Financial Report 2025

April 30, 2025

University of Toronto Financial Services

UNIVERSITY OF TORONTO

DEFY GRAVITY

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RESULTS AT A GLANCE

ENROLMENT

Student enrolment increased by 2.9% to

91,245 FTE

REVENUE

Revenue increased by 5.1% year-over-year to

$4.9 billion

NET INCOME

Positive net income of 10.6% of revenues before allocations to reserves

$519 million

DEBT

Debt burden is 2.3% of expenses based on internal and external debt of

$1.2 billion

ENDOWMENTS

Donations and grants of $95 million and 8.9% return in LTCAP result in market value of

$3.9 billion

CAPITAL ASSETS

Value of capital assets after $630 million additions and $262 million amortization

$6.3 billion

Highlights

Established in 1827, the University of Toronto (the “University”) is Canada’s top-ranked university, providing world-class research and teaching to over 99,000 students across our three campuses: downtown Toronto (“St. George”), Scarborough (“UTSC”) and Mississauga (“UTM”).

As one of the largest universities in North America, the University provides students with a broad range of academic programs and courses, while a unique college system offers the rich learning experience of small, close-knit communities. The following financial report reveals a vibrant university in positive financial shape approaching its bicentennial year in 2027.

Over the past 5 years, the University has benefited from the Ontario and Federal governments’ continued financial support for higher education and advanced research, helping to ensure access, increase graduate enrolment, and finance vital infrastructure. During that same period, the University has grown significantly, with an increase of 7.6% in the number of students.

Over the last 12 years under the leadership of President Meric Gertler, the University’s Three Priorities have provided institutional context for divisional academic planning, with focused investment in specific initiatives and activities throughout the University:

- Finding new ways to take advantage of prime locations in the Greater Toronto Area. This includes deepening relationships with local partners and heightening contributions to the success of the GTA as one of the world’s most diverse and dynamic metropolitan regions;
- Strengthening international partnerships with other great universities, by facilitating student mobility and faculty exchanges, as well as joint initiatives in research, conferences, and teaching; and
- Developing new, innovative curricula and non-curricular activities that enhance the student experience, to re-imagine undergraduate education. This includes embracing the demand to prepare students for the labour market and the opportunities of the digital age.

In March 2025, the Governing Council approved the appointment of Professor Melanie Woodin as the 17th President of the University of Toronto for a five-year term, effective July 1, 2025. As the University builds upon its great success to date, it will continue to draw on the talent and leadership of faculty and staff, as well as the loyalty and generosity of alumni and benefactors. At the same time, the University will need strong support from government partners—at all levels—that recognize the University’s unique and critical role within Canadian higher education.

Financial Results and Challenges

The University continues to be in a strong financial position due to high demand for our programs and prudent fiscal management, resulting in substantial operating reserves and an excellent credit rating. However, the University is operating in an environment of lower revenue growth compared to the past decade, with limits on domestic and international fees. The changing immigration policy environment in Canada poses additional risks on revenue growth from international recruitment. Despite returning to more moderate levels in the last year, inflation continues to put pressure on divisional budgets. Expenses are outpacing revenue growth due to compensation increases contained in post-Bill 124 collective agreements and the rising cost of employee benefits. The economic policies of the new administration in the United States may also add upward pressure on operating and capital expenditures.

In fiscal 2025, the University's net assets increased by $706 million to a total of $10.6 billion. The increase was primarily the result of strong investment returns of $752 million and restricted donations to the University's endowment of $95 million, offset by actuarial losses on employee future benefit plans of $69 million.

The University's net income of $519 million was driven largely by strong returns on working capital investments in the current high-interest rate environment, as well as funds set aside for future priorities in accordance with approved academic and budget plans. The positive net income also includes infrastructure costs that were capitalized and not expensed in the year, offset by amortization expense. These capital investments included projects such as:

- the Academic Wood Tower, Lash Miller Building expansion, Emerging Pandemic and Infections Centre, and the new Oak House residence at the St. George campus;
- the Instructional Centre II, Scarborough Academy of Medicine and Integrated Health ("SAMIH"), and a new parking structure at UTSC;
- a student residence at UTM; and
- major equipment acquisitions as part of Project LEAP and at SciNet, the supercomputing center at the University of Toronto.

Notwithstanding strong investment returns for the year, the rate of increase in revenue was insufficient to offset the rate of increase in expenses, primarily due to ongoing inflationary impacts and post-Bill 124 compensation increases negotiated with many of the University's bargaining units.

Revenues from ancillary operations have increased for the fourth consecutive year, exceeding pre-pandemic levels for the third straight year. Net income from ancillary operations has also returned to positive levels for the last three fiscal years. Despite the recovery, changes in demand for on-campus services due to flexible work arrangements, increased costs due to a period of high inflation, and rising staffing costs will continue to pose a challenge for ancillary operations.

Statement of Operations

Over the past five years, the number of students at the University has grown by 7.6%. This substantial increase in enrolment has raised revenues from student fees and government grants while also increasing expenses in salaries and benefits, due to the resulting growth in faculty and staff and related salary increases. In turn, higher numbers of students, faculty, and staff have increased the need for construction and renovations, which impact operating expenses as well as interest and amortization expenses. Planning for these capital infrastructure needs has included a prudent increase in financial reserves.

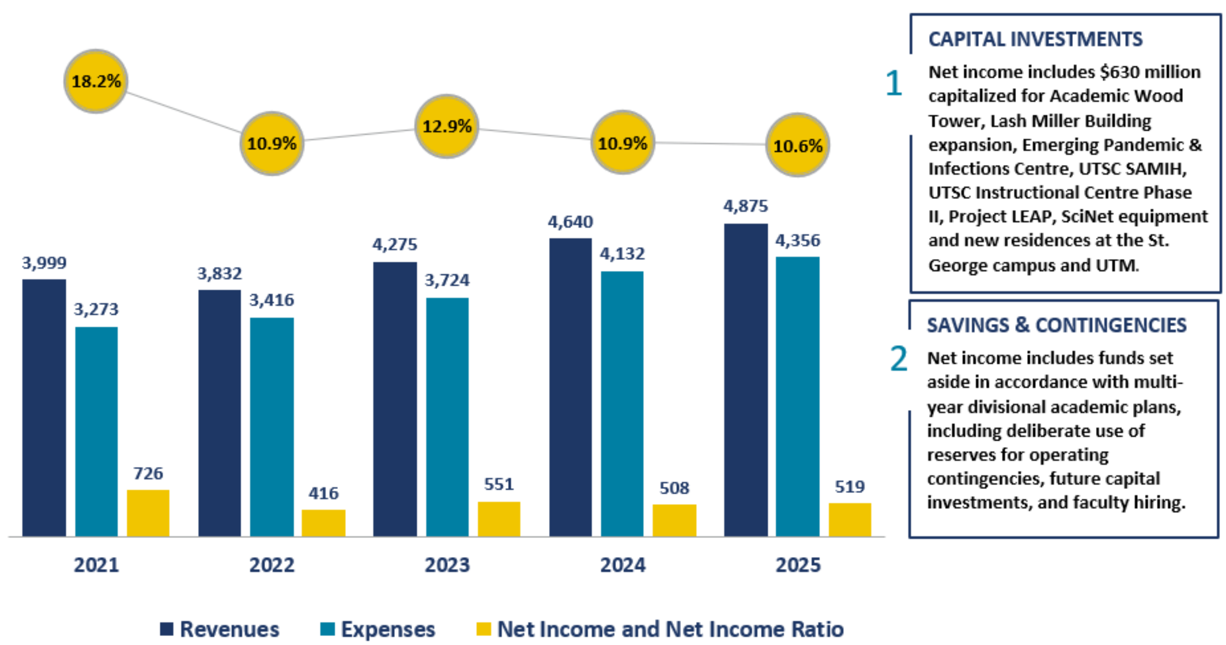
The University continues to welcome a large community of international students. Experience and data show consistently that this is an important factor in academic excellence and global competitiveness, as well as a major benefit to the regional and national economy. A diverse student body enables intercultural learning and exchange on campus. It offers all students an immersive and global education and the opportunity to be part of a global alumni network. To mitigate the ways international student recruitment can be affected by geopolitical developments, the University has successfully pursued initiatives to diversify global recruitment. Fall 2024 saw continued progress in diversifying the incoming class of international students, which included students from 135 countries. The University drew more than forty students from each of 16 different countries and less than half of total international students from any single source.

Financial highlights for the fiscal year ending April 30, 2025 include:

Revenues:	$4.9 billion
Expenses:	$4.4 billion
Net income:	$519 million

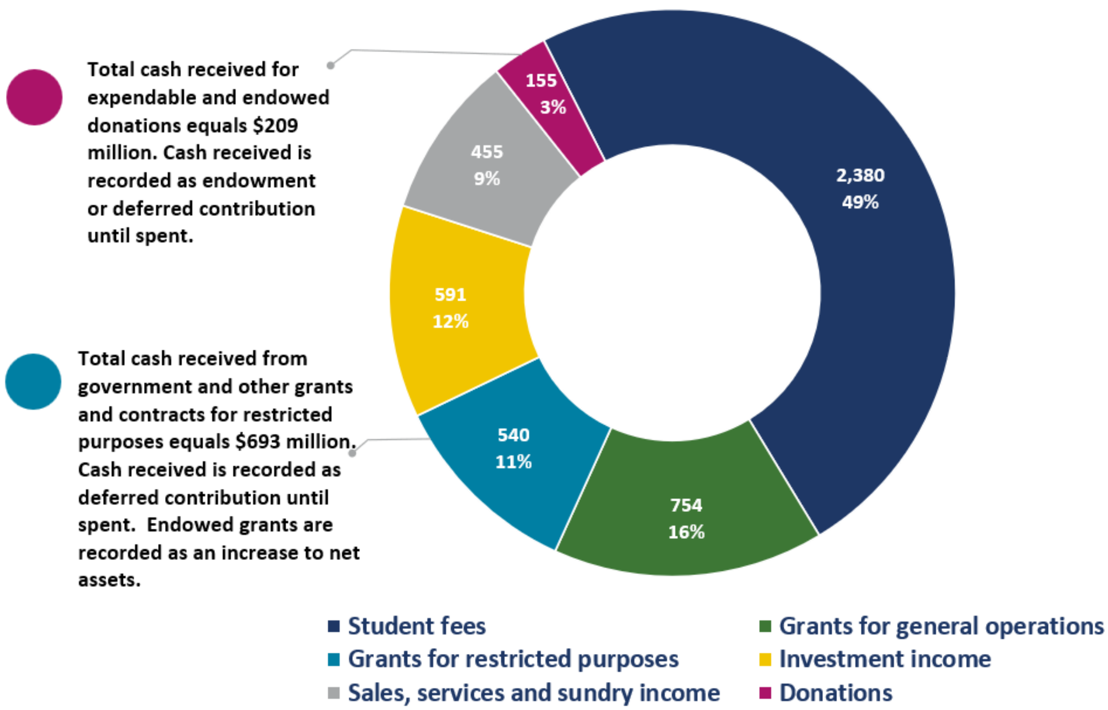
The net income of $519 million primarily reflects strong returns on working capital investments, funds used for capital infrastructure, and funds set aside in accordance with multi-year divisional academic and budget plans. These plans call for deliberate use of reserves for operating contingencies, future capital investment in academic facilities and other amenities, endowment matching opportunities, and faculty hiring.

Figure 1: Revenue and Expenses
($ millions) for the year ended April 30



In 2025, $3.1 billion or 64.3% of revenues were from student fees and government grants provided in support of student enrolments. An additional $540 million represented government and other grants and contracts for restricted purposes. Together these three sources accounted for 75.4 % of revenues for the year. As noted above, the category of sales, services, and sundry income (which includes residence, parking, and food service operations) has seen substantial improvement, but continues to experience some negative impacts due to the adoption of flexible work arrangements.

Figure 2: *Revenues by Category*
($ millions)

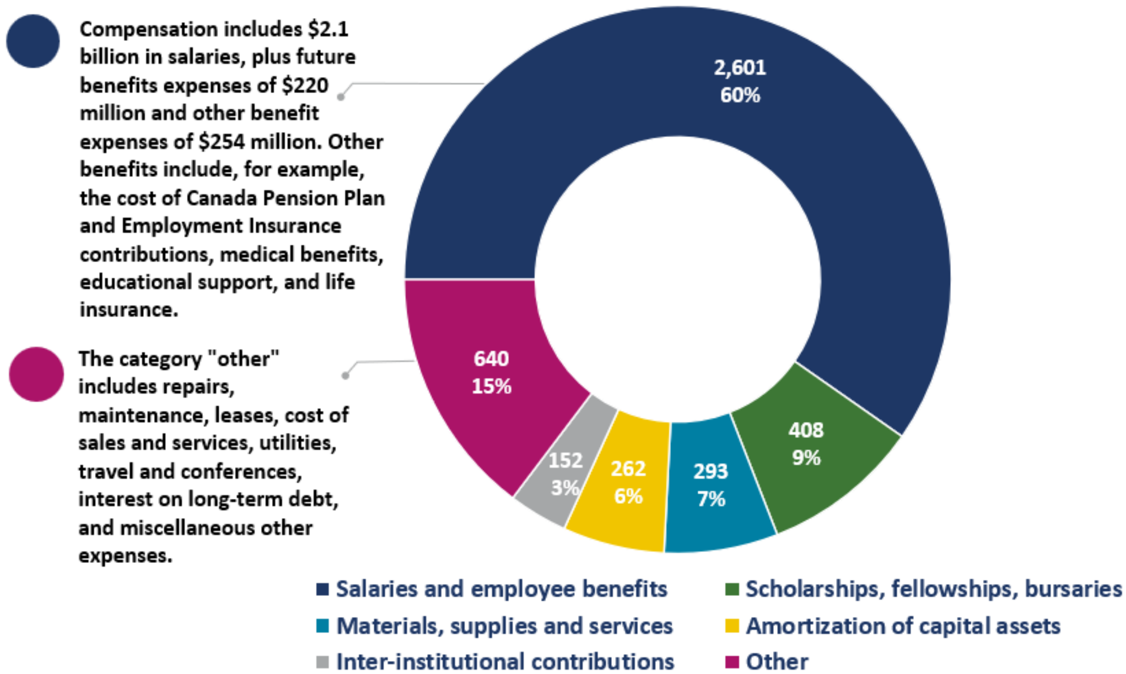


In 2025, the University paid $2.6 billion for salaries and employee benefits, comprising 59.7% of the University's $4.4 billion in expenses. Faculty and staff salaries and benefits relating to teaching, research and administrative activities are predominantly funded from University operating funds (mostly student fees and government grants).[1] Additional details on expenses include:

- $408 million for scholarships, fellowships, and bursaries (9.4% of total expenses)
- $293 million for materials, supplies and services (6.7% of total expenses)
- $262 million for amortization of capital assets (6.0% of total expenses)
- $152 million for inter-institutional contributions (3.5% of total expenses)

[1] Additional details are provided in the "Salaries and Benefits" section below.

Figure 3: Expenses by Category
($ millions)



Balance Sheet

Financial highlights for the fiscal year ending April 30, 2025 include:

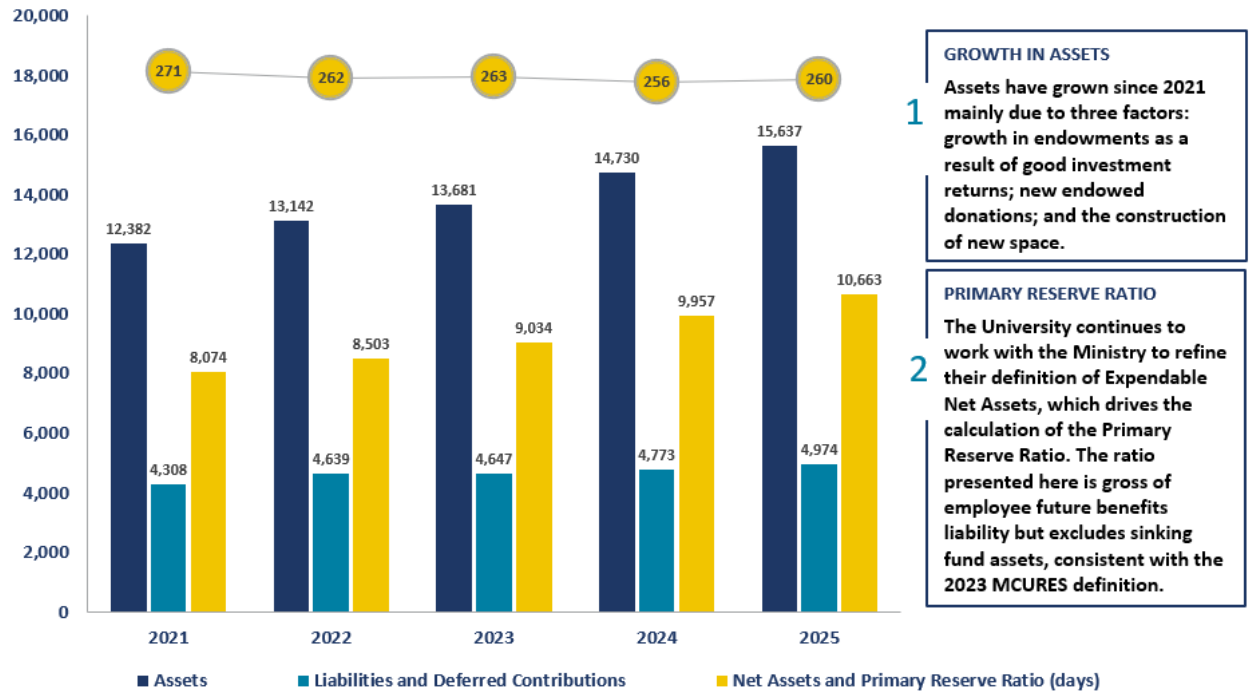
Assets:	$15.6 billion
Liabilities:	$5.0 billion
Net assets:	$10.6 billion

Assets have grown since 2021 mainly due to three factors: the growth in endowments as a result of investment returns; the receipt of endowed donations; and the construction of additional space to accommodate the increased number of students.

