land	21.6
Capital construction project costs funded with one-time carryforward funds	(18.0)
Accounting standard reporting differences[3]	2.4
2025/26 Operating fund net results	**4.8**

Note 1: Revenue higher than budget: Operating fund actual revenue over budget is comprised of the following categories of revenue: tuition fees $8.3m, interest income $6.0m and other revenues $5.0m.

Note 2: Expenses below budget: Operating fund actual expenses were below budget due to progress on multi-year cost-reduction activities across the University, with a limited hiring program leading to headcount reductions. Some of the expense reductions resulted from temporary measures such as deferring purchases.

Note 3: Relates mainly to unrealized gains on investments, which are recorded in the financial statements, but are not available for budget allocation until realized.

Financial Resources on Hand

Operating Fund - Financial Resources on Hand

One-time resources on hand at April 30, 2026 include $501.9m of internally restricted net assets related to the operating fund. These resources are included in cash, investments and internally restricted net assets on the University's balance sheet. Plans for one-time funds are reviewed and confirmed annually by the Vice-President, Academic & Provost, with $173.3m (35%) of the one-time funds approved for management within Faculties. One-time operating funds used in the year ended April 30, 2026 funded major capital projects and operating and strategic priorities. Funds committed to capital projects and systems infrastructure, to support research, and risk and transition funds continue to be the main designations of these funds as detailed in note 12 to the financial statements.

Restricted Funds - Financial Resources on Hand

There are additional resources available for future spending which have external restrictions on their use. These resources are included in cash, investments and deferred contributions on the University's balance sheet. At April 30, 2026, the University had $147m on hand that will be spent on future research activities in line with the terms of agreements with external grant funders. At April 30, 2026, there was $256m in trust that has been contributed for specific purposes, including a significant amount to support the operations of the Institute of Quantum Computing, and a meaningful amount to support students through scholarships and bursaries. There is a further $35m available for spending related to specific endowments that has been earned on the endowment investments.

MCURES Financial Accountability Framework Preliminary Results

Since the year ended April 30, 2023, the Ontario Ministry of Colleges, Universities, Research Excellence and Security (MCURES) has been monitoring the financial health of Ontario universities under the University Financial Accountability Framework. Metrics based on a university's financial statements are assessed to determine one of four possible action outcomes for the institution. The financial metrics consider liquidity (resources available for short term needs), sustainability (related to debt and the ability to meet long-term obligations) and performance (related to consolidated surplus/deficit and the ability to generate positive cash flow).

The University had a Low Action outcome in the previous year and was required to provide MCURES with an explanation of the cause and steps to be taken to restore metrics and improve financial health. It is anticipated that the University will have a No Action outcome under this framework for the year ended April 30, 2026.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of University of Waterloo

Opinion

We have audited the financial statements of University of Waterloo (the Entity), which comprise:

- the statement of financial position as at April 30, 2026
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the 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 financial position of the Entity as at April 30, 2026, and its results of operations and its 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.

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.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in "Annual Financial Report".

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the "Annual Financial Report" as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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.



Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

November 3, 2026

Statement of Financial Position

as at April 30, 2026

(with comparative figures as at April 30, 2025)
(thousands of dollars)

	2026	2025
ASSETS		
Current		
Cash and cash equivalents	$ 519,250	$ 571,868
Short-term investments at fair value (note 3)	182,491	165,440
Accounts receivable	42,572	46,416
Inventories	1,711	1,519
Prepaid expenses	35,878	37,724
Total current assets	781,902	822,967
Investments at fair value (note 3)	1,093,436	979,370
Employee future benefits (note 9)	295,122	—
Mortgage receivable (note 4)	19,905	—
Capital assets, net (note 5)	1,067,617	989,346
	$ 3,257,982	$ 2,791,683
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities (note 6)	119,824	109,366
Unearned revenue	99,785	107,916
Construction loan payable (note 7)	5,500	—
Deferred contributions (note 8)	419,404	392,599
Total current liabilities	644,513	609,881
Employee future benefits (note 9)	231,609	243,864
Deferred capital contributions (note 10)	479,444	477,702
	$ 1,355,566	$ 1,331,447
NET ASSETS		
Unrestricted surplus (note 11)	20,087	18,569
Internally restricted (note 12)	1,250,528	876,205
Endowments (note 13)	631,801	565,462
	1,902,416	1,460,236
	$ 3,257,982	$ 2,791,683

