EMILY CARR UNIVERSITY OF ART + DESIGN

CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2025

And Independent Auditor's Report thereon

MANAGEMENT'S STATEMENT OF RESPONSIBILITY

To the Board of Governors of Emily Carr University of Art + Design

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in compliance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The Board of Governors and Board Audit and Finance Committee are composed primarily of those who are neither management nor employees of the University. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities and for approving the financial information included in the annual report. The Board Audit and Finance Committee has the responsibility of meeting with management and external auditors to discuss the financial reporting process, auditing matters, financial reporting issues, and recommends approval of the consolidated financial statements to the Board. The Committee is also responsible for recommending the appointment of the University's external auditor.

KPMG LLP, an independent firm of Chartered Professional Accountants, is appointed by the Board to audit the consolidated financial statements and report directly to them through the Board Audit and Finance Committee; their report follows. The external auditor has full and free access to, and meets periodically and separately with, both the Committee and management to discuss their audit findings.

On behalf of Emily Carr University of Art + Design:

Dr. Trish Kelly President + Vice-Chancellor	Mark Douglas Interim Vice-President, Finance + Administration
Date June 5 2025	Date June 5 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Governors of Emily Carr University of Art + Design, and to the Minister of Post-Secondary Education and Future Skills, Province of British Columbia

Opinion

We have audited the consolidated financial statements of Emily Carr University of Art + Design (the "University"), which comprise:

- the consolidated statement of financial position as at March 31, 2025
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2025 of the University are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

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

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

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

Emphasis of Matter - Financial Reporting Framework

We draw attention to Note 1 to the financial statements, which describes the applicable financial reporting framework and the significant differences between that financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
June 5, 2025

Emily Carr University of Art + Design

Consolidated Statement of Financial Position

March 31, 2025, with comparative information for 2024

	2025	2024
Financial assets:		
Cash and cash equivalents	$ 12,250,562	$ 16,076,760
Accounts receivable (note 4)	16,235,961	16,058,731
Investments (note 5)	2,594,553	2,743,350
Investment in GNW Campus Trust (note 7)	(1,931,454)	(2,712,080)
Inventories for resale	243,811	221,300
	29,393,433	32,388,061
Liabilities:		
Accounts payable and accrued liabilities (note 9)	7,028,420	6,292,750
Deferred revenue	2,948,209	2,961,002
Debt (note 10)	51,035,301	52,370,534
Deferred contributions (note 12)	4,341,315	5,729,393
Deferred capital contributions (note 12)	57,848,966	56,598,526
Capital lease obligation (note 14)	921,333	721,953
	124,123,544	124,674,158
Net debt	(94,730,111)	(92,286,097)
Non-financial assets:		
Tangible capital assets (note 8)	125,290,103	124,169,643
Endowment investments (note 6)	6,165,858	6,099,106
Prepaid expenses	395,624	207,765
	131,851,585	130,476,514
Accumulated surplus (note 18)	$ 37,121,474	$ 38,190,417

Going concern (note 2)
Contractual obligations and contingencies (note 13)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

Don Avison, Chair
Board of Governors

Dr. Trish Kelly
President + Chancellor

Emily Carr University of Art + Design
Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2025, with comparative information for 2024

	2025 Budget	2025	2024
	(Note 3(n))		
Revenue:			
Grants:			
Province of British Columbia	$ 28,256,831	$ 28,958,338	$ 27,354,329
Federal government	192,600	163,570	189,605
Tuition fees	25,573,561	25,011,814	23,563,482
Amortization and recognition of deferred capital contributions and deferred contributions (note 12)	3,671,017	6,083,742	4,806,546
Income from equity accounted organizations (note 7)	374,875	1,056,861	837,977
Gifts, grants and bequests	39,225	36,445	53,074
Interest	698,000	965,905	1,213,008
Other	1,006,605	1,222,265	1,239,097
	59,812,714	63,498,940	59,257,118
Expenses (note 15):			
Instruction	24,822,597	27,698,624	23,520,923
Instruction support	34,824,231	33,099,270	32,755,792
Research	1,116,677	2,050,146	2,262,062
Externally sponsored activity and trust	875,341	1,786,595	1,156,507
	61,638,846	64,634,635	59,695,284
Annual operating deficit	(1,826,132)	(1,135,695)	(438,166)
Endowment contributions	24,000	66,752	26,841
Annual deficit	(1,802,132)	(1,068,943)	(411,325)
Accumulated surplus, beginning of year	38,190,417	38,190,417	38,601,742
Accumulated surplus, end of year	$ 36,388,285	$ 37,121,474	$ 38,190,417

See accompanying notes to consolidated financial statements.