Net assets[2] increased by $706 million to $10.6 billion in 2025. This increase is mainly due to net income of $519 million, endowed donations and grants of $95 million, and gains on externally restricted endowments of $161 million, offset by $69 million in remeasurements on employee future benefit obligations.

[2] Net assets reflect the University's net worth and change over time through the net income or net loss for the year, and changes in endowments. Changes in endowments may derive from receipt of endowed donations and investment income on externally restricted endowments (representing income earned above the amount made available for spending). Such income does not flow through the consolidated statement of operations but rather is added directly to the endowment balance in accordance with current generally accepted accounting principles for not-for-profit organizations.

Figure 4: Assets, Liabilities and Net Assets
($ millions) for the year ended April 30



Net assets are composed of the following:

- $3.9 billion of endowments, representing 36.9% of net assets,
- $7.2 billion of internally restricted net assets, and
- ($514 million) of deficit.[3]

The $3.9 billion of endowments represent over 7,500 individual endowment funds, which are restricted by Governing Council or donor agreements to approved academic priorities. Endowment funds for student aid and support totaled $1.7 billion in 2025.

The $7.2 billion of internally restricted net assets comprises:

- $2.4 billion in land
- $2.5 billion of investment in other capital assets[4]
- ($506 million) in net unfunded liability associated with pension and other employee future benefits, including the pension special payment reserve
- $1.7 billion in capital projects and infrastructure reserves
- $577 million of operating contingency reserves
- $557 million in other reserves held for future spending

[3] The deficit is largely due to the internal financing of capital construction in accordance with the University's debt strategy (see the "Debt" section below).
[4] This figure represents internal monies previously spent by the University for capital projects which will be reduced over time as these capital assets are amortized.

Deferred contributions increased by $36 million in 2025, mainly due to donations and research grants received and held for future spending.

Role of the Government of Ontario

The provincial government provides operating grants and regulates tuition fees for domestic students in publicly funded programs. The provincial government also invests in student financial support, research, and infrastructure.

Provincial Operating Grants

The Ontario post-secondary education system operates under a differentiation policy framework. The framework is operationalized through a series of institutional Strategic Mandate Agreements, which specify the role of each university in the system and how they will build on institutional strengths to drive system-wide objectives and government priorities.

Fiscal year 2024-25 was the last year of the University's third Strategic Mandate Agreement with the Province ("SMA3"), which covers the period April 1, 2020 to March 31, 2025. With the implementation of SMA3, a significant portion of existing operating grant revenue has been re-directed to a differentiation envelope tied to performance metrics.

Prior to its implementation, the Council of Ontario Universities worked with the Ministry of Colleges, Universities, Research Excellence and Security to introduce mechanisms to the SMA3 performance-based funding formula that increase predictability and minimize volatility for institutions. For funding purposes, each university is measured against its own past performance, not against other institutions. Targets are established formulaically, taking into consideration past performance and the variability of results in recent years. Each target includes a range of allowable performance outcomes, with partial funding provided if performance falls below the allowable performance range. The Ministry also added a stop-loss mechanism that limits any funding loss to a maximum of 5% for each metric in the event of a missed target.

As Canada's leading research-intensive university, performance-based funding allows the University to benchmark its strengths in areas such as innovation, research funding, and graduate employment, and have funding reflect its achievements in these areas. The University has allocated its performance-based funding envelope among ten metrics, with an option to adjust each year in response to changing priorities. Funding linked to performance based metrics came into effect in the fourth year of SMA3, after the Province suspended any financial impacts for the first three years of SMA3 in recognition of the potential impact of the COVID-19 pandemic on performance metrics. In 2024-25, the final year of SMA3, 25% of funding was linked to the metrics. The University exceeded its targets in all five years of the SMA3 evaluation period.

The University's fourth Strategic Mandate Agreement with the Province (SMA4) will come into effect on April 1st, 2025 and continue for five years. While the University is currently working with the Province to finalize the SMA4, the new agreement is expected to include a continuation of the SMA3 performance-based funding framework but with eight metrics, down from the ten included in SMA3. Given the University's strong performance on the SMA3 metrics – most of which are carried forward into SMA4 - we do not anticipate any reductions to funding related to performance under SMA4.

The SMA3 also set out a multi-year enrolment plan. In response to Ontario's changing demographics, the University and the Province agreed to hold constant the level of domestic undergraduate enrolment at the University of Toronto over the period of the agreement. The University has been eligible for full enrolment funding provided it maintained a five-year average enrolment within ±3% of its target. This excludes separately funded enrolment expansions in nursing and the Scarborough Academy of Medicine & Integrated Health described below.

In April 2025, the Province announced additional funding for enrolments in science, technology, engineering, and math (STEM). The University received an additional 200 funded student spaces in STEM programs as of 2025-26 which will be added to our funded enrolment corridor for SMA4. The University has capacity for a much larger expansion of STEM enrolments and has proposed further growth to the Province.

In May 2022, the Government announced funding to support the new SAMIH, which will expand enrolment in our MD, Physical Therapy, and undergraduate life sciences programs on the Scarborough campus. In addition, the physician assistant program and a portion of our nurse practitioner program will be delivered through SAMIH. In 2023, the Government announced a further expansion of some medical programs which will result in additional growth funding for spaces in health science programs.

The Government is also providing funding for the expansion of our undergraduate nursing program as part of their broader strategy to address health sector workforce shortages.

In 2024-25, the Province committed to a 7% increase in operating grant funding phased in over three years to 2026-27 through the PSE Financial Sustainability Fund. This welcome increase in grant funding is helping to offset some of the impact of the continued tuition freeze but provides growth on only 20% of budgeted operating revenues.

Tuition Fees and Student Aid

On January 17, 2019, the Province required a 10% cut to domestic tuition fees beginning in 2019-20, and has subsequently frozen fees at these lower levels out to at least 2026-27. Beginning in 2022-23, institutions have been allowed to increase domestic, out-of-province tuition by up to 5% per year, however this change has limited impact as this applies to just a small portion of the University's domestic enrolment. Tuition fees paid by international students are not regulated by the Province and were therefore unaffected. The tuition fee freeze is applied to domestic students in Ontario enrolled in all programs that are funded via the provincial operating grant, including direct entry undergraduate, second entry and professional master's, and doctoral stream programs. In 2024-25, total revenue from domestic enrolment (tuition and grants) was less than it was in 2018-19 in nominal dollars, without adjusting for inflation. The impact of the 10% reduction and five-year freeze has had a differential impact across the University depending on program mix and divisional revenue sources. Strategies used to mitigate the impact included changes to faculty and staff hiring plans, deferral of capital projects, service reductions, and operating cost efficiencies.

Student fees revenue increased by $90 million from last year to $2.4 billion mainly because of increased international fees and enrolment growth.

The University remains committed to the goal of accessibility and to working with the Provincial and Federal governments to support access. Students have access to a wide range of financial supports through the University in addition to those available through government loan and grant programs like the Ontario Student Assistance Program ("OSAP"). Some are based on need, and others on measures of merit, such as academic achievement or leadership. There are supports for international and Canadian students as well as dedicated supports for students with disabilities. In 2025, the University spent $408 million on scholarships, fellowships, and bursaries, a 46.2% increase from $279 million in 2021.

The Province's 2019 changes to the OSAP have reduced the overall amount of non-repayable student aid for students, including the University's regulatory obligation to cover unmet financial need as defined by OSAP under the Student Access Guarantee. However, the University remains firm in its internal access guarantee that financial circumstances should not stand in the way of a qualified domestic student entering or completing their degree and has provided additional needs-based support to students beyond the government requirements.

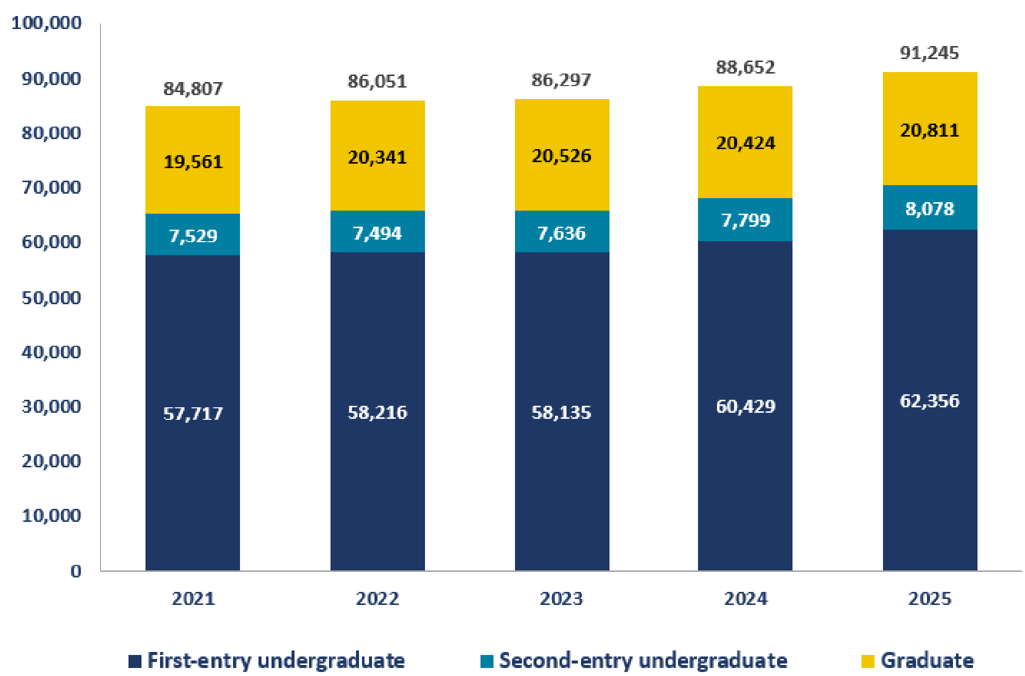
Capital Funding

The University receives funding support to help with the critical maintenance repairs, upgrades, and renewal of existing facilities through the Facilities Renewal Program ("FRP"). In 2025, the Province announced an additional $228 million in funding for postsecondary institutions to modernize their infrastructure. The University receives about $12 million in annual funding under the FRP.

Student Enrolment

Demand for student spaces has increased significantly since 2021 as a result of population growth in Ontario, increased higher education participation rates and a growing reputation around the globe as a destination of choice for international students. The University has increased enrolment to accommodate this additional student demand with student FTE enrolment increasing from 84,807 in 2021 to 91,245 in 2025, an increase of 7.6%. Given the current limits on domestic enrolment under the Government's SMA3 enrolment corridor, the majority of growth over this period has been in international enrolment as part of the University's academic plan. Approximately two-thirds of domestic students entering direct entry undergraduate programs come from the Greater Toronto Area.

Figure 5: Number of FTE Undergraduate and Graduate Students
as at November 1



Although the University has received full average funding from the Province for enrolment of additional domestic students under previous expansion programs, neither government grants nor regulated tuition fees have kept pace with inflation over time. Tuition fees for international students are set at a level that takes into consideration the full cost of providing a program and with reference to fees at peer Canadian and US universities.

Financial Planning

The University is currently operating in a new planning environment with more constraints on revenue growth compared to the past decade. Demand for our programs continues to be strong with deep domestic and international undergraduate applicant pools. However, domestic tuition fees for Ontario residents continue to be frozen until at least 2026-27 and changes to Canada's immigration policies are creating uncertainty with international recruitment. Despite constraints on domestic tuition, the University is planning to add about 500 domestic undergraduate spaces, primarily through the funded nursing, medicine, and SAMIH expansions, with the capacity to expand further if the Province provides additional funded spaces. Revenues are expected to increase modestly over the next several years, primarily as a result of increasing international enrolment, domestic enrolment changes within the ±3% flexibility of the fixed provincial funding envelope, separately funded enrolment expansion programs, and modest fee increase assumptions. Revenue growth in 2025-26 will be used primarily to address compensation and inflationary pressures, key initiatives to improve students services and supports, and invest in critical infrastructure.

The long-range academic and budget plan for 2025-26 to 2029-30 incorporates the freeze of domestic tuition fees until 2026-27 and a modest increase in operating grant funding as announced by the Government in February 2024 in response to their Blue-Ribbon Panel on postsecondary financial sustainability. With enrolment growth slowing and limits to domestic and international tuition fees, revenue growth is anticipated to slow to around 3% per year over the five-year planning period. As revenue growth slows, the University will need to continue pursuing initiatives to increase the effectiveness of service delivery and expense containment measures to ensure that resources are directed to the highest priorities. However, for long term sustainability, the University will need some flexibility on domestic tuition as well as continued increases to operating grant funding.

Research and Capital Infrastructure

The Institutional Strategic Research Plan 2024-29 ("ISRP") will guide the University's efforts to solve global challenges and build partnerships with the community. The ISRP articulates five strategic objectives that will inform and propel the University's research and innovation over the five years. Cultivating an environment to leverage opportunities and foster collaboration and partnerships is a key objective of the ISRP. Strong research funding support from the provincial and federal governments, and a broad range of other public and private sector entities, are key to the University's research and innovation preeminence, including support for research operations and infrastructure that help the University to attract and retain top research talent from across Canada and around the world.

University researchers, scholars and innovators are successful in securing funds from a rich array of national and international sources, including the federal and provincial governments, the not-for-profit sector, and private-sector partnerships.

One hallmark of the successful combination of the innate strength of the University research community, and the intense institutional focus, is the achievement of the goal of increased Canada Research Chair

("CRC") allocations over five years. The University currently holds 330 CRCs, the country's largest allocation of CRCs, spread across three campuses and nine fully affiliated hospitals. In order to increase the participation of underrepresented groups nationally in the CRC Program, institutions are required to progressively meet targets for the representation of four designated groups (women and gender minorities, Indigenous peoples, racialized minorities, and persons with disabilities) among their chair cohorts, leading up to a December 2029 deadline. The University is surpassing its interim targets for CRCs in all four federally designated groups and are implementing strategies to meet federal targets by 2029.

The federal Research Support Fund ("RSF") and the Incremental Project Grant ("IPG") contribute to the institutional (also known as "indirect") costs of tri-agency funded research. In 2023-24, the RSF and the IPG provided critical indirect cost support of $61.5 million. The University's effective rate of federal indirect costs recovered from these programs has averaged around 20% over the last decade, relative to the University's average indirect cost rate of 60%. The gap (40%) in funding constrains our potential as an internationally competitive research institution and requires the redirection of funds to indirect costs of research from other operations, including our teaching function. In 2024, the Federal Government announced a multi-year plan to increase funding for the IPG program for research-intensive institutions like the University of Toronto. This welcome increase is anticipated to substantially increase the funding of total indirect costs of research.