Commitments and contingencies (note 15)

(See accompanying notes to the financial statements)

On behalf of the Board of Governors:

Murray Gamble	William Rosehart
Chair	President

Statement of Operations

For the year ended April 30, 2026

(with comparative figures for the year ended April 30, 2025)
(thousands of dollars)

	2026	2025
REVENUES		
Academic fees	$ 561,603	$ 591,512
Donations	18,606	17,579
Grants and contracts	499,321	473,759
Sales, services and other revenues	158,310	147,554
Investment income (note 3)	107,010	91,965
Amortization of deferred capital contributions (note 10)	35,102	28,607
	1,379,952	1,350,976
EXPENSES		
Salaries and employee benefits (note 9)	850,625	870,008
Cost of goods sold	15,808	15,854
Supplies and other	161,171	157,141
Travel	18,724	20,500
Minor repairs and renovations	4,688	9,927
Equipment, maintenance and rentals	24,321	23,792
Scholarships and bursaries	145,357	151,284
Municipal taxes and utilities	29,905	28,956
Amortization of capital assets	58,280	51,141
	1,308,879	1,328,603
Excess of revenues over expenses, before gain on sale of land	71,073	22,373
Gain on sale of land (note 4)	21,623	—
Excess of revenues over expenses	$ 92,696	$ 22,373

(See accompanying notes to the financial statements)

Statement of Changes in Net Assets

For the year ended April 30, 2026

(with comparative figures as at April 30, 2025)
(thousands of dollars)

	Unrestricted Surplus	Internally Restricted	Endowments	2026	2025
Net assets, beginning of year	$ 18,569	$ 876,205	$ 565,462	$ 1,460,236	$ 1,389,964
Excess of revenues over expenses	92,696	—	—	92,696	22,373
Change in net assets internally restricted (note 12)	(374,323)	374,323	—	—	—
Change in unrealized gain on investments held for donor endowments (note 13)	—	—	31,989	31,989	18,219
Employee future benefit remeasurements (note 9)	306,711	—	—	306,711	18,298
Internally endowed contributions (note 13)	(23,566)	—	23,566	—	—
Endowment contributions (note 13)	—	—	10,784	10,784	11,382
Net assets, end of year	$ 20,087	$ 1,250,528	$ 631,801	$ 1,902,416	$ 1,460,236

(See accompanying notes to the financial statements)

Statement of Cash Flows

For the year ended April 30, 2026

(with comparative figures as at April 30, 2025)
(thousands of dollars)

	2026	2025
OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 92,696	$ 22,373
Add (deduct) non-cash items:		
Change in unrealized gain on internally endowed investments (note 12)	(23,878)	(10,619)
Change in unrealized gain on unrestricted investments	(1,214)	(10,424)
Amortization of capital assets	58,280	51,141
Amortization of deferred capital contributions (note 10)	(35,102)	(28,607)
(Gain) Loss on sale of capital assets (note 4)	(21,620)	120
Interest on mortgage receivable (note 4)	(176)	—
Employee future benefits expense (note 9)	77,167	75,994
Employee future benefits contributions	(77,835)	(81,986)
Net change in non-cash balances (note 17)	(2,541)	(24,011)
Cash (used) provided by operating activities	65,777	(6,019)
FINANCING ACTIVITIES		
Proceeds of construction loan (note 7)	5,500	—
Contributions for capital asset purchases (note 10)	36,844	69,347
Endowment contributions (note 13)	10,784	11,382
Cash provided by financing activities	53,128	80,729
INVESTING ACTIVITIES		
Purchases of capital assets (notes 5 and 17)	(106,241)	(114,288)
Proceeds from sale of land (note 4)	2,000	—
Purchases of investments	(355,983)	(157,930)
Proceeds from sales of investments	288,701	152,368
Cash used in investing activities	(171,523)	(119,850)
Net change in cash and cash equivalents during the year	(52,618)	(45,140)
Cash and cash equivalents, beginning of year	571,868	617,008
Cash and cash equivalents, end of year	$ 519,250	$ 571,868