Emily Carr University of Art + Design

Consolidated Statement of Changes in net Debt

Year ended March 31, 2025, with comparative information for 2024

	2025 Budget (Note 3(n))	2025	2024
Annual deficit	$ (1,802,132)	$ (1,068,943)	$ (411,325)
Acquisition of tangible capital assets	(2,222,616)	(4,613,952)	(2,524,604)
Amortization of tangible capital assets	3,459,764	3,493,492	3,204,407
	1,237,148	(1,120,460)	679,803
Acquisition of prepaid expense	-	(390,024)	(160,622)
Use of prepaid expense	202,165	202,165	37,380
	202,165	(187,859)	(123,242)
Increase in endowment investments	(24,000)	(66,752)	84,679
	(24,000)	(66,752)	84,679
(Increase) decrease in net debt	(386,819)	(2,444,014)	229,915
Net debt, beginning of year	(92,286,097)	(92,286,097)	(92,516,012)
Net debt, end of year	$ (92,672,916)	$ (94,730,111)	$ (92,286,097)

See accompanying notes to consolidated financial statements.

Emily Carr University of Art + Design

Consolidated Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Cash flows from operating activities:		
Annual deficit	$ (1,068,943)	$ (411,325)
Adjustments to reconcile net cash provided by operating activities:		
Loss (income) from equity accounted organizations	(1,056,861)	(837,977)
Amortization of tangible capital assets	3,493,492	3,204,407
Amortization of deferred capital contributions	(2,365,783)	(1,419,620)
Changes in non-cash working capital:		
Accounts receivable	99,005	685,622
Inventories for resale	(22,511)	(16,508)
Prepaid expenses	(187,859)	(123,242)
Accounts payable and accrued liabilities	735,670	17,782
Deferred revenue	(12,793)	237,131
Deferred contributions	211,922	1,523,005
	(174,661)	2,859,275
Cash flows from capital activities:		
Acquisition of tangible capital assets	(3,909,749)	(2,148,187)
Cash flows from financing activities:		
Payments on capital lease obligations	(504,823)	(480,143)
Payments on debt	(1,335,233)	(1,276,675)
Deferred capital contributions received	2,016,223	1,712,724
	176,167	(44,094)
Cash flows from investing activities:		
Disposal of investments	82,045	467,234
Increase (decrease) in cash and cash equivalents during the year	(3,826,198)	1,134,228
Cash and cash equivalents, beginning of year	16,076,760	14,942,532
Cash and cash equivalents, end of year	$ 12,250,562	$ 16,076,760
Supplementary information:		
Non-cash transactions:		
Acquisition of tangible capital assets through capital lease	$ 704,203	$ 376,417
Distributions declared by GNWCT settled through promissory notes included in accounts receivable (notes 4 and 7)	276,235	15,242,924

See accompanying notes to consolidated financial statements.

1. Purpose of the organization:

Founded as the Vancouver School of Decorative and Applied Arts in 1925, Emily Carr University of Art + Design (the "University") is one of the oldest post-secondary institutions in British Columbia and the only institution in the province dedicated solely to professional education and learning in Visual Arts, Media Arts and Design. The University has been named one of the top universities in the world for art and design, ranked 36th in the world in 2025 and the only Canadian university to be included among the world's top 50. The University has more than 1,800 students enrolled in graduate and undergraduate programs, with thousands more taking workshops, certificate programs and individual courses. The faculty, staff and alumni are internationally recognized as award-winning creators and thought leaders whose work consistently advances the resilience and potential of both cultural sectors and the economy.

The University is a special purpose teaching University that operates under the authority of the University Act (Bill 34, enacted September 1, 2008) and receives significant funding from the Government of British Columbia. The University is exempt from income taxation under Section 149 of the Income Tax Act.

2. Going concern:

These financial statements have been prepared on the basis that the University is a going concern, which assumes that the University will continue to realize its assets and discharge its liabilities in the normal course of operations.