Other important government funded initiatives include the following:

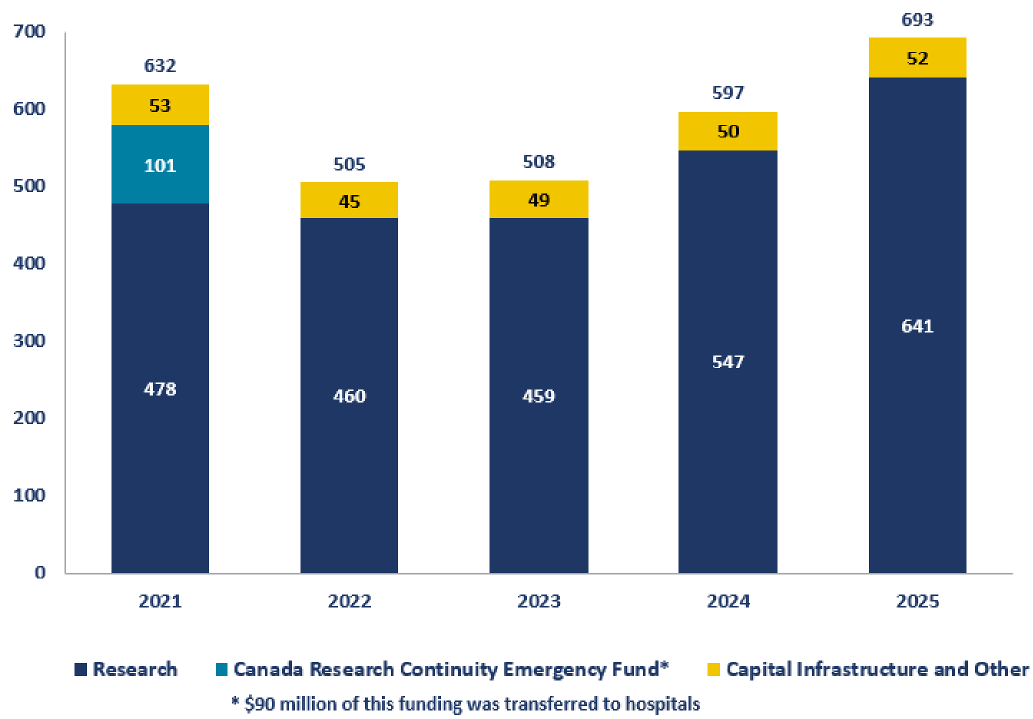
- In its 2025 budget, the provincial government announced $207 million in additional funding over three years starting in 2025–26 in the Ontario Research Fund – Research Infrastructure (ORF-RI). Through both direct investment and leveraging federal funds, the ORF-RI will support Universities competitiveness in attracting, developing and retaining leading talent by ensuring researchers continue to have access to state-of-the art equipment and facilities.
- In its 2024 budget, the federal government announced more than $3 billion in investments in Canada's research ecosystem over the next five years. This includes increases to the tri-council funding agency budgets, additional support for master's and PhD students and post-doctoral fellows, and more money for major research infrastructure projects. The budget also earmarks $2.4 billion, previously announced, to consolidate Canada's competitive edge in AI - a field where the university's researchers are playing a leading role.
- In its 2024 budget, the provincial government announced $65.4 million in funding over three years to support research and innovation, including $47.4 million for the infrastructure refresh of Ontario's Advanced Research Computing systems. Approximately $26 million of this funding is earmarked for SciNet, the supercomputer centre at the University, which hosts one of the fastest supercomputers in Canada.
- In 2024, the University received additional installments of a $200-million grant from the Canada First Research Excellence Fund ("CFREF") — the largest federal research grant ever awarded to a Canadian university — to revolutionize the speed and impact of scientific discovery through the Acceleration Consortium. The funding supports work on "self-driving labs" that combine artificial intelligence, robotics and advanced computing to discover new materials and molecules in a fraction of the usual time and cost. Applications include everything from life-saving medications and biodegradable plastics to low-carbon cement and renewable energy.

The University continues to be successful at generating funding for research, including support for personnel, operations, and infrastructure. These financial statements account for funds received as follows:

- Research grants are recorded as revenue when the related expenditures are incurred; and
- Unspent research grants are recorded as deferred contributions.

Government and other grants received in 2025 for restricted purposes totaled $693 million, including $641 million for research and $52 million for capital infrastructure and other purposes. These were reported as follows: $540 million as revenue from grants for restricted purposes and $153 million as deferred contributions and deferred capital contributions.

Figure 6: Government and Other Grants and Contracts Received for Restricted Purposes
($ millions) for the year ended April 30



Salaries and Benefits

Over the period 2021 to 2025, salaries and benefits increased from $2.0 billion to $2.6 billion. This is the result of negotiated compensation increases for employee groups as well as an increase of 17.6% in the total number of faculty and staff over that time period. The total cost of salaries and benefits increased by 3% compared to 2024, the year in which the cost of extraordinary post-Bill 124 compensation increases (including retroactive payments) came into effect.

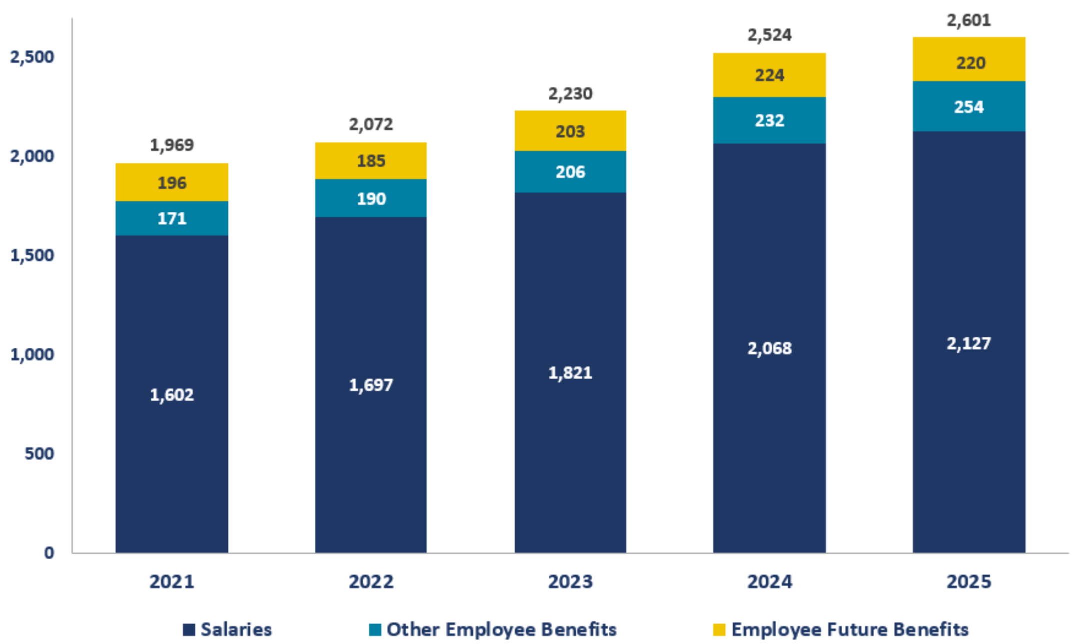
In 2025, the University had 3,694 faculty, 169 librarians, and 9,812 administrative staff, which includes both full and part time employees.

The following are the most current agreements to April 30, 2025:

- Three-year agreement with administrative and technical staff, represented by the United Steelworkers (USW), starting July 1, 2023, to June 30, 2026, with 9% across-the-board salary increase at July 1, 2023, 2% at July 1, 2024, and 1.8% at July 1, 2025.
- An arbitrated award for across-the-board salary increases of 8% on July 1, 2022, the third year of a three-year agreement with faculty and librarians starting July 1, 2020, to June 30, 2023. Negotiations toward a new agreement to take effect July 1, 2023 have resulted in resolution of some non-financial issues, while salary and benefit increases have been referred to arbitration.
- Three-year agreement with the CUPE, Local 3902, Unit 1 representing students, mainly graduate students, working as teaching assistants, teaching laboratory assistants, markers, graders, and instructors starting January 1, 2024, to December 31, 2026. Compensation increases of 9% at January 1, 2024, 2% at January 1, 2025, and 1.8% at January 1, 2026.

Figure 7: Salaries and Benefits

($ millions) for the year ended April 30



Employee benefits expenses of $474 million for the year is made up of employee future benefits expenses of $220 million and other employee benefits expenses of $254 million.[5] Other employee benefits expenses include, for example, the cost of legislated benefits (e.g., Canada Pension Plan and Employment Insurance), medical benefits for active staff, educational support, life insurance, and several types of leaves.

[5] Employee future benefits represent benefits to be provided to employees in the future based on service in the current year. They include pensions, long-term disability insurance, cost of living adjustments for survivor income, and medical benefits for pensioners. These are accounted for using the accrual basis of accounting and therefore reflect the cost of providing these benefits irrespective of the amount of funding provided in support of these benefits.

The University is a member of the University Pension Plan Ontario ("UPP"), which is a multi-employer defined benefit pension plan. The UPP was formally established on January 1, 2020, to cover employees, retired employees, and other members under the currently existing plans at the University of Toronto, University of Guelph and Queen's University. The assets and liabilities of the University's registered pension plan ("RPP") were transferred to the UPP as at July 1, 2021 (the "Effective Date"). As of the Effective Date, the accrual of benefits and contributions under the UPP commenced for members of the RPP, all of whom transferred to the UPP, and benefits and contributions under the RPP ceased. The plan reported an actuarial surplus of $0.2 billion on a smoothed asset basis as of January 1, 2024.

The University remains responsible to fund any net pension obligations (determined based on the UPP actuarial assumptions) related to service up to the transition date of July 1, 2021, with any deficits to be funded over 15 years. These past service net pension obligations may fluctuate in the future based on changes to the UPP's actuarial assumptions and for changes in experience in future periods, which will continue to be the responsibility of the University to fund for the first 10 years, after which the responsibility for such changes becomes gradually shared over the next 10 years with the other participants of the UPP, after which the responsibility is totally shared with all participants. The University does not recognize any share of the UPP's pension surplus or deficit in its financial statements, but accounts for contributions to the UPP on a defined contribution basis.

At April 30, 2025, the accrued pension obligation of $142 million in the University's financial statements relates mainly to its supplemental pension arrangement. The obligation for employee future benefits other than pension at April 30, 2025 is $783 million. The obligation is determined based on actuarial valuations using accounting assumptions. The annual current service and finance costs are included in the consolidated statement of operations and any actuarial gains or losses are recorded directly in net assets instead of being reported in the consolidated statement of operations.

	Pension obligations		**Other benefit plans**	
	2025	**2024**	**2025**	**2024**
Plan status (at April 30):				
Assets	**$20 million***	$15 million*	**$149 million**	$135 million
Obligations	**$142 million**	$140 million	**$783 million**	$699 million
Deficit	**$122 million**	$125 million	**$634 million**	$564 million

* In addition to these assets, the University has set aside a pension special payment reserve of $250 million in internally restricted net assets, including payments totalling $90 million to the UPP as a prepayment of future obligations.

Space

The University has undertaken an ambitious capital construction program to accommodate increased numbers of students and expand and update research infrastructure. This program includes a significant expansion of the Mississauga and Scarborough campuses and further expansion and renovation on the St. George campus. Additional space requirements are partially due to growth in the numbers of graduate students and undergraduate medical students.

The University's future obligations for deferred and pending maintenance of all academic and administrative buildings (excluding campus/utility infrastructure and asbestos containment and removal) across all three campuses increased from $1.2 billion in 2024 to $1.5 billion in 2025. Most of the growth can be attributed to two key factors - (i) persistent high inflation as the cost of non-residential building construction in the City of Toronto grew at the fastest rate in the last 40 years; and (ii) building systems simultaneously approaching end of useful life as many of these systems were constructed during two periods of large-scale facility growth at the University. This obligation will continue to be managed strategically to ensure the reliability of building systems and prevent unexpected failures and incidents.

At the University, deferred maintenance is addressed directly through projects funded by a dedicated internal budget, external debt, and the FRP. Jointly, the current funding level represents 0.55% of the current total replacement value of all campus buildings, which is significantly lower than the provincial average investment of 1.45%. In February 2025, the Governing Council approved an additional one-time investment of $350 million over the next three years to address the most pressing deferred maintenance needs.

To prioritize deferred maintenance projects, the University employs an evidence-based, multi-factor model, data-driven process to effectively identify the most critical issues and ensure that it strategically invests in projects that pose the greatest risk to infrastructure and occupant experience. The University is also planning to address deferred maintenance in the context of climate change. It is well established that climate change poses a significant risk to physical infrastructure. Decarbonization and infrastructure resilience are key prevention and mitigation strategies being employed alongside deferred maintenance. Project LEAP, a $138 million infrastructure project which commenced in 2024, will cut emissions in half on the St. George campus by phasing out natural gas in favour of electricity in the campus's central steam plant and carry out deep energy retrofits to some of the most energy-intensive buildings.

In 2021, the University spent an additional $35 million on the construction of the Schwartz Reisman Innovation Campus and $35 million on the UTM Science Building. The University also spent $30 million on the construction of the UTSC Student Residence, $14 million on the Robarts Library Pavilion, $10 million on the Fitzgerald Building Revitalization, $7 million on the Landscape of Landmark Quality, and $6 million on the UTSC Instructional Centre II.

In 2022, the University spent an additional $77 million on the construction of the Schwartz Reisman Innovation Campus, $61 million on the UTM Science Building, $46 million on the construction of the UTSC Student Residence, $27 million on the Fitzgerald Building Revitalization, and $21 million on the UTSC Instructional Centre II.

In 2023, the University spent an additional $43 million on the construction of the Schwartz Reisman Innovation Campus, $30 million on the UTM Science Building, $43 million on the construction of the UTSC Student Residence, $13 million on the Fitzgerald Building Revitalization, $21 million on the Academic Wood Tower and $47 million on the UTSC Instructional Centre II. The University also spent $22 million on the new Oak House student residence at the St. George campus.

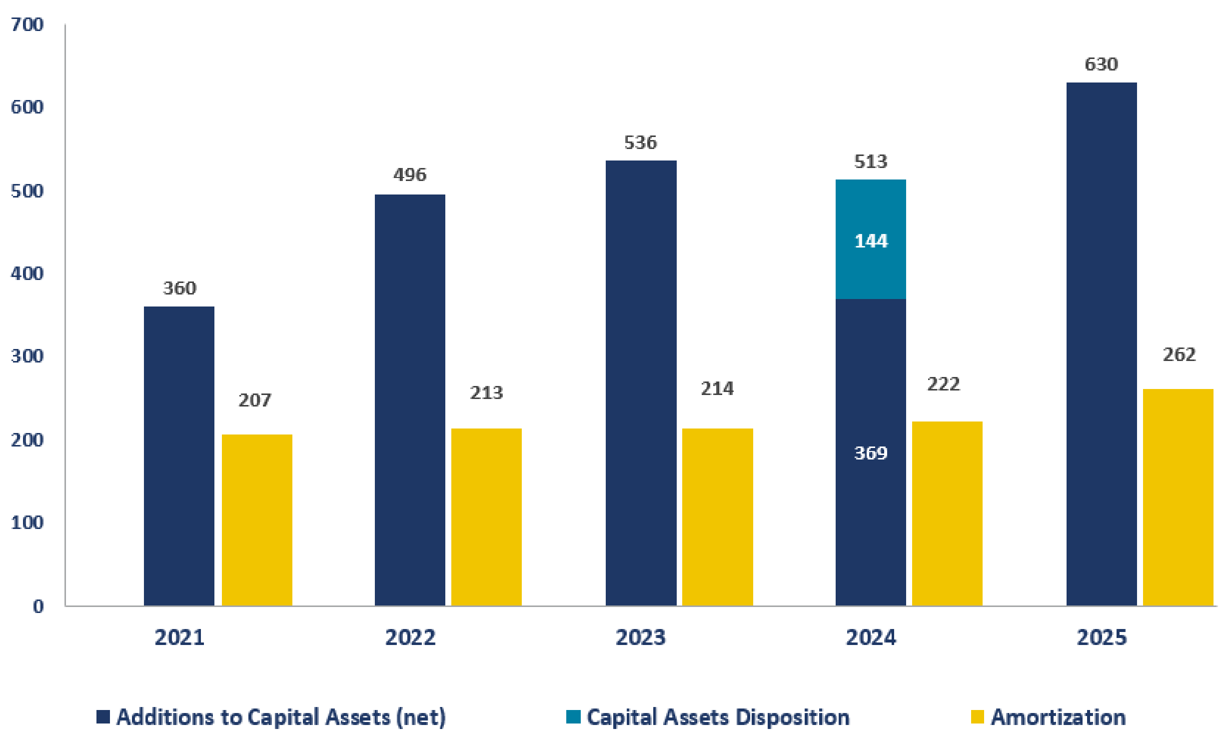
In 2024, the University spent an additional $76 million on the construction of the UTSC Instructional Centre II, $35 million on the new Oak House student residence at the St. George campus, $27 million on the Academic Wood Tower, $18 million on the UTSC SAMIH, $13 million on the UTM Science Building, and $10 million on the Lash Miller Building expansion. The University also completed construction of the Schwartz Reisman Innovation Campus (Phase 1).

In 2024, the University also completed the following significant transactions to give it access to much needed student housing:

- The University completed construction of Harmony Commons, a student residence located at the Scarborough campus. Harmony Commons was subsequently sold to a related party for $147 million, however, the University will continue to operate the residence for its students.
- The University also acquired a 20% share of CampusOne, a residence located near the St. George campus.

In 2025, the University spent an additional $21 million on the construction of the UTSC Instructional Centre II, $58 million an a new parking structure at UTSC, $24 million on the new Oak House student residence at the St. George campus, $31 million on the Academic Wood Tower, $49 million on the UTSC SAMIH, $31 million on the Emerging Pandemic and Infections Centre, $22 million on the new residence at UTM, and $16 million on the Lash Miller Building expansion. The University also made major equipment acquisitions including $28 million as part of Project LEAP and $52 million at SciNet.