(See accompanying notes to the financial statements)

Notes to the Financial Statements

April 30, 2026

(thousands of dollars)

1. Description

University of Waterloo (the "University") was incorporated in 1959 under the terms and provisions of the University of Waterloo Act. A new University of Waterloo Act was passed in 1972, which provided that the University continues as the corporation that was established in 1959.

The objectives of the University are the pursuit of learning through scholarship, teaching and research within a spirit of free enquiry and expression. The University is a degree-granting and research organization offering undergraduate and graduate programs. The University is also a registered charity under Section 149 of the Income Tax Act and, as such, is exempt from income taxes.

These financial statements reflect the assets, liabilities, net assets, revenue and expenses of all of the operations of the University. Included are the academic, administrative and other operating expenses funded by academic fees, grants and other general revenue; restricted purpose funds including endowment funds; and the ancillary enterprises, including Campus Housing, Food Services, Sustainable Transportation, Print and Retail Solutions and WatCard.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada. These financial statements reflect the accounting policies that the University has adopted.

(a) Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and highly liquid investments, with a maturity of approximately three months or less at the date of purchase, that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value, unless they are held for investment rather than liquidity purposes, in which case they are classified as investments. These instruments are carried at cost plus accrued interest.

(b) Investments and investment income

Investments with a maturity date less than one year are classified as short-term investments. Investments in excess of one year are classified as long-term investments. Management categorizes certain investments as long-term due to the nature of intent.

All investments are recorded at fair value. Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Publicly traded securities are measured based on the latest closing prices, and pooled funds are measured based on reported unit values. Transactions are recorded on a trade date basis, and transaction costs are expensed as incurred. Investment income (loss), including interest, dividends,

realized and unrealized gains (losses), is recorded as income (loss) from investments in the statement of operations, except for investment income (loss) deferred or recorded directly in net assets.

(c) Other financial instruments

Other financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and continue to be carried at amortized cost, net of any provisions for impairment.

Vendor take-back mortgages are financial assets initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. The University assesses financial instruments for impairment annually and records any necessary allowance.

(d) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventory is the weighted-average purchase cost and net realizable value is the estimated selling price in the ordinary course of business. Items that are written down to net realizable value are adjusted back up to cost if there is a subsequent increase in the net realizable value. There have been no write-downs of inventory or reversals of previous write-downs during the year.

(e) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value on the date of contribution. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	20-40 years
Building equipment	20 years
Site improvements	15 years
Furniture and equipment	3–10 years

Capital assets are reviewed for impairment whenever there is an indication that the carrying value of an asset may not contribute to the University's ability to provide goods and services. Any impairment results in a write-down of the capital asset and an expense in the statement of operations. An impairment loss is not reversed if the fair value of the related capital asset subsequently increases.

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

The University capitalizes interest directly attributable to the construction of capital assets. Capitalized interest is amortized over the useful life once the asset is placed into service.

(f) Revenue recognition

The University follows the deferral method of accounting for contributions, which include donations and grants. 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. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Endowment contributions and restricted contributions used to purchase land are recognized as direct increases in net assets in the period in which the contributions are received or when the land is purchased.

Tuition and other academic fees are recorded as revenue on the accrual basis of accounting. All fees that relate to an academic term occurring within the fiscal year are included as revenue. Fees billed and collected that relate to academic terms commencing after the end of the fiscal year are included in unearned revenue on the statement of financial position.

Sales, services and other revenue are recognized at point of sale or when services have been provided.

