FINANCIAL STATEMENTS

APRIL 30, 2024

UNIVERSITY OF WATERLOO

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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 developed by the Chartered Professional Accountants of Canada. Management believes the financial statements present fairly the University's financial position as at April 30, 2024 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, 2024 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.

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Kitchener, ON N2G 0E1
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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 balance sheet as at April 30, 2024;
- 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, 2024, 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.

Other Matter – Comparative Information

The financial statements for the year ended April 30, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on July 26, 2023.

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.

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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

July 26, 2024

UNIVERSITY OF WATERLOO
BALANCE SHEET
as at April 30, 2024
(with comparative figures as at April 30, 2023)
(thousands of dollars)

	2024	2023
ASSETS		
Current		
Cash and cash equivalents	$ 617,008	$ 641,139
Short-term investments at fair value (note 3)	146,752	134,893
Accounts receivable	50,673	56,285
Inventories	1,665	2,056
Prepaid expenses	27,836	24,402
Total current assets	843,934	858,775
Investments at fair value (note 3)	945,934	877,516
Capital assets, net (note 4)	907,173	879,918
	2,697,041	2,616,209
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities (note 5)	101,584	93,417
Unearned revenue	113,592	116,900
Deferred contributions (note 6)	386,829	393,378
Total current liabilities	602,005	603,695
Employee future benefits (note 7)	268,154	238,528
Deferred capital contributions (note 8)	436,918	431,222
Total liabilities	1,307,077	1,273,445
NET ASSETS		
Unrestricted surplus (note 9)	9,779	8,353
Internally restricted (note 10)	855,358	842,401
Endowments (note 11)	524,827	492,010
	1,389,964	1,342,764
	$ 2,697,041	$ 2,616,209

Commitments and contingencies (note 12)

(See accompanying notes to the financial statements)

On behalf of the Board of Governors:

Murray Gamble
Chair

Vivek Goel
President

UNIVERSITY OF WATERLOO
STATEMENT OF OPERATIONS
for the year ended April 30, 2024
(with comparative figures for the year ended April 30, 2023)
(thousands of dollars)

	2024	2023
REVENUES		
Academic fees	$ 607,364	$ 603,357
Donations	16,816	14,612
Grants and contracts	482,253	446,738
Sales, services and other revenues	143,177	136,095
Investment income (note 3)	88,730	51,070
Amortization of deferred capital contributions (note 8)	27,139	27,328
	1,365,479	1,279,200
EXPENSES		
Salaries	683,302	644,440
Employee benefits (note 7)	141,378	148,285
Cost of goods sold	16,939	17,473
Supplies and other	168,282	143,712
Travel	20,654	15,124
Minor repairs and renovations	10,704	9,205
Equipment, maintenance and rentals	30,991	28,788
Scholarships and bursaries	147,206	141,606
Municipal taxes and utilities	28,684	26,532
Amortization of capital assets	49,994	50,850
	1,298,134	1,226,015
Excess of revenues over expenses	$ 67,345	$ 53,185

(See accompanying notes to the financial statements)

UNIVERSITY OF WATERLOO
STATEMENT OF CHANGES IN NET ASSETS
for the year ended April 30, 2024
(with comparative figures for the year ended April 30, 2023)
(thousands of dollars)

	Unrestricted Surplus	Internally Restricted	Endowments	2024 Total	2023 Total
Net assets, beginning of year	$ 8,353	$ 842,401	$ 492,010	$ 1,342,764	$ 1,082,225
Excess of revenues over expenses	67,345	—	—	67,345	53,185
Change in net assets internally restricted (note 10)	(12,957)	12,957	—	—	—
Change in unrealized gain on investments held for donor endowments (note 11)	—	—	11,020	11,020	14,845
Employee future benefit remeasurements (note 7)	(37,699)	—	—	(37,699)	184,821
Internally endowed contributions (note 11)	(15,263)	—	15,263	—	—
Endowment contributions (note 11)	—	—	6,534	6,534	7,688
Net assets, end of year	$ 9,779	$ 855,358	$ 524,827	$ 1,389,964	$ 1,342,764

(See accompanying notes to the financial statements)

UNIVERSITY OF WATERLOO
STATEMENT OF CASH FLOWS
for the year ended April 30, 2024
(with comparative figures for the year ended April 30, 2023)
(thousands of dollars)