Figure 8: Capital Investment in Infrastructure
($ millions) for the year ended April 30



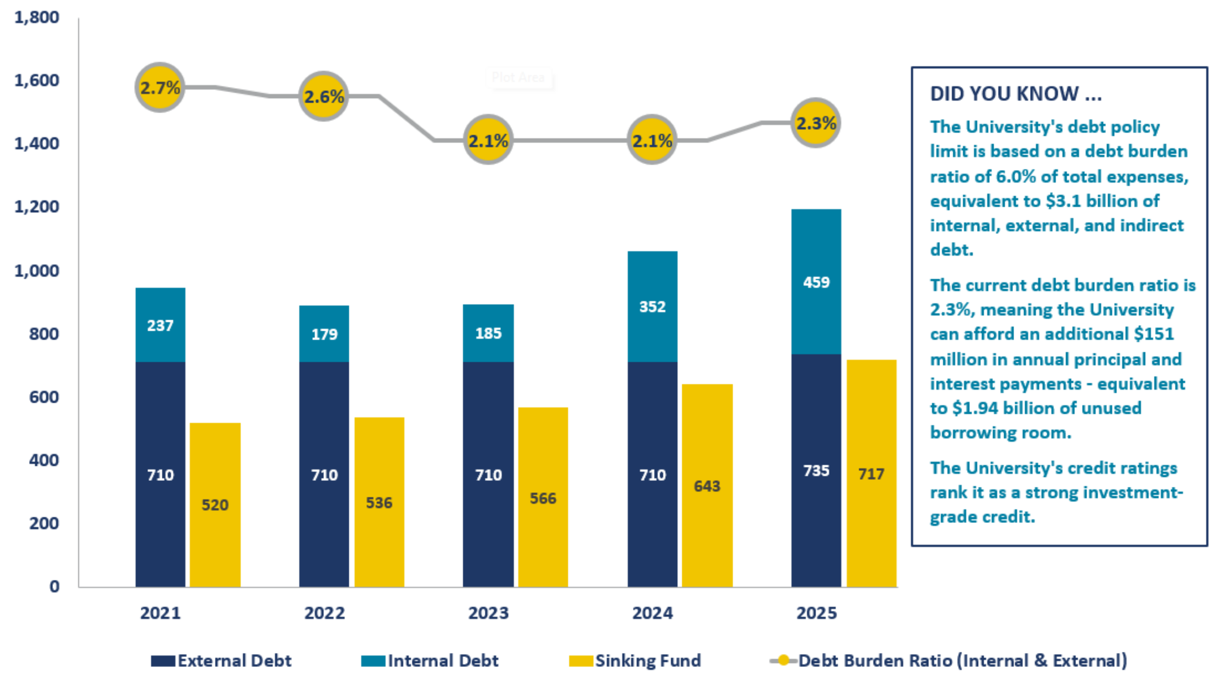
Debt

The University's debt strategy sets the debt policy limit based on a debt burden ratio of 6.0% (interest plus principal repayments divided by adjusted total expenditures). The University's definition of debt includes exposure to indirect (off balance sheet) debt held by joint venture partners. Prior to May 1, 2023, the debt policy limit was based on a debt burden ratio of 5.0%, however the definition of debt did not consider indirect debt.

The University is committed to prudently and strategically allocating debt to high priority capital projects. At a 6.0% debt burden ratio, the debt strategy provides for a total debt limit of $3.13 billion at April 30, 2025, made up of external debt capacity of $1.95 billion plus $1.18 billion in internal financing. At April 30, 2025, the actual outstanding long-term debt consists of $710 million (gross of $1 million of issue costs and premiums) of debentures, construction credit facilities of $25 million, and internal debt of $459 million. At April 30, 2025, the actual debt burden ratio was 2.3%, well below the 6.0% policy limit. The University has a voluntary sinking fund in the amount of $717 million that was established for the purposes of accumulating funds to repay the principal of the University's debentures at maturity.

Figure 9: Outstanding Debt

($ millions) for the year ended April 30



Last year, as part of Project LEAP, the University secured two new credit facilities to fund the acquisition of clean and energy efficient equipment for use at its St. George campus in order to significantly reduce the University's annual carbon emissions. At April 30th, the University had drawn $25 million from these facilities.

At April 30, 2025, the University's long-term credit ratings are Aa1 with stable outlook (Moody's Investors Service), AA+ with stable outlook (S & P Global Ratings), and AA with stable trends (DBRS Morningstar), which ranks the University as a strong investment-grade credit. All credit rating agencies rate the University at or above the Province of Ontario.

Donations

All fundraising conducted on behalf of the University's faculties, colleges, schools, and divisions is done in service to academic plans and priorities approved by the Provost with the involvement of Principals, Deans and faculty.

Immediately following the successful closure of the Boundless campaign on December 31, 2018, with $2.64 billion raised, the University entered the quiet phase of the Defy Gravity campaign that will elevate the University's position as one of the world's leading public universities and advance the University community's outsized impact in solving complex social, economic, and health problems. The campaign will also seek to engage 225,000 alumni in one million contributions of time and talent and to raise $4 billion for the University's highest priorities—a target that reflects the ambition and scale of the University's community and its potential for global impact. From its inception on January 1, 2019 through April 30, 2025, the Defy Gravity campaign has raised $2.26 billion dollars toward its ambitious $4 billion goal and has surpassed 75% of its targets for alumni engagement.

For the period May 1, 2024 to April 30, 2025, the University raised a total of $361 million on an annual fundraising goal of $300 million.[6] This amount includes $316 million in pledges and gifts (donations) and $45 million in philanthropic research grants from non-government sources.

Total fundraising performance (pledges, gifts, and grants) for the years ended April 30 was as follows:

	(millions of dollars)		
Year	Pledges and gifts raised	Philanthropic research grants	Total
2025	316	45	361
2024	258	54	312
2023	256	52	308
2022	365	45	410
2021[7]	406	39	445

Donations[8] are recorded in the financial statements as follows:

- Unrestricted expendable donations are recorded as revenue when received
- Restricted expendable donations are recorded as revenue when the related expenditures are incurred
- Unspent restricted expendable donations are recorded as liabilities (deferred contributions or deferred capital contributions)
- Endowed donations are not recorded as revenue, rather, they are added directly to endowments, as additions to net assets.

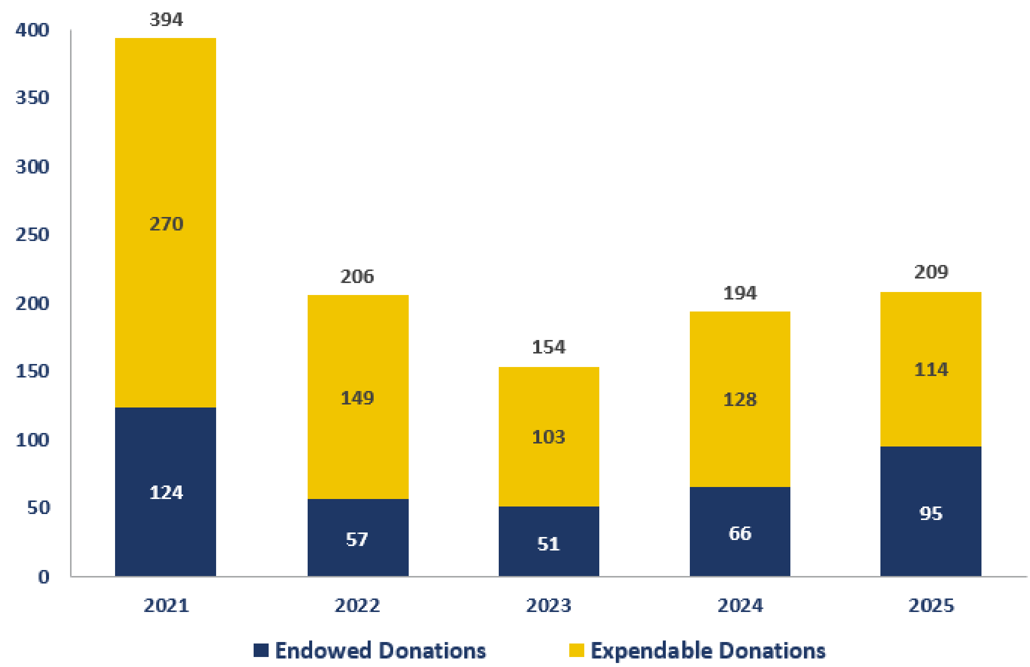
[6] This number includes federated universities and other affiliated institutions, but excludes donations to partner hospitals.

[7] In fiscal 2021, the University received $394 million in donations of which $250 million ($79 million endowed and $171 million expendable) was from the Temerty Foundation, established by James and Louise Temerty, making it the single largest gift in Canadian history.

[8] Donations revenue recorded in the University's financial statements does not include donations to the federated universities: Victoria University, University of St. Michael's College, and The University of Trinity College. Nor does it include philanthropic research grants, which are recorded as government and other grants revenue for restricted purposes.

In 2025, donations received by the University (excluding receipts by the federated universities, other affiliated institutions, philanthropic research grants and donations to partner hospitals) totaled $209 million and were reported as follows: $155 million in expendable donations was reported as revenue, of which $114 million was received in the current year and $41 million was received and deferred in prior years, and $95 million was added directly to endowments. It should be noted that the following graph tracks donations received by fiscal year. There is usually a lag between the growth in pledges and related commitments, and the actual cash receipt of funds.

Figure 10: Total Cash and Gifts-in-Kind Donations Received
($ millions) for the year ended April 30



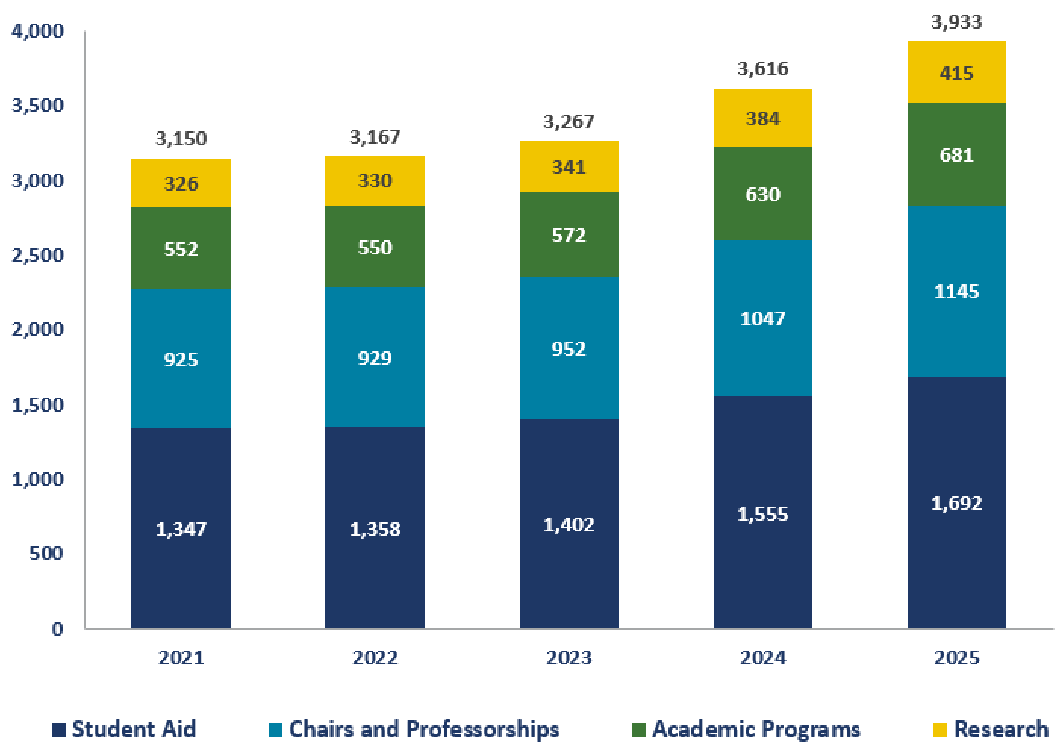
Endowments

Endowments are funds that are subject to restrictions relating both to capital and to investment earnings. The investment income earned on endowments are subject to the University's preservation of capital policy and must be used in accordance with purposes jointly agreed upon by the University and donors, or as determined by Governing Council. Endowments are not available for use in support of general operating activities.

Endowments are managed in a unitized pool with an annual spending rate. The University's endowment spending objective is to provide a predictable amount for spending (payout) each year that increases with inflation. To do this, the University preserves capital by constraining the annual spending rate and setting funds aside when investment returns are good. This strategy protects against inflation and creates a provision for investment return fluctuations from which funds can be released to maintain spending when there is a moderate downturn in the financial markets. The annual spending rate is expected to be between 3% and 5% of the opening market value of endowments. In 2024, the University implemented a new Advancement Investment Model (AIM) to provide a predictable source of income that supports strategic investment in fundraising and the University's ambitious plans to grow its annual fundraising results. AIM will include an annual levy on the endowment payout. In 2025, $7.2 million, or 0.24% of the opening market value of the endowment, will be directed to AIM, while the vast majority of the annual payout ($128 million of $135 million) will be distributed to individual endowment funds per normal practice. AIM is based on similar models used in other major Canadian and U.S. public and private institutions.

At April 30, 2025, there were more than 7,500 individual endowment funds, usually supported by an agreement between the University and a donor or reflecting a collection of small donations with common restrictions. The University's endowment market value was $3.9 billion (compared to book value of $3.27 billion including full inflation protection of $992 million). This leaves a preservation above inflation (provision for investment return fluctuations) of $667 million against a possible future market downturn. The majority of endowments are in support of student aid ($1.7 billion) and chairs and professorships ($1.1 billion).

Figure 11: Endowments at Fair Value
($ millions) at April 30



In fiscal 2025, the total fair value of endowments increased by $317 million as follows:

- $161 million increase on externally restricted endowments, consisting of a $278 million investment gain and a $117 million withdrawal for payout
- $26 million increase on internally restricted endowments, consisting of a $44 million investment gain and a $18 million withdrawal for payout

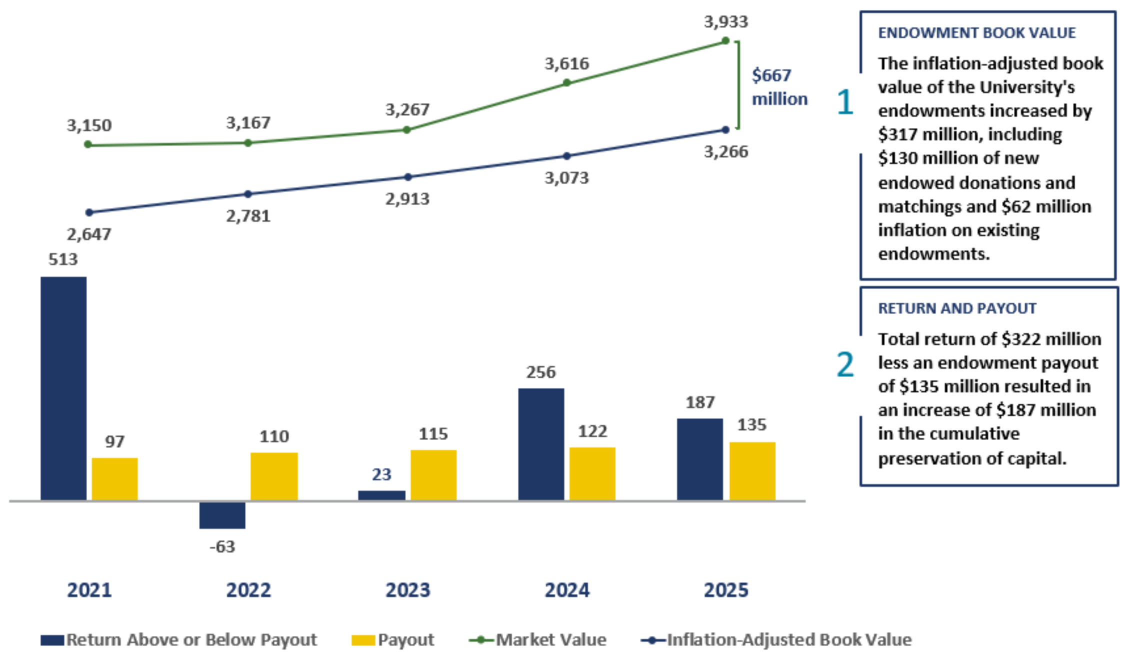
- $95 million of externally endowed donations and grants
- $35 million transfer into endowments

In fiscal 2024, the total fair value of endowments increased by $349 million as follows:

- $218 million increase on externally restricted endowments, consisting of a $324 million investment gain and a $106 million withdrawal for payout
- $38 million increase on internally restricted endowments, consisting of a $54 million investment gain and a $16 million withdrawal for payout
- $66 million of externally endowed donations and grants
- $27 million transfer into endowments

The following diagram shows the preservation of capital and payout over the five-year period starting in 2021:

Figure 12: Endowment Market Value, Preservation of Capital, Return, and Payout
($ millions) for the year ended April 30



Investment Earnings

Total investment earnings for the year amounted to $752 million (gross of $68 million in fees and other expenses) consisting of $369 million gain on investments held for endowments and $383 million gain on other investments. These earnings were recorded in the financial statements as follows:

- $369 million gains on investments held for endowments (gross of $47 million in fees and other expenses), of which:

- $161 million investment gain was recorded as a direct increase to endowments in the consolidated statement of changes in net assets
- $208 million was recorded as investment income in the consolidated statement of operations, of which
    - $135 million was made available for spending
    - $47 million in fees and other expenses
    - $26 million gain on internally restricted endowments

- $383 million gain on other investments (gross of $21 million in fees and other expenses) was recorded as an increase of investment income in the consolidated statement of operations

Figure 13: Annual Investment Returns
for the year ended April 30

LONG TERM CAPITAL APPRECIATION $4.8B
+8.9% **Includes endowments, sinking fund, and other long term assets. Target is 4.0% real return over 10-year period.**