(g) Debt

Debt is initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method. Debt repayments due within one year are classified as current liabilities, with the remainder classified as long-term liabilities. Interest is expensed as incurred.

(h) Employee future benefits

The University has a defined benefit pension plan for its employees and provides other retirement and post-employment benefits such as extended health care and life insurance coverage.

The University accounts for these plans using the immediate recognition approach. Under this approach, the University recognizes the accrued benefit obligation, net of the fair value of plan assets, on the statement of financial position. Current service and finance costs are expensed during the year, while remeasurements and other items, representing the total of the difference between actual and expected return on plan assets, actuarial gains and losses, plan amendments and past service costs, are recognized as a direct increase or decrease in net assets.

The University uses an actuarial valuation prepared for funding purposes to measure the defined benefit obligation in respect of its pension plan. The accrued benefit obligation for funded employee future benefits is determined using a roll-forward technique to estimate the accrued obligation using funding assumptions from the most recent actuarial valuation. The accrued obligation for unfunded plans is prepared using an actuarial valuation for accounting purposes. Employee future benefit plans' assets are measured at fair value as at the date of the statement of financial position.

(i) Controlled entities

The University accounts for its controlled entities using the cost method.

(j) Accounting estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These amounts are based on management's knowledge of current events and actions that the University may undertake in the future. Significant areas requiring the use of management estimates and assumptions include the carrying amount of capital assets, the fair value of financial instruments, the valuation of pension and other post-employment retirement benefit obligations, and the recording of contingencies. Actual results could differ from those estimates.

(k) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at year-end. Revenues and expenses are translated at exchange rates in effect on the date of the transaction. Gains or losses arising from these foreign currency transactions are included in operating results, except to the extent that they relate to investments, in which case they are recognized in the same manner as investment income.

3. Investments

The University is subject to various risks with respect to its investments. To manage these risks, the University has established a target mix of investment types for specific investment mandates designed to achieve the return objectives within reasonable risk tolerances.

Total investments at fair value consist of the following components:

	2026	2025
Short-term bonds and guaranteed investment certificates	$ 182,491	$ 165,440
Long-term investments		
Cash	22,038	22,768
Bonds		
Corporate	188,968	197,024
Pooled funds	194,443	193,012
Limited partnership – private debt	11,991	9,033
	395,402	399,069
Equity investments (including pooled equity funds)		
Canadian	157,972	119,573
US	81,579	64,315
Other international	432,882	373,300
Limited partnership – venture capital	3,563	345
	675,996	557,533
Total long-term investments	1,093,436	979,370
Total investments	$ 1,275,927	$ 1,144,810

Investment income, net of fees, of $107,010 (2025 - $91,965) recorded in the statement of operations consists of income related to investments held for endowments of $70,840 (2025 - $33,633) and income related to investments other than those held for endowments of $36,170 (2025 - $58,332).

Long-term investments include $214,265 (2025 - $219,950) of liquid assets that could be made available for working capital for operations, if necessary.

4. Mortgage Receivable

In February 2026, the University sold a parcel of land to the Waterloo Regional Health Network (WRHN) for the future site of a new Waterloo Region hospital and recorded a gain on sale of $21,623. As part of the sale, the University received $2,000 in cash and provided financing to the WRHN through a vendor take-back mortgage.

The mortgage will be repaid over 15 years with interest at 0%. The mortgage receivable is recorded at its discounted present value using an effective interest rate of 4.75%. The discounting reflects the time value of money and contractual terms. At April 30, 2026, the outstanding balance is $19,905. Non-cash

interest income related to the mortgage will be recognized over the term of the mortgage. Non-cash interest recognized in the year was $176.