For the year ended March 31, 2025, the University is reporting an annual deficit of $1,068,943 (2024 - $411,325) and an unappropriated deficit of $680,908 (2024 - surplus of $1,863,109). For fiscal 2025/26 the University is budgeting a deficit which will be funded using available cash on hand.

The University's ability to continue as a going concern is dependent upon its ability to achieve its deficit mitigation plan that focuses on planned expansion of academic offerings, including new Graduate Studies program streams, and new and expanded programs in Continuing Studies. The University is taking steps to manage spending responsibly, including strategically reallocating budget into student recruitment and marketing positions necessary for attracting students, and reducing costs by targeting savings in salary and non-salary expenses across business operations. The University is planning to achieve a balanced budget by fiscal 2027.

The University will continue to monitor the on-going cost pressures and their impact on its cash and budget forecasts and will adjust its operations, including actively reviewing potential sources of revenue and working to reduce costs, to ensure it fulfills its obligations and continues its operations. The University's ability to continue as a going concern in the normal course of operations will depend upon many factors including the University's ability to meet budgeted student registration levels, realize on savings from cost mitigation measures, and receive the continued financial support from the Ministry, as required, to fund any budget shortfalls and cashflow requirements.

3. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

The Budget Transparency and Accountability Act requires that the consolidated financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all taxpayer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 elections effective their first fiscal year commencing after January 1, 2012.

Regulation 198/2011 requires that restricted contributions received or receivable for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are to be deferred and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded.

For British Columbia taxpayer supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which requires government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410. As a result, revenue recognized in the statement of operations and certain related deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

(b) Controlled entity:

The University controls the Emily Carr Foundation by virtue of its ability to appoint a majority of the Foundation's Board of Directors. The Foundation's net assets and operating activity as at and for the years ended March 31, 2025 and 2024 were insignificant.

3. Significant accounting policies (continued):

(c) Investments in Government Business Enterprises:

Great Northern Way Campus Trust ("GNW Campus Trust"):

The University participates as an equal beneficiary in a Joint Venture with British Columbia Institute of Technology, University of British Columbia and Simon Fraser University. Joint Venture members participate equally in the control of the GNW Campus Trust. The GNW Campus Trust is a trust established for the four institutions (the "Owners"), each of whom is an equal shareholder in Great Northern Way Campus Ltd. and each of whom appoints one director to its Board of Directors.

The Trust holds the legal and beneficial interest in the lands and premises located at 555 and 577 Great Northern Way and 375 East 1st Avenue, Vancouver, British Columbia, which were acquired by way of donation from Finning International Inc.

The Trust is considered to be a government business enterprise ("GBE"), which is accounted for by the modified equity method. Under this method, the University's investment in the GNW Campus Trust business enterprise and its net income and other changes in equity are recorded using the modified equity method. No adjustment is made to conform the accounting policies of the government business enterprise to those of the University. Inter-organizational transactions and balances have not been eliminated, except for any profit or loss on transactions between entities of assets that remain within the entities controlled by the University. Any dividends the University receives from GNW Campus Trust are reflected as a reduction in the investment asset account.

The Trust has a December 31st fiscal year-end, which is used to record the equity income. Any material transactions between December 31st and the fiscal year-end of the University, are recognized in these consolidated financial statements.

The University monitors the recoverability of revenue generating long-lived assets within the GNW Campus Trust, based on estimates using factors such as expected future asset utilization, economic outlook and future cash flows expected to result from the use of the related assets or be realized on sale. The University recognizes an impairment loss if the projected undiscounted aggregate cash flows are less than the carrying amount. The amount of impairment charge, if any, is defined as the excess of carrying value over its fair value.

On an annual basis, the University reviews the GNW Campus Trust's continuance as a going concern and classification as a GBE, which is dependent upon continued positive earnings. If the going concern basis is not appropriate, adjustments may be necessary in the carrying amounts of the GNW Campus Trust Fund assets, liabilities and expenses in these consolidated financial statements and the adjustments could be material.

3. Significant accounting policies (continued):

(d) Cash and cash equivalents:

Cash and cash equivalents include highly liquid investments with a term to maturity of three months or less at the date of purchase.

(e) Revenue recognition:

Revenues from transactions with performance obligations such as tuition, student fees, and sale of goods and services, are recognized when (at a point in time) or as (over a period of time) the University satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

Revenues from transactions without performance obligations are recognized at realizable value when the University has the right to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

Unrestricted donations, grants and contributions are recorded as revenue when receivable if the amounts can be estimated and collection is reasonably assured.