	2024	2023
OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 67,345	$ 53,185
Add (deduct) non-cash items:		
Change in unrealized gain on internally endowed investments (note 10)	(8,448)	(7,425)
Change in unrealized gain on unrestricted investments (note 9)	(3,427)	5,017
Amortization of capital assets	49,994	50,850
Amortization of deferred capital contributions (note 8)	(27,139)	(27,328)
Loss on disposal of capital assets	4,861	—
Employee future benefits expense (note 7)	70,826	84,712
Employee future benefits contributions	(78,899)	(72,983)
Net change in non-cash balances (note 14)	(17,012)	12,061
Cash provided by operating activities	58,101	98,089
FINANCING ACTIVITIES		
Contributions for capital asset purchases (note 8)	32,804	24,697
Endowment contributions (note 11)	6,534	7,688
Cash provided by financing activities	39,338	32,385
INVESTING ACTIVITIES		
Purchases of capital assets (notes 4 and 14)	(65,491)	(43,616)
Net purchases of investments	(56,079)	(57,647)
Cash used in investing activities	(121,570)	(101,263)
Net change in cash and cash equivalents during the year	(24,131)	29,211
Cash and cash equivalents, beginning of year	641,139	611,928
Cash and cash equivalents, end of year	$ 617,008	$ 641,139

(See accompanying notes to the financial statements)

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 continue as the corporation that was established in 1959.

The objectives of the University are the pursuit of learning through scholarship, teaching and research. 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, Parking, 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 and includes the following significant accounting policies:

(a) Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and highly liquid investments, with a maturity of approximately three months or less at the date of purchase, that are readily convertible to known amounts of cash and 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

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 valued based on the latest closing prices, and pooled funds are valued based on reported unit values. Transactions are recorded on a trade date basis, and transaction costs are expensed as incurred. Investment income (loss), which consists of interest, dividends and 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 this value, which represents cost, net of any provisions for impairment.

(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	40 years
Building equipment	20 years
Parking lots/roadways	15 years
Furniture and equipment	3 - 10 years

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the University's ability to provide goods and services. Any impairment results in a write-down of the capital asset and an expense in the 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.

(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 balance sheet.

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

(g) 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 balance sheet. 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 balance sheet.

(h) Accounting estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 relate to the assumptions used in the valuation of pension and other post-employment retirement benefit obligations, and the recording of contingencies. Actual results could differ from those estimates.

(i) 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 optimal return within reasonable risk tolerances.

Total investments at fair value consist of the following components:

	2024	2023
Short-term bonds and guaranteed investment certificates	$ 146,752	$ 134,893
Long-term investments:		
Bonds		
Corporate	234,895	197,730
Pooled funds	183,640	188,969
	418,535	386,699
Equity investments (including pooled equity funds)		
Canadian	109,286	114,253
US	59,347	50,540
Other international	358,766	326,024
	527,399	490,817
Total long-term investments	945,934	877,516
Total investments	$ 1,092,686	$ 1,012,409

The investment income of $88,730 (2023 - $51,070) recorded in the statement of operations consists of income related to investments held for endowments of $36,154 (2023 - $22,299) and income of investments other than those held for endowments of $52,576 (2023 - $28,771). Investment income is recorded net of fees.

Long term investments include $247,871 (2023 - $226,911) of liquid assets that could be made available for working capital for operations, if necessary.

4. Capital Assets

Capital assets consist of the following:

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 16,745	$ —	$ 16,745	$ —
Buildings	1,202,831	465,932	1,166,418	439,175
Building equipment	66,275	7,288	51,627	4,650
Parking lots/roadways	10,804	5,911	7,660	5,551
Furniture and equipment	332,079	242,430	309,537	222,693
	1,628,734	721,561	1,551,987	672,069
Less accumulated amortization	(721,561)		(672,069)	
Net book value	$ 907,173		$ 879,918	

Included in the cost is $67,063 (2023 - $33,899) of construction in progress that is currently not being amortized.

5. Government Remittances Payable

Included in accounts payable and accrued liabilities as at April 30, 2024, are government remittances payable of $20,164 (2023 - $18,447).

6. 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:

	2024	2023
Balance, beginning of year	$393,378	$364,287
Contributions received or receivable during the year	283,041	273,620
Contributions transferred for capital purchases	(32,803)	(24,714)
Contributions recognized as revenue during the year	(256,787)	(219,815)
Balance, end of year	$386,829	$393,378

7. Employee Future Benefits

The University has a defined benefit pension plan that provides pension benefits to eligible employees. This registered pension plan is based on years of credited service, highest average earnings in 60 consecutive months in the 10 years immediately preceding retirement, and the CPP'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, 2024. 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 $48,691 (2023 - $63,159) and the expense for other employee future benefit plans is $22,135 (2023 - $21,553). Remeasurements, which are recorded in the statement of changes in net assets, are as follows:

	2024			2023		
	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	$ 31,240	$ —	$ 31,240	$ 7,923	$ —	$ 7,923
Actuarial gains (losses) on accrued benefit obligation	(110,135)	33,354	(76,781)	180,177	4,563	184,740
Valuation allowance	7,842	—	7,842	(7,842)	—	(7,842)
Total employee future benefit remeasurement costs	$ (71,053)	$ 33,354	$ (37,699)	$ 180,258	$ 4,563	$ 184,821