MEDIUM TERM EXPENDABLE $1.1B
+9.7% **Funds set aside for spending in a 3-5 year horizon. Tolerance for some volatility, while avoiding permanent impairment of capital.**

SHORT TERM EXPENDABLE $2.6B
+6.7% **Funds set aside for short-term expenditure. Minimal tolerance for risk.**

DAILY LIQUIDITY $322M
+4.5% **Funds managed by the University for day-to-day liquidity needs. Minimal tolerance for risk.**

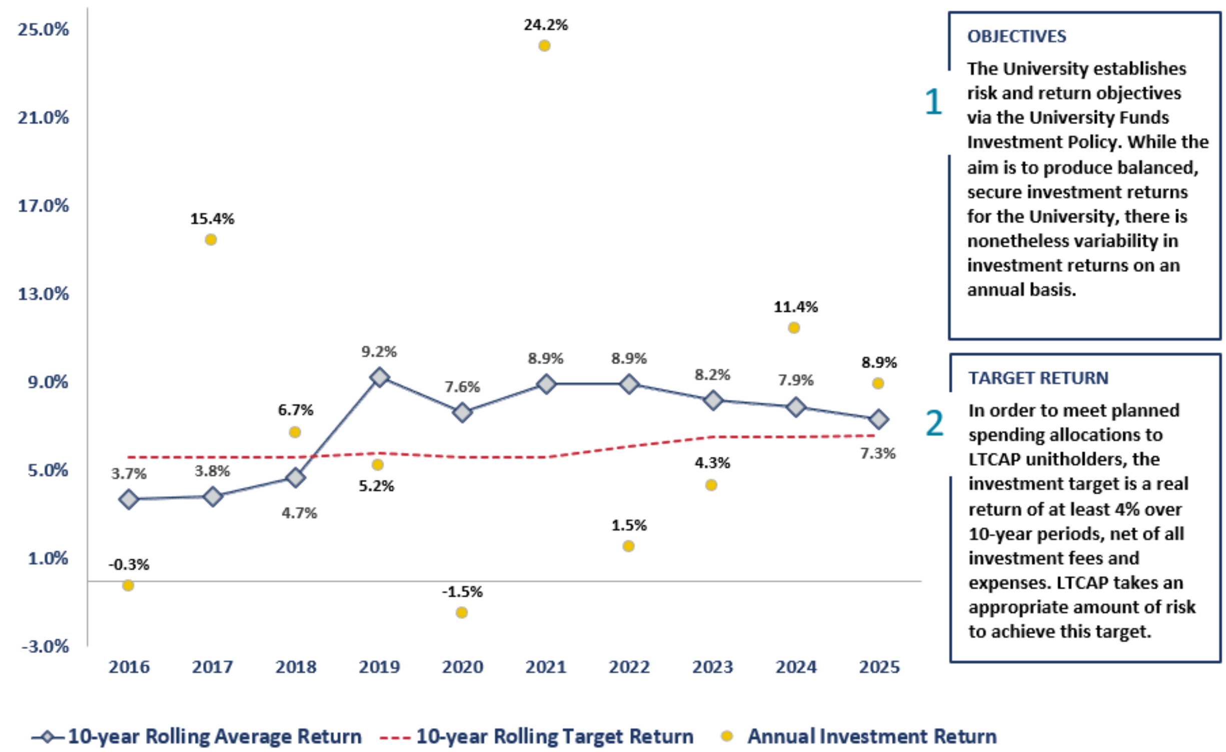
RISK TOLERANCE AND RETURN OBJECTIVES
The University establishes the investment risk and return objectives for each of these pools via the University Funds Investment Policy, which is approved by the Business Board. These objectives reflect the University's liability requirements and aim to produce balanced, secure returns for the University over time.

Almost all of the University's investments are invested in the long-term capital appreciation pool ("LTCAP") or the expendable funds investment pool ("EFIP"). The University establishes the investment risk and return objectives for each of these pools via the University Funds Investment Policy, which is approved by the Business Board. These objectives reflect the liability requirements and aim to produce balanced, secure returns for the University. Nonetheless, there is variability in investment returns on an annual basis. The actual investment return is a key determinant of whether the University records a net income or a net loss for the year.

Long-term Capital Appreciation Pool

The fair value of LTCAP was $4.8 billion at April 30, 2025, of which $3.9 billion was for endowments, representing 82.7% of the balance invested in LTCAP.

Figure 14: Long Term Capital Appreciation Pool (LTCAP) Returns
Annual and Ten-year Rolling Average



In order to meet planned spending allocations to LTCAP unitholders, the investment target is a real investment return of at least 4% over 10-year periods, net of all investment fees and expenses.[9] The University evaluates the long-term investment performance for the LTCAP against the target investment return and risk limits, as well as against the returns of a benchmark Reference Portfolio. The primary objective for LTCAP is to achieve its target investment return over the long term, while controlling risk within the specified risk limits. The Reference Portfolio serves as an objective yardstick for measuring the value gained or lost through the University of Toronto Asset Management Corporation's ("UTAM") investment management activities compared to the investment returns that would be available in the capital markets using a low-cost, public market passive investment approach with the same long-term risk and return objectives as LTCAP. Despite continued volatility in capital markets and economic uncertainty, LTCAP realized a return of 8.9% (net of all fees and expenses) during fiscal year 2025. LTCAP's fiscal year return benefited from the strong performance of public market equities over this period. Over the same period, the Reference Portfolio returned 10.7%. Over a longer horizon, UTAM continues to add value as LTCAP has significantly outperformed both the Reference Portfolio as well as its Target Return over the 10-year period ending April 30, 2025.

[9] Prior to June 2017, the investment return and risk targets for LTCAP were a 4% investment return plus inflation, net of all investment fees and expenses, and a 10% return volatility risk target (representing one standard deviation), over a ten-year period.

Expendable Funds Investment Pool

The investment policy for EFIP reflects very short-term investments managed by the University and short-term and medium-term portfolios managed by UTAM.

EFIP is invested in fixed income instruments, including bonds, fixed income derivatives, as well as cash and cash equivalent instruments. Fixed income investments are sensitive to interest rate movements, where, all things equal, they are subject to mark-to-market gains when interest rates decrease, and mark-to-market losses when interest rates increase. During the fiscal year, EFIP achieved a return of 7.6% (net of all fees and expenses). The primary driver of the return was a decrease in interest rates. Over the same period, the EFIP benchmark recorded a return of 7.3%.

The EFIP short-term portfolio is invested in total return swaps that reference a Canadian short-term fixed income index, as well as in cash and cash equivalent instruments. The duration of this portfolio was approximately 1.4 years at the end of the fiscal year. [10] Overall, the EFIP short-term portfolio realized a return of 6.7% (net of all fees and expenses) during the fiscal year, which compared to its benchmark return of 6.1% over the same period. Both the total return swaps and the cash and cash equivalent instruments generated positive returns during the period.

The EFIP medium-term portfolio is invested in longer term fixed income securities compared to the short-term portfolio. The duration of this portfolio was approximately 3.8 years at the end of the fiscal year. During the fiscal year, the portfolio achieved a return of 9.7% (net of all fees and expenses). The return was primarily driven by a decrease in interest rates during the period. The EFIP medium-term portfolio benchmark returned 10.7% in the fiscal year.

The return objective and risk tolerance for each category of EFIP funds (excluding funds loaned internally) as at April 30, 2025 is as follows:

	Risk Tolerance	Return Objective
Investments managed by the University	Minimal risk	30-day Treasury bill return
Short-term portfolio managed by UTAM	Minimal risk	50% of the Canadian Overnight Repo Rate Average (CORRA) + 10bps; plus 50% of the FTSE Canada Short-Term Universe Bond Index
Medium-term portfolio managed by UTAM	Low risk of losses over a 3-to-5-year period (i.e., avoidance of permanent capital impairment) with mark-to-market fluctuations tolerated over shorter time horizons	50% FTSE Canada Corporate BBB Bond Index; plus 50% FTSE Canada Corporate Short-Term BBB Bond Index.

[10] Duration is a measure of interest rate sensitivity of the price of a fixed income instrument. Duration is primarily impacted by a fixed income security's coupon rate, yield and remaining time to maturity. All things equal, an immediate increase in interest rates of 100 bps (1%) would result in a fixed income instrument with a duration of 5 years losing 5% of its value (i.e., the loss would be equivalent to its duration).

The fair values and returns for the fiscal year were as follows:

	2025		2024	
	Fair Value	Total Return	Fair Value	Total Return
Investments managed by the University	$322 million	4.49%	$352 million	5.42%
Short-term portfolio managed by UTAM	$2.6 billion	6.68%	$2.5 billion	4.22%
Medium-term portfolio managed by UTAM	$1.1 billion	9.75%	$1.1 billion	6.33%

Responsible Investing

UTAM is the investment manager for the University's LTCAP and EFIP portfolios. UTAM incorporates environmental, social and governance (ESG) factors into its investment decision-making, stewardship activities (engagement, proxy voting and advocacy), and reporting and disclosure. The University believes that ESG factors can have a material impact on the long-term risk and return of a given investment and that incorporating relevant and material ESG issues into the decision-making processes is consistent with the University's fiduciary duty.

A key component of the University of Toronto's 2021 climate announcement was the commitment to net zero emissions in the LTCAP portfolio by 2050. This commitment coincided with UTAM joining the Net-Zero Asset Owner Alliance. The Alliance has established a framework for setting interim targets on various decarbonization initiatives to guide members in achieving net zero emissions in their portfolios by 2050. In accordance with the Alliance's Target Setting Protocol, in 2022 UTAM established interim targets with respect to emissions, engagement and transition financing.

For example, in 2022, UTAM announced a new carbon footprint reduction target for the equity, equity-like and corporate bond component of the LTCAP portfolio – a 50% reduction by 2030, using 2019 baseline levels. UTAM reports its progress towards this new carbon reduction target annually in its Carbon Footprint Report[11].

[11] https://www.utam.utoronto.ca/reports/

Audited Consolidated Financial Statements

For the year ended April 30, 2025

UNIVERSITY OF TORONTO

DEFY GRAVITY

Statement of Administrative Responsibility

The administration of the University of Toronto (the "University") is responsible for the preparation of the consolidated financial statements, the notes thereto and all other financial information contained in this Financial Report.

The administration has prepared the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations developed by the Chartered Professional Accountants of Canada. The administration believes that the consolidated financial statements present fairly the University's consolidated financial position as at April 30, 2025, and its consolidated results of operations and its consolidated cash flows for the year then ended. In order to achieve the objective of fair presentation in all material respects, reasonable estimates and judgments were employed. Additionally, management has ensured that financial information presented elsewhere in this Financial Report has been prepared in a manner consistent with that in the consolidated financial statements.

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

Aon has been retained by the University in order to provide an estimate of the University's liability for pension and other employee future benefits. Management has provided the valuation actuary with the information necessary for the completion of the University's actuarial report and retains ultimate responsibility for the determination and estimation of the pension and other employee future benefits liabilities reported.

Governing Council carries out its responsibility for review of the consolidated financial statements and this Financial Report principally through the Business Board and its Audit Committee. The members of the Audit Committee are not officers or employees of the University. The Audit Committee meets regularly with the administration, as well as the internal auditors and the external auditors, to discuss the results of audit examinations and financial reporting matters, and to satisfy itself that each party is properly discharging its responsibilities. The auditors have full access to the Audit Committee with and without the presence of the administration.

The consolidated financial statements as at and for the year ended April 30, 2025 have been reported on by Ernst & Young LLP, the auditors appointed by Governing Council. The independent auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the consolidated financial statements.

(signed)
Trevor Rodgers
Chief Financial Officer

(signed)
Meric S. Gertler
President

Independent Auditor's Report

To the Members of Governing Council of the **University of Toronto**:

Opinion

We have audited the consolidated financial statements of the **University of Toronto** and its subsidiaries (the "University"), which comprise the consolidated balance sheet as at April 30, 2025, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as at April 30, 2025, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

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

Other information

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the University as a basis for forming an opinion on the group consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst + Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
June 24, 2025

Statement 1

UNIVERSITY OF TORONTO
CONSOLIDATED BALANCE SHEET
As at April 30
(millions of dollars)

	2025	2024
ASSETS		
Current		
Cash and cash equivalents	**322**	352
Short-term investments, at fair value (note 3)	**509**	576
Accounts receivable (note 3)	**175**	133
Inventories and prepaid expenses	**59**	50
	1,065	1,111
Investments, at fair value (notes 3 and 19)	**7,981**	7,450
Other long-term investments (note 4)	**54**	31
Other long-term assets (note 5)	**207**	176
Capital assets, net (note 6)	**6,330**	5,962
	15,637	14,730
LIABILITIES		
Current		
Accounts payable and accrued liabilities (notes 3, 8 and 9)	**870**	894
Deferred contributions (note 10)	**1,163**	1,127
	2,033	2,021
Accrued pension liability (note 7)	**142**	140
Employee future benefit obligations other than pension (note 7)	**783**	699
Long-term debt (note 8)	**734**	709
Deferred capital contributions (note 11)	**1,282**	1,204
	4,974	4,773
NET ASSETS		
Deficit	**(514)**	(500)
Internally restricted (note 12)	**7,244**	6,841
Endowments (notes 13, 14 and 15)	**3,933**	3,616
	10,663	9,957
	15,637	14,730

Contingencies, commitments and collections (notes 3, 4e, 6, 20 and 21)

See accompanying notes

On behalf of Governing Council:

(signed)	*(signed)*
Anna Kennedy	Meric S. Gertler
Chair	President

Statement 2

UNIVERSITY OF TORONTO
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended April 30
(millions of dollars)

	2025	2024
REVENUES		
Student fees	**2,380**	2,290
Government grants for general operations	**754**	726
Government and other grants for restricted purposes (note 18)	**540**	510
Investment income (notes 3, 8, and 13)	**591**	506
Sales, services and sundry income	**455**	453
Donations (note 17)	**155**	155
	4,875	4,640
EXPENSES		
Salaries	**2,127**	2,068
Employee benefits (note 7)	**474**	456
Scholarships, fellowships and bursaries	**408**	364
Materials, supplies and services	**293**	311
Amortization of capital assets	**262**	222
Repairs, maintenance and leases	**254**	204
Cost of sales and services	**153**	139
Inter-institutional contributions	**152**	147
Travel and conferences	**70**	66
Utilities	**67**	61
Interest on long-term debt	**38**	38
Other	**58**	56
	4,356	4,132
NET INCOME	**519**	508

See accompanying notes

Statement 3

UNIVERSITY OF TORONTO
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
For the year ended April 30
(millions of dollars)

	Deficit	Internally restricted (note 12)	Endowments (note 13)	2025 Total	2024 Total
Net assets, beginning of year	**(500)**	**6,841**	**3,616**	**9,957**	9,034
Net income	**519**	**-**	**-**	**519**	508
Net change in internally restricted (note 12)	**(403)**	**403**	**-**	**-**	-
Remeasurements and other items (note 7)	**(69)**	**-**	**-**	**(69)**	131
Investment gain on externally restricted endowments (note 13)	**-**	**-**	**161**	**161**	218
Externally endowed contributions - donations (note 17)	**-**	**-**	**95**	**95**	66
Transfer to internally restricted endowments (note 13) - investment gain	**(26)**	**-**	**26**	**-**	-
Transfer to endowments (note 13)					
- donations	**(12)**	**-**	**12**	**-**	-
- matching funds	**(23)**	**-**	**23**	**-**	-
Net assets, end of year	**(514)**	**7,244**	**3,933**	**10,663**	9,957

See accompanying notes

Statement 4

UNIVERSITY OF TORONTO

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended April 30

(millions of dollars)

	2025	2024
OPERATING ACTIVITIES		
Net income	**519**	508
Add (deduct) non-cash items:		
Amortization of capital assets	**262**	222
Amortization of deferred capital contributions (note 11)	**(86)**	(75)
Net unrealized gains from investments	**(504)**	(420)
Employee future benefits expense	**220**	224
Employee future benefits contributions	**(203)**	(193)
Net change in other non-cash items (note 16)	**(83)**	196
	125	462
INVESTING ACTIVITIES		
Net sale of short-term investments	**67**	252
Net sale (purchase) of investments	**134**	(155)
Net purchase of other long-term investments	**(23)**	(31)
Increase in loans receivable	**(1)**	(116)
Net purchase of capital assets (note 16)	**(616)**	(409)
	(439)	(459)
FINANCING ACTIVITIES		
Increase in long-term debt	**25**	-
Contributions for capital asset purchases	**164**	62
Endowment contributions		
- donations	**95**	66
	284	128
Net increase (decrease) in cash during the year	**(30)**	131
Cash and cash equivalents, beginning of year	**352**	221
Cash and cash equivalents, end of year	**322**	352

See accompanying notes

Notes to the Consolidated Financial Statements

(All tabular amounts are in millions of dollars unless otherwise indicated)

1. Description

The Governing Council of the University of Toronto, which operates under the name University of Toronto (the "University"), is a corporation under the *University of Toronto Act*, a statute of the Legislative Assembly of Ontario. The University is an institution dedicated to providing post-secondary education and to conducting research. The University's vision is to be a leader among the world's best public universities in its discovery, preservation and sharing of knowledge through its teaching and research, and its commitment to excellence and equity.