Restricted donations, grants and contributions are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

(*i*) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded in accordance with Regulation 198/2011 which requires that they be recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.

(*ii*) Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contributions have been met.

(*iii*) Endowment contributions are recognized as revenue when received. Any related investment income earned thereon is deferred when earned in accordance with the stipulations in the endowment agreements. The income is recognized as revenue when it is spent on the purpose specified.

(*iv*) Donations of capital assets that would otherwise be purchased are accounted for at fair value when a fair value can be reasonably estimated.

The GNW Campus Trust retains control of ownership of its income-producing properties and, therefore, accounts for leases with its tenants as operating leases. Rental revenues from leases are recorded on a straight-line basis over the term of the lease. Realty tax and operating cost recoveries are recognized on an accrual basis.

3. Significant accounting policies (continued):

(f) Supplies and services contributions:

Contributions of supplies and services received that would otherwise have been purchased are not recognized in these consolidated financial statements.

(g) Inventories for resale:

Inventories for resale are recorded at the lower of cost or net realizable value. Cost is comprised of the purchase price, freight and handling costs, net taxes and any other costs directly attributable to bringing inventories to their present location, and is determined on a specific items basis. Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable due to declining selling prices.

(h) Financial instruments:

Financial instruments are classified upon initial recognition as a fair value or amortized cost instrument. Transaction costs are added to the amortized cost or expensed if they relate to instruments recorded on a fair value basis. The effective interest rate method is used to recognize interest. Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the statement of operations and accumulated surplus and related balances reversed from the statement of remeasurement gains and losses. Restricted endowment interest is recognized as a direct increase to deferred contributions until distributed for the specified purpose. Interest and dividends attributable to financial instruments are reported in the statement of operations.

Endowment investments are held in perpetuity and presented as non-financial assets as they are not available for consumption or to discharge liabilities. The investments consisting of guaranteed investment certificates are recorded at amortized cost and there are no unrealized gains or losses as at March 31, 2025 (2024 - nil). As a result, the University does not have a statement of re-measurement gains and losses.

The University’s financial instruments are comprised of and measured as follows:

- Accounts receivable, investments and accounts payable and accrual liabilities are measured at amortized cost using the effective interest method.

(i) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

3. Significant accounting policies (continued):

(i) Non-financial assets (continued):

(*i*) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development, or betterment of the asset and overhead directly attributable to construction and development. Interest is capitalized over the development period whenever external debt is issued to finance the construction and development of tangible capital assets.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Period
Buildings	60 years
Equipment	5 years
Computer equipment	4 to 5 years
Library collection	10 years
Leasehold Improvements	10 years

Assets under development or construction are not amortized until the asset is available for productive use.

(*ii*) Leased tangible capital assets:

Leases, which transfer substantially all of the benefits and risks incidental to ownership of property, are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(*iii*) Impairment of tangible capital assets:

Tangible capital assets are written down when conditions indicate that they no longer contribute to the University's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

(*iv*) Prepaid expenses:

Prepaid expenses are non-financial assets, which are expensed over the periods expected to benefit from them.

3. Significant accounting policies (continued):

(j) Employee leave benefits:

(i) Multi-employer plans:

The University and its employees make contributions to the College Pension and Municipal Pension Plans (the “Plans”) which are multi-employer joint trustee plans. These plans are defined benefit plans, providing a pension on retirement based on the member’s age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. As the assets and liabilities of the plans are not segregated by institution, the plans are accounted for as a defined contribution plan and any contributions of the University to the plans are expensed as incurred.

(ii) Employee leave benefits:

The University allows employees to accumulate unused vacation days and gratuity days for future use. Any unused vacation or gratuity days are recorded as a liability when earned. The University does not allow employees to carryforward and utilize any unused sick days.

(k) Foreign currency transactions:

The University’s functional currency is the Canadian dollar. Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities, which were designated in the fair value category under the financial instrument standard, are reflected in the consolidated financial statements in equivalent Canadian dollars at the exchange rate in effect on the statement of financial position date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or the statement of financial position date would be recognized in a statement of remeasurement gains and losses. There are no gains or losses as at March 31, 2025 (2024 - nil). As a result, the University does not have a statement of remeasurement gains and losses.