Future expected payments of the mortgage receivable are as follows:

2035	$ 3,575
2037	9,666
2039	9,986
2041	12,256
	35,483
Less: unearned non-cash interest income	15,578
	$ 19,905

5. Capital Assets

Capital assets consist of the following:

	2026		2025	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 16,639	$ —	$ 16,745	$ —
Buildings	1,348,344	520,677	1,254,861	493,089
Building equipment	102,007	14,317	89,335	10,428
Site improvements	16,462	7,294	14,709	6,507
Furniture and equipment	413,453	287,000	386,125	262,405
	1,896,905	$ 829,288	1,761,775	$ 772,429
Less accumulated amortization	(829,288)		(772,429)	
Net book value	$ 1,067,617		$ 989,346	

Included in the cost is $159,133 (2025 - $118,758) of construction in progress that is not currently being amortized. The cost of land sold was $105. Total interest capitalized during the year amounted to $48 (2025 – $nil).

6. Government Remittances Payable

Included in accounts payable and accrued liabilities as at April 30, 2026, are government remittances payable of $21,123 (2025 - $20,385).

7. Debt

The University has an unsecured operating line of credit available up to a maximum of $1,500 pursuant to an agreement with its lender. The agreement also includes a short-term construction facility, for up to $100,000, related to the construction of a new residence building. The construction facility is unsecured and has several variable interest rate options for each draw based on the banking prime rate

or the Canadian Overnight Repo Rate Average (CORRA). The construction facility is expected to be converted to a long-term credit facility in the 2027 fiscal year upon substantial completion of the construction project. As at April 30, 2026, the University has drawn $5,500 (2025 - $nil) on the construction facility and $nil (2025 – $nil) on the operating line. The University is compliant under the financial and non-financial covenants as set out by the agreement as at the year-end date.

8. Deferred Contributions

Deferred contributions represent unspent externally restricted grants, donations and investment income for research and other specific purposes. Changes in the deferred contributions balance are as follows:

	2026	2025
Balance, beginning of year	392,599	$ 386,829
Contributions received during the year	356,380	327,222
Contributions transferred for capital purchases	(36,844)	(69,393)
Contributions recognized as revenue during the year	(292,731)	(252,059)
Balance, end of year	$ 419,404	$ 392,599

9. Employee Future Benefits

The University has a defined benefit pension plan that provides pension benefits to eligible employees. The benefits provided by this registered pension plan are based on years of credited service, highest average earnings in 60 consecutive months in the 10 years immediately preceding retirement, and the Canada Pension Plan's yearly maximum pensionable earnings average for the last 5 years preceding retirement. Any pension benefits earned as at December 31, 2013 will be indexed at 100% of the Consumer Price Index ["CPI"] subject to the condition that if CPI exceeds 5%, the indexation adjustment may be limited to an amount not lower than 5%. Any pension benefit earned as of an employee's date of retirement less the pension benefit earned as at December 31, 2013 will be indexed at 75% of CPI, subject to the condition that if CPI exceeds 5%, the indexation adjustment may be limited to an amount not lower than 3.75%.

An actuarial valuation is performed for the registered pension plan annually. The latest actuarial valuation for the registered pension plan was performed as at January 1, 2026. The University measures its accrued benefit obligation and the fair value of plan assets for accounting purposes as at April 30 of each year.

The University also has a benefit plan that provides other retirement benefits, including extended health care and life insurance and one that provides certain benefits for employees on long-term disability benefits after employment, but before retirement.

The expense for the registered pension plan for the year is $54,459 (2025 - $55,910) and the expense for other employee future benefit plans is $22,708 (2025 - $20,084). Salaries and employee benefits expense in 2026 includes $7,243 (2025 - $16,193) for compensated absences, such as voluntary retirement programs and redundancies, of which $2,585 (2025 - $6,180) is in accounts payable and accrued liabilities at April 30.