These consolidated financial statements include the assets, liabilities, revenues, expenses, and other transactions of all the operations and organizations, including wholly owned subsidiaries, under the jurisdiction of Governing Council. These consolidated financial statements do not include the assets, liabilities and operations of Victoria University, The University of Trinity College, University of St. Michael's College, Sunnybrook Health Sciences Centre ("Sunnybrook") and the affiliated colleges under the memorandum of agreement with the Toronto School of Theology, each of which is a separate, non-controlled corporate body with separate financial statements.

The University holds title to the land and original buildings of Sunnybrook. The land and original buildings were acquired for the sum of one dollar and are used for hospital purposes, and for related medical research and teaching purposes. The property is leased to the Board of Directors of Sunnybrook, a separate corporation, under a ground lease, which is perpetually renewable every 21 years at the option of the Board of Directors of Sunnybrook.

The University is a registered charitable organization and, as such, is exempt from income taxes under the *Income Tax Act* (Canada).

2. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets out generally accepted accounting principles ("GAAP") for not-for-profit organizations in Canada and includes the significant accounting policies summarized below:

a. Investments and investment income

Investments are carried at fair value except for the real estate directly held by the University for investment purposes. Fair value amounts represent estimates of the consideration that would be agreed on between knowledgeable, willing parties who are under no compulsion to act. It is best evidenced by a quoted market price if one exists. The calculation of estimated fair value is based upon market conditions at a specific point in time and may not be reflective of future fair values.

The value of investments recorded in the consolidated financial statements is determined as follows:

i. Short-term notes and treasury bills are valued based on cost plus accrued interest, which approximates fair value. Money market funds are valued based on closing quoted market prices.

ii. Bonds and publicly traded equities are valued based on quoted market prices. If quoted market prices are not available for bonds, estimated values are calculated using discounted cash flows based on current market yields and comparable securities, as appropriate.

iii. Investments in pooled funds (other than private investment interests and hedge funds) are valued at their reported net asset value per unit.

iv. Hedge funds are valued based on the most recently available reported net asset value per unit, adjusted for the expected rate of return of the fund through April 30. The University believes the carrying amount of these financial instruments is a reasonable estimate of fair value.

v. Private investment interests consisting of private investments and real assets comprise private externally managed pooled funds with underlying investments in equities, debt, real estate assets, infrastructure assets and commodities. The investment managers of these interests perform and provide valuations of the underlying investments on a periodic basis. Annual financial statements of the private investment interests are audited and are also provided by the investment managers. The value of the investments in these interests is based on the latest valuations provided (typically December 31), adjusted for subsequent cash receipts and distributions from the fund, and cash disbursements to the fund through April 30. The University believes that the carrying amount of these financial instruments is a reasonable estimate of fair value. Because private investments are not readily traded, their estimated values are subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.

vi. Real estate directly held by the University for investment purposes is originally valued at cost and, when donated, at the value determined through an appraisal process at the date of donation. Subsequently, real estate is valued at cost less any provision for impairment.

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

Investment income is recorded on an accrual basis, consisting of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses. Investment income is recorded as revenue in the consolidated statement of operations except for investment income earned on externally restricted endowments, for which only the amount made available for spending is recorded as revenue. In years where the investment income earned is more than the amount made available for spending, the excess is recorded as a direct increase in endowments. In years where the investment income earned is below the amount made available for spending, the shortfall is recorded as a direct decrease in endowments.

b. Derivative financial instruments

Derivative financial instruments are used to manage particular market and currency exposures for risk management purposes primarily with respect to the University's investments and as a substitute for more traditional investments, and for the University's floating rate long-term debt. Derivative financial instruments and synthetic products that may be employed include bonds, equity and currency futures, options, swaps and forward contracts. The majority of the notional exposure of the derivative financial instruments (except for currency derivatives) is backed by liquid assets (short-term investments), reducing the use of leverage. The fair value of derivative financial instruments reflects the daily quoted market amount of those instruments, thereby taking into account the current unrealized gains or losses on open contracts. Investment dealer quotes or quotes from a bank are available for substantially all the University's derivative financial instruments.

Derivative financial instruments are carried at fair value, with changes in fair value during the year recorded in the consolidated statement of operations.

c. Investments in significantly influenced entities and interests in joint venture arrangements

Joint ventures and investments in for-profit entities subject to significant influence are accounted for using the equity method, whereby the investment is initially recorded at cost, net of any impairment and adjusted thereafter for the University's share of the entity's net surplus or deficit and any further impairments. Any distributions received are accounted for as a reduction in the investment.

d. Senior unsecured debentures and other long-term debt

Senior unsecured debentures and other long-term debt are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method. Senior unsecured debentures and other long-term debt are reported net of related premiums, discounts and transaction issue costs.

e. Other financial instruments

Other financial instruments, including cash and cash equivalents, accounts receivable, loans receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at their amortized cost, net of any provisions for impairment.

f. Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. An investment qualifies as a cash equivalent when it has a short maturity of approximately three months or less from the date of acquisition. Cash and investments meeting the definition of cash and cash equivalents held for investing rather than liquidity purposes are classified as investments.

g. Inventory valuation

Retail inventories are carried at the lower of cost, determined using the first-in, first-out method, and net realizable value.

h. Employee benefit plans

(i). Pension plans

The University is a member of the University Pension Plan Ontario ("UPP"), which is a multi-employer jointly sponsored, defined benefit plan. The University does not recognize any share of the UPP's pension surplus or deficit as insufficient information is available to identify the University's share of the underlying pension assets and liabilities. The University also accounts for its contributions to the UPP on a defined contribution basis. The University's contributions are expensed in the period they come due.

The University also provides an unfunded and unregistered Supplementary Account Plan ("SAP"). The SAP is a defined contribution arrangement established to provide retirement income on the portion of eligible members' (faculty members, librarians, and professional or managerial staff, who are active members of the UPP) salary that is not covered by the UPP, up to a specified cap. The contribution of 10% of the eligible salary and the investment return based on the annual investment return (net of fees and expenses) earned under the UPP are expensed in the year they are earned by eligible members and credited to each member's notional account.

Prior to the SAP, the University had a Supplemental Retirement Arrangement ("SRA"), an unfunded and unregistered arrangement that is now closed for future accruals. The SRA provided defined benefits for retired and deferred vested members whose benefits exceeded the *Income Tax Act* (Canada) maximum pension at the time of their retirement or termination. Finance costs are expensed during the year, while remeasurements and other items, representing actuarial gains and losses, and past service costs, are recognized as a direct increase or decrease in net assets. The accrued liability is determined using a roll-forward technique to estimate the accrued liability using accounting assumptions from the most recent actuarial valuation report.

(ii). Other employee benefits plans

The University maintains other retirement and post-employment benefits for most of its employees and accounts for these using the immediate recognition approach. Under this approach, the University recognizes the amount of the accrued obligation net of the fair value of plan assets in the consolidated 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, and past service costs, are recognized as a direct increase or decrease in net assets. The accrued liability for unfunded plans is prepared using accounting assumptions.

i. Capital assets and collections

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis using the following annual rates:

Buildings and land improvements	2.5% - 10%
Equipment and furnishings	4% - 20%
Library books	20%

The University allocates salary and benefit costs related to personnel who work directly on managing capital projects through a project management fee based on 3.25% of construction, furnishings and equipment, and landscaping costs for projects up to $75 million and 2.50% of those same costs for projects above $75 million.

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

The value of library, art and other special collections has been excluded from the consolidated balance sheet except for a nominal value of $1. Donated collections are recorded as revenue at values based on appraisals by independent appraisers and are expensed in the year received. Purchased collections are expensed in the year they are acquired.

When collections are deaccessioned and then sold, proceeds from the sale are included in deferred contributions and recognized as revenue when the cost of insurance, cleaning, restoration and conservation of works in the collection are expensed.

j. Revenue recognition

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

Unrestricted donations, contributed rare books, and other collections are recorded as revenue when received or receivable if amounts can be reasonably estimated and collection is reasonably assured. Due to the uncertainty involved in collecting pledged donations, they are not recognized until received.

Externally restricted contributions, other than endowment contributions, are deferred when initially recorded in the accounts and recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for the purposes designated by external parties. Externally restricted contributions received towards the acquisition of depreciable capital assets are deferred when initially recorded in the accounts and amortized to revenue on the same basis as the related capital assets are amortized.

Endowment contributions and contributions of non-amortizable capital assets are recorded as direct increases in net assets in the year in which they are received or receivable.

Student fees are recorded as revenue when courses and seminars are held. Sales, services and sundry income revenues are recorded at point of sale for goods or when the service has been provided.

k. Foreign currency translation

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

l. Use of accounting estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, and disclosure of contingent assets and liabilities. Significant areas requiring the use of management estimates include the assumptions used in the determination of the fair value of financial instruments where the values are based on non-observable inputs that are supported by little or no market activity, the valuation of pension and other retirement benefit obligations, and the recording of contingencies. Actual results could differ from those estimates.

m. Contributed services and materials

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

3. *Investments*

The University's investments are managed using two pools: the long-term capital appreciation pool ("LTCAP"), and the expendable funds investment pool ("EFIP"). LTCAP mainly includes endowment funds (note 13), the voluntary sinking fund (note 8) established to repay the principal of the University's debentures at maturity and funds set aside to cover long-term disability payments (note 7). EFIP consists mainly of the University's working capital for operations. The University of Toronto Asset Management Corporation ("UTAM") manages each of the pools according to the investment return target and risk tolerance of each pool as described in the University Funds Investment Policy. UTAM incorporates environmental, social and governance factors into its investment decision-making and practices active ownership in its management of both portfolios.

The table below shows the University's investments at fair value, mapped into the Reference Portfolio asset classes for the LTCAP and investment benchmarks for EFIP:

		2025			2024	
	LTCAP	**EFIP**	**Total**	LTCAP	EFIP	Total
Short-term investments	**(656)**	**1,165**	**509**	(560)	1,136	576
Government and corporate bonds and other fixed-income investments	**1,959**	**2,571**	**4,530**	1,789	2,439	4,228
Canadian equities	**53**	**-**	**53**	45	-	45
United States equities	**1,263**	**-**	**1,263**	1,172	-	1,172
International equities	**453**	**-**	**453**	415	-	415
Emerging markets equities	**199**	**-**	**199**	175	-	175
Global equities	**901**	**-**	**901**	875	-	875
Other	**581**	**1**	**582**	540	-	540
	4,753	**3,737**	**8,490**	4,451	3,575	8,026
Less amounts reported as short-term investments	**656**	**(1,165)**	**(509)**	560	(1,136)	(576)
Total long-term investments	**5,409**	**2,572**	**7,981**	5,011	2,439	7,450

The University has adopted an investment benchmark called the Reference Portfolio for LTCAP, which has an asset mix that reflects the University's long-term return objective and risk appetite for this pool. The Reference Portfolio is designed to be a simple portfolio that can be easily implemented, and only includes public market asset classes. However, the actual investments in LTCAP include asset classes and strategies, such as hedge funds and private investments, that are not represented in the Reference Portfolio. These other investments have been reclassified and mapped to the most appropriate Reference Portfolio asset classes in the table above. In some cases, derivative financial instruments are used to obtain market exposures to various asset classes. The majority of the notional exposure of derivative financial instruments (except for currency derivatives) is backed by liquid assets (short-term investments), reducing the use of leverage. Leverage is however used to add government bond exposure to the LTCAP portfolio to enhance downside risk protection. The table above includes the notional exposure (including any mark-to-market gains/losses) of derivative financial instruments other than currency derivatives in the Reference Portfolio asset classes.

Short-term investments consist of cash and bank term deposits. The negative amount of short-term investments in the LTCAP represents the notional exposure of the derivative financial instruments that is not backed by liquid assets as a result of the use of leverage. International equities include developed equity markets in Europe, Australasia and the Far East and exclude the United States and Canada. Global equities include all developed equity markets as well as various emerging equity markets. Investments in the "Other" category consist mainly of absolute return hedge funds.

The table below shows the fair value of the same investments for each pool without the reallocation of short-term investments (related to derivative instruments), hedge funds, private investments and real assets to the relevant Reference Portfolio asset class or classes.

		2025			2024	
	LTCAP	**EFIP**	**Total**	LTCAP	EFIP	Total
Short-term investments	**1,615**	**2,589**	**4,204**	1,504	2,530	4,034
Government and corporate bonds and other fixed-income investments	**204**	**1,147**	**1,351**	186	1,044	1,230
Canadian equities	**1**	**-**	**1**	1	-	1
United States equities	**1**	**-**	**1**	1	-	1
International equities	**319**	**-**	**319**	236	-	236
Emerging markets equities	**49**	**-**	**49**	64	-	64
Global equities	**874**	**-**	**874**	871	-	871
Hedge funds	**650**	**-**	**650**	676	-	676
Private investments	**975**	**-**	**975**	867	-	867
Real assets	**65**	**-**	**65**	45	-	45
Other	**-**	**1**	**1**	-	1	1
Total investments	**4,753**	**3,737**	**8,490**	4,451	3,575	8,026

In fiscal 2025, the University's investment income of $591 million (2024 - $506 million) recorded in the consolidated statement of operations consists of income related to investments held for endowments of $208 million (2024 - $207 million), gross of $47 million (2024 - $47 million) in fees and other expenses (note 13), and a gain of $383 million (2024 - $299 million) on investments other than those held for endowments, gross of $21 million (2024 - $20 million) in fees and other expenses.

Included in investment income is an unrealized loss of $17 million (2024 - unrealized gain of $29 million) as a result of the change in fair value of its investments that were estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates for certain of its investments. Management believes there are no other reasonable assumptions for these investments that would generate any material changes in investment income.

Uncalled commitments

As at April 30, 2025, approximately 12.2% (2024 - 11.4%) of the University's investments are invested in private funds managed by third-party managers. These private funds typically take the form of limited partnerships managed by a General Partner. The legal terms and conditions of these private investment funds, which cover various areas of private equity investments, private credit and real asset investments (e.g., real estate, infrastructure), require that investors initially make an unfunded commitment and then remit funds over time (cumulatively up to a maximum of the total committed amount) in response to a series of capital calls issued to the investors by the manager. As at April 30, 2025, the University has uncalled commitments of approximately $927 million (2024 - $906 million). The capital committed is called by the manager over a pre-defined investment period, which varies by fund, but is generally between three and five years from the date the private fund closes. In practice, for a variety of reasons, the total amount committed to a private fund is typically not fully called.

Derivative financial instruments

The following table summarizes the notional and fair values of the University's derivative financial instruments related to the University's investments:

	2025			2024		
	Notional	**Fair values**		Notional	Fair values	
Contracts	**value**	**Receivable**	**Payable**	value	Receivable	Payable
Foreign currency forward						
United States dollars	**1,848**	**32**	**-**	1,814	-	(15)
Other	**562**	**(6)**	**-**	481	4	-
Equity and bond futures	**109**	**-**	**-**	101	-	(1)
Equity and bond swap	**3,621**	**3**	**(17)**	3,386	-	(81)
Interest rate swap	**-**	**-**	**-**	1	-	-
	6,140	**29**	**(17)**	5,783	4	(97)

Derivatives are financial contracts, the value of which is derived from changes in an underlying asset, index of prices or rates, interest rate, foreign exchange rate, etc. The University uses derivative financial instruments as a substitute for traditional investments to manage financial risks and to manage currency exposures. The University has entered into foreign currency forward contracts to manage its exposure to exchange rate fluctuations on investments denominated in foreign currencies in accordance with its hedging policy (note 19).

The University has entered into equity and bond futures contracts, and equity and bond swap contracts to obtain exposure to those asset classes. These derivatives are used as a substitute for traditional investments to obtain market exposures to these asset classes. Equity and bond futures contracts oblige the University to pay or receive the difference between a predetermined amount (the notional amount) and the market value at contract expiry. Equity and bond swap contracts are agreements for the exchange of cash flows based on the notional amount of the contract whereby one party commits to making payments based on the return of an underlying instrument in exchange for fixed or floating interest rate payments. To the extent the total return of the instrument or index underlying the transaction exceeds or falls short of the offsetting interest rate obligation, the University will receive a payment from, or make a payment to, the counterparty.

The notional amounts above do not represent amounts exchanged between parties. Instead, they represent the contractual amount to which a rate or price is applied for computing the cash flows to be exchanged and are therefore not recorded as receivables or payables in the consolidated financial statements. The University may have contracts to buy and sell similar underlying assets; in these cases, the notional amounts are presented above on a gross basis.

Contracts with a positive mark-to-market (fair value) are recorded as receivables, while contracts with a negative mark-to-market are recorded as payables. These are included in accounts receivable, and accounts payable and accrued liabilities, respectively, in the consolidated balance sheet. The maturity dates of the currency forwards and futures contracts as at April 30, 2025 range from May 2025 to December 2025. The maturity dates of the equity and bond swap contracts as at April 30, 2025 range from June 2025 to April 2026. Required collateral of $6 million (2024 - $2 million) has been provided to the relevant exchanges against the futures contracts as at April 30, 2025 in the form of short-term investments. As at April 30, 2025, the University has $3.0 billion (2024 - $2.9 billion) in short-term investments compared to the $3.7 billion (2024 - $3.5 billion) of notional value of equity and bond futures, and equity and bond swap contracts. Leverage is used to add government bond exposure to the LTCAP portfolio to enhance downside risk protection.