(l) Capitalization of public private partnerships:

A public private partnership (“P3”) is a partnership between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The University signed a P3 Project Agreement (“the Agreement”) dated February 11, 2015 with AAP Partnership. The Agreement uses the financial liability model, an arrangement where AAP Partnership designs, builds, finances, operates and maintains the University’s Great Northern Way campus building in exchange for a contractual right to receive payments from the University.

3. Significant accounting policies (continued):

(l) Capitalization of public private partnerships (continued):

The initial cost of the building was based on construction progress billings verified by an independent certifier, and also includes other costs incurred directly by the University. The asset cost includes development and financing fees estimated at fair value, which required the extraction of cost information from the financial model embedded in the Agreement. Interest during construction is also included in the asset cost and is calculated on the P3 asset value, less contributions received and amounts repaid, during the construction term. The interest rate used is the project internal rate of return. The related assets are amortized over their estimated useful lives.

Correspondingly, an obligation for the cost of capital and financing received, net of the contributions received and amounts repaid, is recorded as a liability and included as debt on the statement of financial position.

The facilities' management or operational phase of the Agreement commenced on August 4, 2017 and will terminate on August 4, 2047. During this period, AAP Partnership receives monthly payments from the University in accordance with the terms of the Agreement, net of applicable provisions for service deficiencies. As such, expenses are recognized when the services are performed by AAP Partnership, there is an appropriate basis of measurement, and a reasonable estimate can be made of the amount involved.

(m) Use of estimates:

The preparation of these consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and revenue and expenses for the periods reported. Areas requiring the use of management's estimates relate to the useful lives of tangible capital assets for the purposes of amortization, valuation of revenue-producing properties and property under development held by the GNW Campus Trust, collectability of accounts receivable, provisions for employee benefit obligations, and provisions for contingent liabilities. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(n) Budget information:

Budget information has been provided for comparative purposes and have been derived from the 2024/2025 Budget, approved by the Board of Governors of the University on March 28, 2024.

3. Significant accounting policies (continued):

(o) Contaminated sites:

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

(*i*) An environmental standard exists;

(*ii*) Contamination exceeds the environmental standard;

(*iii*) The University is directly responsible or accepts responsibility;

(*iv*) It is expected that future economic benefits will be given up; and

(*v*) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site. The University has determined that there was no contaminated sites liability to be recognized at March 31, 2025.

(p) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

(*i*) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;

(*ii*) The past transaction or event giving rise to the liability has occurred;

(*iii*) It is expected that future economic benefits will be given up; and

(*iv*) A reasonable estimate of the amount can be made.

The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities and is recorded as a liability and increase to the related tangible capital assets. As at March 31, 2025 the University determined there were no asset retirement obligations associated with its assets.

(q) Purchased Intangibles

Purchased intangibles are identifiable non-monetary economic resources without physical substance acquired through an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Intangibles acquired through a transfer, contribution, or inter-entity transaction, are not purchased intangibles. As at March 31, 2025 the University determined it has no purchased intangibles to recognize.

4. Accounts receivable:

	2025	2024
Tuition and trade receivables	$ 379,536	$ 460,879
Sales tax rebates receivable	86,635	53,316
Promissory note receivable (note 7)	15,601,901	15,325,666
Due from Province of British Columbia	22,196	112,084
Other	145,693	106,786
	$ 16,235,961	$ 16,058,731

5. Investments:

Investments and endowment investments recorded at amortized cost are comprised of fixed income securities which have maturities greater than three months at time of purchase.

All fixed income securities, held at March 31, 2025, mature at various dates to December 2029 (2024 - various dates to March 2029) and bear interest at rates ranging from 1.10% to 5.45% (2024 - 1.05% to 5.45%) per annum.

6. Endowment investments:

Endowment investments represent the portion of endowment funds that are to be held in perpetuity by the University and are not available for use for operations or capital purchases. Only the income from the investments is available to the University, and in some cases only a part of the income. The balance must be reinvested to maintain the capital.

Capitalization on investments is 10% of the income earned on the endowment. The uncapitalized portion of income earned is available for disbursement to students in the form of scholarships, bursaries and awards.

In accordance with University policy, endowment funds are invested in highly liquid securities that are not rated lower than A by Canadian Bond Rating Service at the time of investment. Permitted securities include government bonds, commercial paper, term deposits, guaranteed investment certificates, banker's acceptances and corporate bonds.