Remeasurements, which are recorded in the statement of changes in net assets, are as follows:

	2026			2025		
	Registered Pension Plan	Other Benefit Plans	Total Benefit Plans	Registered Pension Plan	Other Benefit Plans	Total Benefit Plans
Difference between actual and expected return on plan assets	$ 240,586	$ —	$ 240,586	$ 61,105	$ —	$ 61,105
Actuarial gains (losses) on accrued benefit obligation	17,309	25,451	42,760	(5,285)	(14,157)	(19,442)
Valuation allowance	23,365	—	23,365	(23,365)	—	(23,365)
Total employee future benefit remeasurement costs	$ 281,260	$ 25,451	$ 306,711	$ 32,455	$ (14,157)	$ 18,298

The following chart provides further information about the University's employee future benefit plans:

	2026			2025		
	Registered Pension Plan	Other Benefit Plans	Total Benefit Plans	Registered Pension Plan	Other Benefit Plans	Total Benefit Plans
Fair value of plan assets	$ 3,128,626	—	3,128,626	$ 2,725,430	$ —	$ 2,725,430
Accrued benefit obligation	(2,833,504)	(231,609)	(3,065,113)	(2,702,065)	(243,864)	(2,945,929)
Plan surplus (deficit)	295,122	(231,609)	63,513	23,365	(243,864)	(220,499)
Valuation allowance	—	—	—	(23,365)	—	(23,365)
Employee future benefit liability	$ 295,122	$ (231,609)	$ 63,513	$ —	$ (243,864)	$ (243,864)

The accrued benefit obligation for the registered pension plan as at April 30, 2026 includes an actuarial reserve required by Ontario regulation (a Provision for Adverse Deviation (PfAD) of $223,594 (2025 - $214,474).

10. Deferred Capital Contributions

Deferred capital contributions represent the unamortized amount of grants, donations and investment income received and used for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. Changes in the deferred capital contributions balance are as follows:

	2026	2025
Balance, beginning of year	$ 477,702	$ 436,918
Contributions for capital asset additions	36,844	69,391
Amortization of deferred capital contributions	(35,102)	(28,607)
Balance, end of year	$ 479,444	$ 477,702

11. Unrestricted Surplus

The unrestricted surplus consists of the following:

	2026	2025
Operational surplus	$ 26,625	$ 26,555
Unrealized gains (losses) on unrestricted investments	13,334	12,119
Land purchased with restricted funds	726	726
Provision for vacation pay	(20,598)	(20,831)
	$ 20,087	$ 18,569

12. Internally Restricted Net Assets

Internally restricted net assets consist of the following:

	2026	2025
Carryforwards and operational commitments		
Capital projects and infrastructure (a)	$ 95,423	$ 121,195
Funds to support research (b)	95,427	71,322
Risk and transition (c)	164,989	170,342
Strategic initiatives (d)	76,831	93,998
Systems infrastructure (e)	39,542	40,000
Committed benefits (f)	29,707	30,594
	501,919	527,451
Employee future benefits – Registered Pension Plan (note 9)	295,122	—
Employee future benefits – Other Plans (note 9)	(231,609)	(250,044)
Ancillary enterprises (g)	13,160	4,347
Unspent realized income on internally endowed investments (h)	20,118	10,065

Unrealized gain on internally endowed investments (h)	65,923	42,045
Funds on-hand for housing and other construction projects (i)	30,442	83,304
Internal financing for housing and other construction projects (i)	(48,432)	(51,882)
Restricted funds from proceeds from sale of land (j)	21,905	—
Restricted funds from returns on proceeds from sale of land (j)	32	—
Investment in capital assets (k)	581,948	510,919
	$ 1,250,528	$ 876,205

a) Capital projects and infrastructure includes operating funds committed or planned for capital construction projects, deferred maintenance or other facilities.

b) Funds to support research are for commitments to support research activities.

c) Risk and transition funds are designated to fund risks and contingencies as they arise.

d) Strategic initiative funds are designated for priority projects and initiatives that align with the University's Waterloo at 100 vision.

e) Systems infrastructure funds are planned for use on future investments in enterprise-wide systems infrastructure requirements.

f) Committed benefits relate to actuarially determined supplemental retirement pensions committed.

g) Ancillary enterprises include accumulated surpluses for capital or systems infrastructure to advance ancillary operations and accumulated deficits to be recovered by the ancillary enterprises.

h) These amounts represent unspent endowment investment returns made available for spending and unrealized gains on internally endowed investments.

i) Funds for housing and other construction projects includes funding that is committed for approved, in-progress construction projects until costs are incurred, net of internal loans for completed construction costs until they are funded from other sources, such as student fees.

j) The Board of Governors approved the restriction of proceeds from the sale of land for the future repurchase of the land if required. The balance is expected to increase annually until it reaches $37,483, which is the total of cash payments to be received from WRHN, upon collection of the full mortgage receivable.