4. Other long-term investments

Other long-term investments consist of the University's interest in other organizations as follows:

	2025	2024
CampusOne Student Residence (note 4a)	**54**	31
Other (notes 4b, c, d, and e)	-	-
	54	31

a. CampusOne Student Residence

In 2024, the University acquired a 20% interest in the CampusOne Student Residence ("CampusOne"), a 25-storey, 890-bed student residence building strategically situated adjacent to the St. George campus. The acquisition provides the University access to much needed student residence spaces. Subject to availability, the University is able to reserve residence beds on a priority basis. The interest in CampusOne is accounted for in these consolidated financial statements using the equity method; therefore, the University recognizes 20% of CampusOne's excess (deficiency) of revenues over expenses in its consolidated statement of operations and as an investment on the consolidated balance sheet.

The following financial information for CampusOne was prepared in accordance with Canadian accounting standards for private enterprises. Any differences in the reporting framework are not material to the University's consolidated financial statements. Audited financial statements are prepared for CampusOne (as at and for the year ended December 31, 2024).

As at	**December 31, 2024**	December 31, 2023 (unaudited)
Total financial and non-financial assets	**273**	279
Total financial liabilities	**5**	69
Co-owners' equity	**268**	210

	For the year ended December 31, 2024	For the 18-day period ended December 31, 2023 (unaudited)
Revenues	**23**	1
Expenses	**20**	1
Operating income	**3**	-

b. UTSC Residence Limited Partnership

The University is the General Partner of UTSC Residence Limited Partnership, which owns Harmony Commons, a 746-bed student residence situated at the University's Scarborough Campus. Harmony Commons was constructed by the University at a cost of $144 million and sold in 2024 to UTSC Residence Limited Partnership for $147 million.

The University, as General Partner, will receive a portion of the profits of UTSC Residence Limited Partnership at a future date based on a profit-sharing formula defined in the limited partnership agreement. The University's interest in UTSC Residence Limited Partnership is accounted for in these consolidated financial statements using the equity method; therefore, the University recognizes its share of UTSC Residence Limited Partnership's excess of revenues over expenses in its consolidated statement of operations and as an investment on the consolidated balance sheet.

The following financial information for UTSC Residence Limited Partnership was prepared in accordance with Canadian accounting standards for private enterprises. Any differences in the reporting framework are not material to the University's consolidated financial statements. Separate financial statements are prepared for UTSC Residence Limited Partnership (as at and for the year ended December 31, 2024).

	December 31, 2024	**December 31, 2023**
Total assets	**174**	166
Total liabilities	**101**	104
Partners equity	**73**	62
Revenues	**10**	17
Expenses	**5**	-
Net income for the year	**5**	17

As at December 31, 2024, the University has not yet benefited in the profit-sharing formula defined in the limited partnership agreement and as such, no amounts have been recorded in these consolidated financial statements as the University's share of the net income.

The University operates Harmony Commons under a licensing agreement. During the year, the University paid licensing fees to UTSC Residence Limited Partnership of $9.9 million.

c. Toronto Pan Am Sports Centre Inc.

The Toronto Pan Am Sports Centre Inc. ("TPASC") is a jointly owned and controlled corporation (a joint corporation pursuant to the *Business Corporations Act* (Ontario) and the *City of Toronto Act* (2006)) by the University and the City of Toronto for the purpose of operating the Toronto Pan Am Sports Centre facilities that include a premier aquatics centre as well as a state-of-the-art training and competition venue. This joint venture is accounted for in these consolidated financial statements using the equity method; therefore, the University recognizes 50% of the joint venture's excess (deficiency) of revenues over expenses in its consolidated statement of operations and as an investment on the consolidated balance sheet.

The following financial information for TPASC was prepared in accordance with Canadian public sector accounting standards and represents the University's 50% share. Any differences in the reporting framework are not material to the University's consolidated financial statements. Separately audited financial statements are prepared for TPASC (as at and for the year ended December 31, 2024).

	December 31, 2024	December 31, 2023
Total financial and non-financial assets	**16**	15
Total financial liabilities	**1**	1
Accumulated surplus	**15**	14
Revenues	**8**	7
Expenses	**8**	7
Operating income	**-**	-
Cash flows used in operating activities	**(1)**	(1)
Cash flows used in investing activities	**-**	(1)
Cash flows from financing activities	**2**	2
Net change in cash	**1**	-

As at December 31, 2024, the University's share of the accumulated surplus represents unspent funds designated in support of major maintenance and capital requirements. No amounts have been recorded in these consolidated financial statements as the University's share of the accumulated surplus is not contemplated to be and is not readily realizable by the University.

During the year, the University paid $2 million (2024 - $2 million) in user fees to TPASC representing its share of the cost for using the facilities. During the year, the City of Toronto and the University each acquired an additional 5,360 (2024 - 5,360) common shares of TPASC in exchange for $2 million (2024 - $2 million) each representing funding from the Legacy Funding agreement dated December 18, 2014, to be contributed to TPASC to fund capital reserves and operating costs. These transactions occurred in the normal course of business and have been recorded at their exchange amounts, which is the amount agreed upon by both parties.

The construction of the Toronto Pan Am Sports Centre was governed by virtue of an agreement prior to the establishment of TPASC. The University has recorded $90 million (2024 - $90 million) in capital assets (note 6), representing the University's 50% share of the construction cost of the facility.

d. TRIUMF Inc.

The University is a member of TRIUMF Inc. ("TRIUMF"), a not-for-profit corporation, with 20 other universities. Each university has an undivided 1/21 interest in its assets, liabilities and obligations. The land and buildings it occupies are owned by The University of British Columbia. The facilities and its operations are funded by federal government grants, and the University has made no direct financial contribution to date. TRIUMF's net assets are not contemplated to be and are not readily realizable by the University. The University's interest in the assets, liabilities, and results of operations of TRIUMF are not included in these consolidated financial statements (note 21c).

The following financial information for TRIUMF was prepared in accordance with Canadian public sector accounting standards, including accounting standards that apply to government not-for-profit organizations, except that all capital assets and related provisions for decommissioning costs, if any, are expensed in the year in which the costs are incurred. Any differences in the reporting framework are not material to the University's consolidated financial statements.

	March 31, 2025 (unaudited)	March 31, 2024
Total assets	**70**	58
Total liabilities	**23**	11
Total fund balances	**47**	47
Revenues	**114**	108
Expenses	**113**	104
Excess of revenues over expenses	**1**	4

e. MaRS Phase 2 Investment Trust

During fiscal 2016, the University acquired a 20% interest in MaRS Phase 2 Investment Trust (the "Trust"), a unit trust governed by the laws of the Province of Ontario, established by deed of trust dated July 15, 2011 with MaRS Discovery District, a charitable organization, as settlor for $31 million. The Trust was established to develop and manage a 20-storey state-of-the-art building that is a world-class convergence centre dedicated to improving commercial outcomes from Canada's science, technology and social innovations. This investment is accounted for using the equity method. The University has assessed the investment value in the Trust upon acquisition and, as a result, the University wrote down the investment to nil at April 30, 2016. There have been no changes to the investment value as at April 30, 2024 and 2025.

During the year, the University made payments of $11 million (2024 - $12 million) to the Trust for leasing certain premises and its related operating costs.

These transactions occurred in the normal course of business and have been recorded at their exchange amounts, which is the amount agreed upon by both parties.

The future base rent lease payments for space rentals are as follows:

2026	5
2027	6
2028	6
2029	5
2030	5
Thereafter	65
	92

5. Other long-term assets

Other long-term assets consist of the following:

	2025	2024
Loans receivable - related party (note 5a)	**101**	101
Loan receivable (note 5b)	**16**	15
Other assets (note 7)	**90**	60
	207	176

a. Loans receivable - related party

As at April 30, 2025, the University has loans receivable from UTSC Residence Limited Partnership, a related party. The loans bear interest at rates between 3.85% and 4.75% (2024 - 3.6% and 4.5%), increasing by 0.25% on each anniversary of the occupancy date (September 1). Interest on the loans is due monthly and principal payments begin on November 1, 2026. The balance of the loans receivable are due in full when UTSC Residence Limited Partnership secures external financing.

b. Loan receivable

The loan receivable bears interest at 6.11% per annum, compounding monthly, with a term of 25 years. Interest on the principal and capitalized accrued interest is payable on a monthly basis beginning in June 2025. Principal and interest payments are payable on a quarterly basis beginning in August 2027, based on a 25-year amortization period from the original advance date.

6. Capital assets

	2025		2024	
	Total cost	**Accumulated amortization**	Total cost	Accumulated amortization
Land	**2,371**	**-**	2,362	-
Buildings	**5,218**	**1,983**	4,820	1,839
Equipment and furnishings	**2,477**	**1,892**	2,289	1,807
Library books	**904**	**850**	875	823
Land improvements	**91**	**6**	85	-
	11,061	**4,731**	10,431	4,469
Less accumulated amortization	**(4,731)**		(4,469)	
Net book value	**6,330**		5,962	

The University develops replacement property values of buildings and contents for insurance purposes using various sources and valuation methods that conform to insurance industry practice and standards. The insured replacement value of buildings is approximately $7.8 billion, and contents is approximately $3.2 billion, which includes library books of approximately $1 billion.

The University holds a wide range of library, art and other special collections that are protected and preserved for public exhibition, education, research, and the furtherance of public service. Rare books and special collections include manuscripts, archives, and cartographic, graphic, film, audio and video materials. The University rarely disposes of items in these collections.

As at April 30, 2025, the University has $782 million (2024 - $945 million) of construction-in-progress that was included in buildings, and equipment and furnishings, which will not be amortized until the capital assets are put into use.

7. Employee benefit plans

The University has a number of funded and unfunded defined benefit plans that provide pension (including a supplementary account plan and supplemental retirement arrangement), other retirement and post-employment benefits to most of its employees.

On July 1, 2021 (the "Effective Date"), the University became a member of the UPP and transferred the assets and liabilities, including the pension obligations, of the University's registered pension plan ("RPP") to the UPP. As of the Effective Date, the accrual of benefits and contributions under the UPP commenced for members of the RPP, and benefits and contributions under the RPP ceased.

Any pension surplus or deficit of the UPP is a joint responsibility of the members and employers for service after the transition date of July 1, 2021, and may affect future contribution rates for members and employers. The University remains responsible to fund any net pension obligations (determined based on the UPP actuarial assumptions) related to service up to the transition date of July 1, 2021, over 15 years. The net pension obligations may fluctuate in the future based on changes to the UPP's actuarial assumptions and for changes in experience in future periods, which will continue to be the responsibility of the University to fund for the first 10 years, after which the responsibility for such changes becomes gradually shared over the next 10 years with the other members of the UPP, after which the responsibility is totally shared with all members.

Contribution rates are determined by the UPP sponsors (representing employees and employers). The most recent actuarial valuation filed with pension regulators by the UPP as at January 1, 2024 indicated an actuarial surplus on a going concern basis of $249 million using an actuarial (smoothed) value of the assets.

Contributions made to the UPP during the year are included in employee benefits expense in the consolidated statement of operations and amounted to $154 million (2024 - $147 million). During the year, the University made a prepayment of $30 million (2024 - $60 million) to the UPP from its pension special payments budget. This amount continues to be included in the pension special payments reserve (notes 5 and 12) to be applied against any future required pension special payments.

Other retirement benefit plans are contributory health care plans with retiree contributions adjusted annually, such as extended health, semi-private and dental care. Another plan also provides for long-term disability income benefits after employment, but before retirement.

The employee benefits expense for the year includes pension expense of $164 million (2024 - $160 million), other retirement benefits expense of $56 million (2024 - $64 million) and other employee benefits of $254 million (2024 - $232 million). Remeasurements, which are recorded in the consolidated statement of changes in net assets, rather than in the consolidated statement of operations, are as follows:

	2025		2024	
	Pension benefit plan	**Other benefit plans**	Pension benefit plan	Other benefit plans
Difference between actual and expected return on plan assets				
Actuarial losses	**(3)**	**(66)**	(3)	134
Past service cost	**-**	**-**	-	-
	(3)	**(66)**	(3)	134

Actuarial valuations for retirement benefit plans are performed biannually for contributory health care plans, with the most recent as at January 1, 2023, and annually for long-term disability (LTD) and other supplementary retirement plans (SRAs), with the most recent as at January 1, 2025. The University measures its accrued benefit obligation (using a roll-forward technique from the most recent actuarial valuation) and the fair value of plan assets for accounting purposes as at April 30 of each year.

To measure the accrued benefit obligation for retirement benefit plans, other than pension, as at April 30, 2025, the rates of increase in the per capita cost of covered medical and dental benefits are assumed to be 5.2% and 5.6%, respectively. Both rates are expected to converge to 5.3% in 2026 and remain stable until 2030, before decreasing gradually to 4.1% in 2040 and remaining at that level thereafter.

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligation and benefits cost are set out below:

	2025		2024	
	Pension benefit plan	**Other benefit plans**	Pension benefit plan	Other benefit plans
Accrued benefit obligation:				
Discount rate*	**4.40%**	**4.80%**	5.10%	5.20%
Rate of compensation increase	**-**	**4.00%**	-	4.00%
Rate of inflation	**2.00%**	**2.00%**	2.00%	2.00%
Benefits cost:				
Discount rate*	**5.10%**	**5.20%**	4.70%	4.85%
Rate of compensation increase	**-**	**4.00%**	-	4.00%
Rate of inflation	**2.00%**	**2.00%**	2.00%	2.00%

Information about the University's benefit plans, which are mainly defined benefit plans, is as follows:

	2025		2024	
	Pension benefit plan	**Other benefit plans**	Pension benefit plan	Other benefit plans
Accrued benefit obligation	**142**	**783**	140	699
Fair value of plan assets	**-**	**-**	-	-
Plan deficit	**(142)**	**(783)**	(140)	(699)

The accrued pension liability of $142 million (2024 - $140 million) mainly represents the University's obligation for its SRA.

As at April 30, 2025, the University has set aside investments of $20 million (2024 - $15 million) for its SAP and $149 million (2024 - $135 million) for its other benefit plans. The University has also set aside $250 million (2024 - $175 million) for its pension special payments obligations, of which $90 million has been transferred to the UPP.

8. Long-term debt

Long-term debt consists of debentures and credit facilities as follows:

	2025	2024
Debentures		
Series A senior unsecured debenture bearing interest at 6.78%, payable semi-annually on January 18 and July 18, with the principal amount maturing on July 18, 2031	**160**	160
Series B senior unsecured debenture bearing interest at 5.841%, payable semi-annually on June 15 and December 15, with the principal amount maturing on December 15, 2043	**200**	200
Series C senior unsecured debenture bearing interest at 4.937%, payable semi-annually on May 16 and November 16, with the principal amount maturing on November 16, 2045	**75**	75
Series D senior unsecured debenture bearing interest at 4.493%, payable semi-annually on June 13 and December 13, with the principal amount maturing on December 13, 2046	**75**	75
Series E senior unsecured debenture bearing interest at 4.251%, payable semi-annually on June 7 and December 7, with the principal amount maturing on December 7, 2051	**200**	200
Credit facilities		
Senior, non-revolving credit facility (note 8(a)(i))	**14**	-
Junior, non-revolving credit facility (note 8(a)(ii))	**11**	-
Net unamortized transaction costs	**(1)**	(1)
	734	709

A voluntary sinking fund (note 3) was established for the purpose of accumulating funds to repay the principal of the University's debentures at maturity. The value of the fund included in investments as at April 30, 2025 amounts to $717 million (2024 - $643 million), which includes accumulated investment income of $174 (2024 - $145 million). The accumulated investment income is included in operating contingencies in internally restricted net assets.

Net unamortized transaction costs comprise premiums and transaction issue costs.

a. Credit facilities

In 2024, the University secured the following credit facilities to fund the acquisition of clean and energy efficient equipment for use at its St. George campus in order to significantly reduce the University's annual carbon emissions (the "project"):

i. A non-revolving credit facility (the "senior facility"), made available during the acquisition period, of up to $63 million, bearing interest at the Canadian Overnight Repo Rate Average plus 51.5 basis points, and due the earlier of November 1, 2027 and substantial completion of the project. Upon completing the acquisitions, the senior facility will be converted to a term loan bearing interest at the same rate.

   The University entered into two interest rate swap agreements with the senior lender to convert its interest rate exposure on the senior facility from a floating rate to a fixed rate (note 19). Under the interest rate swap and credit agreements, the University pays a hedged, all-in fixed rate of 3.783% on the senior facility. The interest rate swap agreements expire on October 29, 2027 and October 31, 2052.

   The notional amount of the interest rate swaps and the fair value of the derivative liability are as follows:

	2025		2024	
Contracts	**Notional value**	**Fair value Payable**	**Notional value**	**Fair value Payable**
Interest rate swaps	36	(1)	-	-

   The fair value of the derivative liability is included in accounts payable and accrued liabilities. The loss on fair value of the interest rate swaps of $1 million (2024 – nil) is recorded in investment income in the consolidated statement of operations.

ii. A non-revolving credit facility (the "junior facility"), made available during the acquisition period, of up to $50 million, bearing interest at 1.0% per annum, and due the earlier of November 1, 2027 and substantial completion of the project. Upon completing the acquisitions, the junior facility will be converted to a term loan bearing interest at the same rate.