Information about the University's employee future benefit plans is in the following chart:

	2024			2023		
	Registered Pension Plan	Other Benefit Plans	Total Benefit Plans	Registered Pension Plan	Other Benefit Plans	Total Benefit Plans
Fair value of plan assets	$ 2,500,469	$ —	$2,500,469	$ 2,306,582	$ —	$ 2,306,582
Accrued benefit obligation	(2,549,920)	(218,703)	(2,768,623)	(2,298,740)	(238,528)	(2,537,268)
Plan surplus (deficit)	(49,451)	(218,703)	(268,154)	7,842	(238,528)	(230,686)
Valuation allowance	—	—	—	(7,842)	—	(7,842)
Employee future benefit liability	$ (49,451)	$ (218,703)	$ (268,154)	$ —	$ (238,528)	$ (238,528)

The accrued benefit obligation for the registered pension plan as at April 30, 2024 includes an actuarial reserve required by Ontario regulation (a Provision for Adverse Deviation (PfAD)) of $191,062 (2023 - $171,451).

8. 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:

	2024	2023
Balance, beginning of year	$431,222	$433,853
Contributions for capital asset additions	32,835	24,697
Amortization of deferred capital contributions	(27,139)	(27,328)
Balance, end of year	$436,918	$431,222

9. Unrestricted Surplus

The unrestricted surplus consists of the following:

	2024	2023
Operational surplus	$ 26,558	$ 26,495
Unrealized gains (losses) on unrestricted investments	1,695	(1,732)
Land purchased with restricted funds	726	726
Provision for vacation pay	(19,200)	(17,136)
	$ 9,779	$ 8,353

10. Internally Restricted Net Assets

Internally restricted net assets consist of the following:

	2024	2023
Academic and academic support department carryforwards and operational commitments	$606,701	$648,714
Employee future benefits (note 8)	(268,154)	(238,528)
Ancillary enterprises	26,104	19,592
Unspent realized income on internally endowed investments	10,381	9,453
Unrealized gain on internally endowed investments	31,426	22,978
Bridge financing for housing and other construction projects	(20,629)	(67,778)
Invested in capital assets	469,529	447,970
	$855,358	$842,401

The University appropriates funds at year-end to cover outstanding operational commitments.

11. 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 6). The amount of realized investment income that was reinvested for preservation of capital for the year ended April 30, 2024 was $14,749 (2023 - $4,569).

Net assets restricted for endowment consist of the following:

	2024	2023
Donor endowed (original cost)	$301,957	$295,423
Internally endowed (original cost plus inflation protection)	167,147	151,884
Unrealized gain on investments held for donor endowments	55,723	44,703
	$524,827	$492,010

12. Commitments and Contingencies

(a) The University is a member of a self-insurance co-operative, named 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, 2023, CURIE had an accumulated surplus of $107,548 (2023 - $97,444), of which the University's pro rata share is approximately 3.8% (2023 - 3.9%) 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, 2024, which will be funded by operations, donations and government grants, is approximately $43,676 (2023 - $58,506).

Subsequent to year end, the University signed construction contracts totaling $90,491 for renovations and for the construction of a new residence building.

(c) The University has entered into a long-term land lease and operating agreement related to student housing. The University has a commitment to rent units in the townhouse complex with an option to terminate. The University is committed until at least September 1, 2026. Based on the number of units available for rent as at April 30, 2024, the following are the annual lease payments committed for the fiscal years ending:

2025 - $3,323 2026 - $3,422 2027 - $1,148

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, 2024, the University believes that it has valid defences and appropriate insurance coverage in place on certain 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.

13. 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 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 are 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 foreign currency risk from direct and indirect (e.g., pooled funds) investments that are denominated in currencies other than the Canadian dollar. 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. To manage the credit risk exposed 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.

(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 by ensuring its expendable funds are in cash and investments that preserve capital and maintain liquidity, and through ongoing monitoring of cash levels and spending requirements.

(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.

14. Net Change in Non-cash Balances

	2024	2023
Accounts receivable	$ 5,612	$ (12,542)
Inventories	391	(349)
Prepaid expenses	(3,434)	(4,447)
Accounts payable and accrued liabilities	8,167	13,951
Less capital asset purchases in accounts payable	(16,588)	(5,368)
Unearned revenue	(3,308)	(7,184)
Deferred cash contributions	(7,852)	28,000
	$(17,012)	$12,061

15. Comparative Financial Statements

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2024 statements.

UNIVERSITY OF
WATERLOO