   The Board of Governors approved the restriction of returns on the proceeds from sale of land for the purpose of supporting capital projects and strategic initiatives related to health partnerships, research opportunities, and related investments in the Research + Technology Park.

k) Investment in capital assets represents the unamortized value of capital assets funded by the University with unrestricted funds.

13. Endowments

Contributions restricted for endowment consist of restricted donations received by the University and endowment income internally designated to endowment principal, generally for inflation protection purposes. The investment income generated from external and internal endowments must be used for the designated purposes. The University ensures that all funds received for restricted purposes are expended for those purposes for which they were provided.

The University's overall objective with respect to endowments is to achieve an annual realized investment income that provides for both spending and inflation protection. Each year, the portion of

the realized investment income that is made available for spending is allocated to individual endowments at a rate that is established annually. Another portion of the realized investment income is used to provide inflation protection based on the CPI. The residual amount of realized investment income, if any, is used to create a reserve to cover spending and inflation protection in years with low investment returns. The allocation to each endowment is based on the weighted-average principal of the endowment for the fiscal year. Unspent expendable amounts may be carried forward for future expenditures or added to the endowment's principal.

Investment income on endowments is recorded in the statement of operations if it is available for spending at the discretion of the University or if the conditions of any restrictions have been met (notes 3 and 8). The amount of realized investment income that was reinvested for preservation of capital for the year ended April 30, 2026 was $23,374 (2025 - $8,982).

Net assets restricted for endowment consist of the following:

	2026	2025
Donor endowed (original cost)	$ 324,123	$ 313,339
Internally endowed (original cost plus inflation protection)	201,747	178,181
Unrealized gain on investments held for donor endowments	105,931	73,942
	$ 631,801	$ 565,462

14. Related Parties

The University is related to the Friends of the University of Waterloo Foundation (the "Foundation"), a separate legal entity (United States based non-profit organization) established to support the activities of the University through fundraising and financial support initiatives in the United States. The Foundation's Board of Directors is composed entirely of employees of the University. The University received funds of $3,587 (2025 - $1,349) during the year from the Friends of the University of Waterloo Foundation.

15. Commitments and Contingencies

a) The University is a member of the self-insurance co-operative, CURIE, in association with other Canadian universities. Under this arrangement, a contractual agreement exists to share the property and liability insurance risks of member universities. The projected cost of claims is funded through members' premiums based on actuarial projections. As at December 31, 2025, CURIE had an accumulated surplus of $133,886 (2025 - $130,336), of which the University's pro rata share is approximately 3.8% (2025 - 3.8%) on an ongoing basis. The University does not have access to its pro rata share of the accumulated surplus and, accordingly, no amount is recorded in these financial statements.

b) The contractually committed estimated cost to complete construction projects in progress as at April 30, 2026, which will be funded by operations, donations and government grants, is approximately $145,628 (2025 - $231,492).

c) The University has entered into a long-term land lease and operating agreement related to student housing and has a commitment to rent units in the townhouse complex with an option to terminate. The University is committed until at least September 1, 2028.