The senior and junior facilities are secured by the project assets under a general security agreement.

9. Government remittances payable

As at April 30, 2025, accounts payable and accrued liabilities include government remittances payable of $56 million (2024 - $60 million).

10. Deferred contributions

Deferred contributions represent unspent externally restricted grants and donations. Changes in the deferred contributions balance are as follows:

	2025	2024
Balance, beginning of year	**1,127**	1,054
Add grants, donations and investment income	**651**	715
Less amount recognized as revenue during the year	**(615)**	(642)
Balance, end of year	**1,163**	1,127

The deferred contributions must be spent for the following purposes:

	2025	2024
Research	**514**	492
Student aid (notes 14 and 15)	**142**	135
Other restricted purposes	**507**	500
	1,163	1,127

11. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recognized as revenue in the consolidated statement of operations as government and other grants for restricted purposes.

The changes in the deferred capital contributions balance for the year are as follows:

	2025	2024
Balance, beginning of year	**1,204**	1,217
Add contributions recognized for capital asset purchases	**164**	62
Less amortization of deferred capital contributions	**(86)**	(75)
Balance, end of year	**1,282**	1,204

This balance represents:

	2025	2024
Amount used to purchase capital assets	**1,191**	1,105
Amount to be spent on capital assets	**91**	99
	1,282	1,204

12. Internally restricted net assets

The internally restricted net assets consist of the following:

	2025	2024
Investment in land and other capital assets	**4,939**	4,643
Employee benefits		
Pension	**(122)**	(125)
Other plans	**(634)**	(564)
Pension special payment reserve	**250**	175
Capital projects and infrastructure reserves	**1,677**	1,747
Operating contingencies	**577**	409
Research support	**320**	334
Departmental trust funds	**111**	106
Student assistance	**73**	86
Other funds	**53**	30
Balance, end of year	**7,244**	6,841

Internally restricted net assets are funds set aside that reflect the application of Governing Council policy.

a. Investment in land and other capital assets

Investment in land and other capital assets represents the amount of net assets that are not available for other purposes because they have been used to fund the purchase of capital assets. It consists of unamortized capital assets purchased with unrestricted resources (net of debt) plus the carrying amount of capital assets purchased with unrestricted resources (net of debt) that will not be amortized.

b. Employee benefits

Internally restricted net assets have been reduced by the portion of employee future benefits obligations to be funded by future operating budgets.

c. Pension special payment reserve

This reserve represents funds that have been set aside as a contingency against future pension special payment risk (note 7).

d. Capital projects and infrastructure reserves

These represent reserves in respect of capital projects at various stages of planning, design and construction, including:

- **Capital projects in progress -** $931 million (2024 - $884 million) - unspent funds at the end of the fiscal year, in respect of capital projects and alterations and renovations in progress that are part of the University's major infrastructure building and renewal program less amounts spent without funding on hand;
- **Reserves for future major capital projects -** $558 million (2024 - $643 million) - funds set aside for specific, major capital projects in the project planning stage with an anticipated project cost in excess of $10 million; and

- **Other divisional infrastructure reserves -** $188 million (2024 - $220 million) - funds held by divisions as a general reserve for alterations and renovations, as well as funds earmarked for capital projects in the project planning stage with an anticipated project cost less than $10 million.

e. Operating contingencies

These funds represent operating reserves available for spending to protect against possible adverse circumstances such as changes in student enrolment due to geopolitical events, investment return fluctuations and salary cost escalations.

f. Research support

These funds represent departmental funds reserved for Canada Research Chairs and related research allowances, start-up research funds and funds provided to faculty and librarians under an expense reimbursement program.

g. Departmental trust funds

These funds represent departmental trust funds available for spending by divisions with no external restrictions.

h. Student assistance

These funds represent departmental operating funds available to provide scholarships, bursaries, and other student assistance.

i. Other funds

These funds are held primarily to support various initiatives to enhance the quality, structure and organization of programs and activities, as well as the restructuring needed to adapt to the long-range budget plan and to improve the productivity of physical assets.

13. Endowments

Endowments consist of externally restricted donations received by the University and internal resources transferred by Governing Council in the exercise of its discretion. With respect to the latter case, Governing Council may have the right to subsequently decide to remove the designation. The investment income generated from endowments must be used in accordance with the various purposes established by donors or Governing Council. The University ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

University policy has been established with the objective of protecting the real value of the endowments by limiting the amount of income made available for spending and requiring the reinvestment of income not made available for spending. The investment policy has set the real rate of return objective of at least 4% over 10-year periods, net of all investment fees and other expenses, while taking an appropriate amount of risk to achieve this target, but without undue risk of loss. The amount made available for spending must normally fall between a range of 3% and 5% of the fair value per unit of the endowment pool. In any particular year, should net investment income be insufficient to fund the amount to be made available for spending or if the investment return is negative, the amount that is made available for spending is funded by the accumulated reinvested income. However, for endowment funds, where the fair value of the endowment is below the donated capital and does not have sufficient accumulated reinvestment income, endowment capital is used in the current year as this is deemed prudent by the University. This amount is expected to be recovered by future net investment income. As at April 30, 2025, there are 142 endowments with the original gift value of $43 million that have a fair value of $42 million and a deficiency of $1 million. As at April 30, 2024, there were no endowments with a deficiency, where the fair value was below the original gift value. In fiscal 2025, $10.63 (2024 - $9.97) per unit of LTCAP was made available for spending, representing 4% (2024 - 4%) of the five-year average fair value per unit of the endowment pool.

The change in net assets restricted for endowments consists of the following:

	2025			2024		
	Externally restricted	**Internally restricted**	**Total**	Externally restricted	Internally restricted	Total
Balance, beginning of year	**3,104**	**512**	**3,616**	2,806	461	3,267
Donations (notes 17 and 18)	**95**	**-**	**95**	66	-	66
Investment income, net of fees and other expenses of $47 (2024 - $47) (note 3)	**278**	**44**	**322**	324	54	378
Investment income made available for spending	**(117)**	**(18)**	**(135)**	(106)	(16)	(122)
Transfer of donations and matching funds from deficit	**19**	**16**	**35**	14	13	27
Balance, end of year	**3,379**	**554**	**3,933**	3,104	512	3,616

14. Ontario Student Opportunity Trust Fund

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund matching program to award student aid as a result of raising an equal amount of endowed donations.

Endowments at book value in this note represent contributions received plus a portion of realized investment income. The expendable funds available for awards are included in deferred contributions (note 10) on the consolidated balance sheet. The endowments and expendable fund balances of the affiliates (Victoria University, The University of Trinity College, University of St. Michael's College and the Toronto School of Theology) are not included in these consolidated financial statements.

Phase 1:

	(thousands of dollars)	
	2025	2024
Endowments at book value, beginning of year	**396,754**	379,230
Donations	**113**	-
Transfer from expendable funds	**10,212**	17,524
Endowments at book value, end of year	**407,079**	396,754
Cumulative unrealized gains	**94,846**	79,503
Endowments at fair value, end of year	**501,925**	476,257

	(thousands of dollars) 2025	2024
Expendable funds available for awards, beginning of year	**34,223**	34,518
Realized investment income	**26,494**	32,936
Transfer to endowment balance	**(10,212)**	(17,524)
Bursaries awarded	**(14,659)**	(15,707)
Expendable funds available for awards, end of year	**35,846**	34,223
Number of award recipients	**3,125**	3,340

Phase 2:

	(thousands of dollars) 2025		2024	
	University of Toronto	**Affiliates**	University of Toronto	Affiliates
Endowments at book value, beginning of year	**51,736**	**6,661**	49,694	5,783
Donations	**50**	**-**	3	1
Transfer from expendable funds	**1,132**	**66**	2,039	877
Endowments at book value, end of year	**52,918**	**6,727**	51,736	6,661
Cumulative unrealized gains	**6,917**		5,087	
Endowments at fair value, end of year	**59,835**		56,823	

	(thousands of dollars) 2025		2024	
	University of Toronto	**Affiliates**	University of Toronto	Affiliates
Expendable funds available for awards, beginning of year	**4,291**	**980**	4,020	974
Realized investment income (loss)	**3,149**	**(386)**	3,906	1,119
Donations	**-**	**-**	4	-
Transfer to endowment balance	**(1,132)**	**(66)**	(2,039)	(877)
Bursaries awarded	**(1,680)**	**(418)**	(1,600)	(236)
Expendable funds available for awards, end of year	**4,628**	**110**	4,291	980
Number of award recipients	**508**	**205**	546	120

15. Ontario Trust for Student Support

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Trust for Student Support matching program to award student aid as a result of raising an equal amount of endowed donations. The University also matched certain endowed donations.

Endowments at book value in this note represent contributions received plus a portion of realized investment income. The expendable funds available for awards are included in deferred contributions (note 10) on the consolidated balance sheet. The endowments and expendable fund balances of the affiliates (Victoria University, The University of Trinity College, University of St. Michael's College and the Toronto School of Theology) are not included in these consolidated financial statements.

	(thousands of dollars)			
	March 31, 2025*		March 31, 2024*	
	University of Toronto	**Affiliates**	University of Toronto	Affiliates
Endowments at book value, beginning of year	**96,466**	**19,518**	91,217	16,657
Donations received	**651**	**7**	176	228
University matching	**-**	**-**	-	-
Transfer from expendable funds	**1,590**	**150**	5,073	2,633
Endowments at book value, end of year	**98,707**	**19,675**	96,466	19,518
Cumulative unrealized gains	**19,147**		15,223	
Endowments at fair value, end of year	**117,854**		111,689	

	(thousands of dollars)			
	March 31, 2025*		March 31, 2024*	
	University of Toronto	**Affiliates**	University of Toronto	Affiliates
Expendable funds available for awards, beginning of year	**6,509**	**1,195**	6,387	3,287
Realized investment income	**8,952**	**1,237**	8,670	1,221
Donations	**2**	**-**	-	-
University matching and contribution	**(219)**	**-**	41	-
Transfer to endowment balance	**(1,590)**	**(150)**	(5,073)	(2,633)
Bursaries awarded	**(3,639)**	**(831)**	(3,516)	(680)
Expendable funds available for awards, end of year	**10,015**	**1,451**	6,509	1,195
Number of award recipients	**1,121**	**233**	1,091	253

*As per Ministry of Colleges, Universities, Research Excellence and Security guidelines.

16. Supplemental cash flow information

The net change in other non-cash items is as follows:

	2025	2024
Accounts receivable	**(42)**	(18)
Inventories and prepaid expenses	**(9)**	(5)
Other long-term assets	**(30)**	(60)
Accounts payable and accrued liabilities	**(38)**	206
Deferred contributions	**36**	73
	(83)	196

The purchase of capital assets funded by accounts payable and accrued liabilities is as follows:

	2025	2024
Increase in capital asset acquisitions funded by accounts payable and accrued liabilities	**14**	40

17. Donations

During the year, the University raised pledges, gifts and philanthropic grants of $209 million (2024 - $194 million). In 2025, $155 million (2024 - $155 million) was recorded as revenue, of which $114 million (2024 - $128 million) was received in the current year, $41 million (2024 - $27 million) was received and deferred in prior years, and $95 million (2024 - $66 million) was recorded as a direct addition to endowments (note 13) and is not recorded as donations revenue.

18. Government and other grants for restricted purposes

During the year, the University received $641 million (2024 - $547 million) of government and other grants for research and $52 million (2024 - $50 million) for capital infrastructure and other purposes, of which $540 million (2024 - $510 million) was recorded as revenue and $154 million (2024 - $87 million) was deferred (notes 10 and 11).

19. Financial risks and risk management

The University is exposed to various financial risks through transactions in financial instruments. The majority of these risks are related to investments in the LTCAP. To manage the investment risk of the LTCAP portfolio, the University has set the benchmark Reference Portfolio with an asset mix that reflects its long-term return objectives and risk appetite. The University monitors and limits the active risk, which is defined as the volatility in the actual portfolio minus the volatility in the Reference Portfolio. The University uses risk systems and data management tools to evaluate risk exposures across multiple asset classes, as well as the total portfolio. If the measured risk of the portfolio exceeds the limit, actions will be taken to reduce the portfolio's risks.

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. To manage foreign currency risk, the University has established a benchmark currency hedging policy for both the LTCAP and EFIP . In 2025, the benchmark policy for the LTCAP is to hedge 50% (2024 - 50%) of the currency exposure of all the asset classes of the Reference Portfolio, with the exception of emerging markets, which are unhedged. The benchmark policy for EFIP is to hedge 100% (2024 - 100%) of its non-Canadian currency exposure. As at April 30, 2025, the fair value of investments denominated in foreign currencies is $3.5 billion (2024 - $3.2 billion), of which $2.2 billion (2024 - $2.0 billion) has been hedged.

Credit risk

The University is exposed to credit risk in connection with its fixed-income investments and derivative contracts 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 exposure from direct fixed-income holdings or from the use of derivatives, limits are established for individual counterparties, and these are monitored regularly. The majority of the University's fixed-income investments are in highly rated securities. As at April 30, 2025, 37% (2024 - 37%) of the University's bond exposure from derivative instruments are either unrated or have market appropriate credit equivalent ratings of A or lower.

Interest rate risk

The University is exposed to interest rate risk with respect to its investments in bonds. As at April 30, 2025, the fair value of total investments in bonds is $4.5 billion (2024 - $4.2 billion), composed of $1.9 billion (2024 - $1.7 billion) of bonds indirectly held through pooled funds and $2.6 billion (2024 - $2.5 billion) of notional bond exposure arising from derivative financial instruments. As at April 30, 2025, the University does not hold bonds directly (2024 - nil) in its portfolios. The interest rate risk of fixed income exposures is managed based on the interest rate risk of the Reference Portfolio in LTCAP and based on the interest rate risk of the target portfolio in EFIP.

The University is also exposed to interest rate risk on its floating interest rate debt. The University mitigates this risk by entering into interest rate swap agreements.

Liquidity risk

The University is exposed to liquidity risk if it does not maintain sufficient liquidity to manage its obligations associated with its derivative financial instruments, the funding of calls from private market funds, long-term debt, and the annual LTCAP distribution for spending. The University has developed a system that models the potential liquidity needs of the LTCAP under stressed market conditions. This helps ensure that adequate cash and other sources of liquidity are available to meet all liquidity needs over a stress-test extended period. The same modelling analysis ensures that the University can, if necessary, rebalance LTCAP's asset mix to match the target asset class weights of the Reference Portfolio. In addition, the University has a voluntary sinking fund that was established for the purpose of accumulating funds to repay the principal of the University's debentures at maturity.

Other price risk

The University is exposed to other price risk through changes in market prices (other than changes arising from interest rates or foreign currencies) with respect to its investments in public equity, private equity, fixed income, real estate, infrastructure and hedge funds. The factors that cause the changes in market prices may affect a specific individual investment, its issuer, or they may affect similar securities traded in the market. This risk is managed by having a benchmark Reference Portfolio, which reflects the University's risk appetite, and by monitoring actual risk against the risk of the Reference Portfolio.

20. Other commitments

a. The estimated cost to complete construction and renovation projects in progress as at April 30, 2025, which will be funded by operations and donations, is approximately $1.7 billion (2024 - $1.5 billion).

b. The future annual payments under various operating equipment leases are approximately $10 million.

c. The future base rent lease payments for space rentals are as follows:

2026	21
2027	20
2028	18
2029	18
2030	16
Thereafter	94
	187

21. Contingencies

a. The University has a program under which it guarantees bank loans to faculty and staff members to assist in the purchase or refinancing of their homes. The University holds mortgages as collateral security against such guarantees. As at April 30, 2025, the amount of loans guaranteed is $11 million (2024 - $10 million). The University's estimated exposure under these guarantees is not material.

b. The University issues irrevocable standby letters of credit for its capital construction projects that guarantee payments to the City of Toronto if it fails to perform certain restorative work at the completion of its capital construction projects. As at April 30, 2025, the amount of outstanding letters of credit issued is $23 million (2024 - $28 million).

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

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

e. 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, 2025, 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 consolidated financial position. There also exist other claims or potential claims where the ultimate outcome cannot be determined at this time. Any additional losses related to claims would be recorded in the year during which the amount of the liability is able to be estimated or adjustments to the amount recorded are required.

f. On January 1, 2023, the University entered into a membership with a reciprocal exchange of insurance risks, named the Canadian Universities Reciprocal Insurance Exchange ("CURIE"). This self-insurance reciprocal, in association with 77 other Canadian universities, involves a subscriber agreement to share the insurable property and liability risks of member universities for a term of not less than five years. Plan members are required to pay annual deposit premiums, which are actuarially determined and expensed in the year. Plan members are subject to further assessment in proportion to their participation in the event premiums are insufficient to cover losses and expenses. As at December 31, 2024, the date of the latest financial statements available, CURIE was fully funded with surplus of $130 million (December 31, 2023 - $108 million).

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