Based on the number of units available for rent as at April 30, 2026, the annual lease payments committed to are as follows:

Fiscal year	
2027	$ 3,768
2028	3,865
2029	1,297

d) The nature of the University's activities is such that there are usually claims or potential claims in prospect at any one time. As at April 30, 2026, the University believes that it has valid defences and appropriate insurance coverage in place on claims that are not expected to have a material impact on the University's financial position. There also exist other claims or potential claims where the ultimate outcome cannot be determined at this time. Any additional losses related to claims would be recorded in the year during which the amount of the liability can be estimated or adjustments to the amount recorded are determined to be required.

e) The University is a member, along with 20 other universities, of TRIUMF Inc., Canada's national laboratory for particle and nuclear physics. TRIUMF Inc. is a registered charity and not-for-profit corporation incorporated under the laws of Canada and each university has an undivided 1/21 interest. The members of TRIUMF and the Canadian Nuclear Safety Commission (CNSC) approved a decommissioning plan which requires all members to be severally responsible for their share of the decommissioning costs, as well as provide financial covenants to the CNSC for the amount of these costs. While there are no current intentions of decommissioning the facilities, TRIUMF has complied with federal legislation by putting in place a decommissioning plan, including a funding plan. This decommissioning plan does not require any payments from the members. All decommissioning costs are expensed in the period in which the costs are incurred.

16. Financial Instruments

The University is exposed to various financial risks through transactions in financial instruments. The majority of these risks are related to investments of the endowment funds and of a special purpose trust. To manage the risks of these investments, the University manages these investment mandates within the terms of the relevant Statements of Investment Policies and Procedures, which are reviewed annually by the Finance & Investment Committee and approved by the University's Board of Governors. The asset mix of each investment mandate is maintained within the approved ranges for each investment asset category and is considered against a benchmark portfolio; the asset mix ranges reflect the University's long-term return objectives and risk tolerance.

(a) Foreign currency risk

The University is exposed to some foreign currency risk due to the international nature of its operations and its student population on small proportions of its non-tuition revenues and purchases where incoming funds may be received and outgoing payments may be processed in several foreign currencies. The United States dollar (USD) is the most common foreign currency transacted in, and the University maintains a USD bank account to reduce the frequency of USD to Canadian dollar (CAD) exchanges.

The University is also exposed to foreign currency risk from direct and indirect (e.g., pooled funds) investments that are denominated in currencies other than CAD. Fluctuations caused by changes in the currency rates applied to these investments can result in a positive or negative effect on the fair value of the investments and on the cash flows from these investments.

(b) Credit risk

The University is exposed to credit risk in connection with its accounts receivable and its fixed income investments because of the risk of a financial loss caused by a counterparty's potential inability or unwillingness to fulfill its contractual obligations.

Management reviews the mortgage receivable annually for indicators of impairment. No allowance for impairment is recorded as at year-end, as management believes the borrower remains financially capable.

To manage the credit risk exposure from fixed income investments, the University invests in bonds with investment grade ratings by recognized bond rating agencies.

(c) Interest rate risk

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

The University can also be exposed to interest rate risk through debt as its approved debt facilities are subject to variable interest rates.

(d) Liquidity risk

The University is exposed to liquidity risk if it does not maintain sufficient liquidity to meet obligations associated with its financial liabilities. The University mitigates this risk through ongoing monitoring of cash levels, spending requirements and commitments, and by ensuring its expendable funds are maintained as cash and high-quality investments that preserve capital and maintain liquidity.

(e) Other price risk

The University is exposed to other price risk through changes in market prices (other than changes arising from foreign currency or interest rate risks) in connection with its investments in equity securities and equity pooled fund investments. The factors that cause the changes in market prices may affect a specific investment, its issuer, or they may affect similar securities traded in the market.

This risk is managed by having diversified investments and by ensuring the asset mix of each investment mandate is maintained within the approved ranges for each investment asset category; the approved ranges reflect the University's risk tolerance.

17. Net Change in Non-cash Balances

	2026	2025
Accounts receivable	$ 3,844	$ 4,257
Inventories	(192)	146
Prepaid expenses	1,846	(9,888)
Accounts payable and accrued liabilities	10,458	7,782
Less capital asset purchases in accounts payable	(30,418)	(19,103)
Unearned revenue	(8,131)	(5,676)
Deferred cash contributions	20,052	(1,529)
Balance, end of year	$ (2,541)	$ (24,011)

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