	2024	Contributed / earned	Transfer	Amounts received / spent	2025
Trust fund endowment:					
Principal contribution	$ 6,099,106	$ 66,752	$ -	$ -	$ 6,165,858
Investment income earned	126,606	180,601	-	(175,056)	132,151
Total	$ 6,225,712	$ 247,353	$ -	$ (175,056)	$ 6,298,009

7. Investment in GNW Campus Trust:

The University has a 25% share of the GNW Campus Trust.

	2025	2024
Investment, at beginning of year	$ (2,712,080)	$ 11,692,867
Distributions declared	(276,235)	(15,242,924)
Net earnings	1,056,861	837,977
Investment, at end of year	$ (1,931,454)	$ (2,712,080)

The University's 25% share of the GNW Campus Trust is of the following:

	2025	2024
Financial assets	$ 11,888,360	$ 10,669,945
Liabilities	19,006,726	18,700,017
Net assets	(7,118,366)	(8,030,072)
Non-financial assets	5,186,912	5,317,992
Accumulated deficit	$ (1,931,454)	$ (2,712,080)

	2025	2024
Revenue	$ 2,681,814	$ 2,522,119
Expenses	(1,624,953)	(1,684,142)
Surplus, at end of year	$ 1,056,861	$ 837,977

Under the provision of the Trust Deed, Great Northern Way Campus Ltd. in its capacity as trustee of the GNW Campus Trust, and at its sole discretion, is required to distribute all net income of the GNW Campus Trust to the beneficiaries. A distribution of $1,104,940 was declared in fiscal 2025 (2024 - $60,971,698) based on the Trust's taxable income. The University has recorded its 25% share of the distribution of $276,235 (2024 - $15,242,924) against its investment in GNW account and a corresponding promissory note receivable which the Trust issued until such time as the Trust has sufficient capital to settle the note. The promissory note is non-interest bearing.

On October 15, 2024, the University and Great Northern Way Campus Ltd entered a lease agreement that expires on October 14, 2031, with an option to extend until September 30, 2036. The lease provides the University with approximately 10,194 square feet that will accommodate additional study and studio spaces. The University started paying rent on January 15, 2025. Under the modified equity method these transactions are not eliminated from the University's reporting and the related contractual obligations are disclosed in note 13(a).

8. Tangible capital assets:

Cost	2024	Additions	Disposals	2025
Land (a)	$ 14,400,000	$ -	$ -	$ 14,400,000
Buildings	119,652,871	790,100	-	120,442,971
Equipment - general	1,655,222	349,033	(358,217)	1,646,038
Equipment - computer	1,691,948	1,108,967	(234,840)	2,566,075
Library collection	489,749	38,097	(46,138)	481,708
Leases - digital equipment	2,034,587	704,203	(627,723)	2,111,067
Leasehold improvements	-	1,623,552	-	1,623,552
Total	$ 139,924,377	$ 4,613,952	$ (1,266,918)	$ 143,271,411

Accumulated amortization	2024	Disposals	Amortization expense	2025
Land	$ -	$ -	$ -	$ -
Building	13,208,862	-	2,003,169	15,212,031
Equipment - general	729,300	(358,217)	330,127	701,210
Equipment - computer	511,503	(234,840)	532,253	808,916
Library collection	241,967	(46,138)	48,572	244,401
Leases - digital equipment	1,063,102	(627,723)	498,193	933,572
Leasehold improvements	-	-	81,178	81,178
Total	$ 15,754,734	$ (1,266,918)	$ 3,493,492	$ 17,981,308

	2025 Net book value	2024 Net book value
Land	$ 14,400,000	$ 14,400,000
Buildings	105,230,940	106,444,009
Equipment - general	944,828	925,922
Equipment - computer	1,757,159	1,180,445
Library collection	237,307	247,782
Leases - digital equipment	1,177,495	971,485
Leasehold Improvements	1,542,374	-
Total	$ 125,290,103	$ 124,169,643

(a) Land acquisition:

In 2017, the University purchased from Great Northern Way Campus Ltd. the lands described as Lot Q situated on the Great Northern Way Campus site, Vancouver, British Columbia for $14.4 million. On May 12, 2017, Great Northern Way Campus Ltd. declared a capital dividend of $14.4 million to each of its shareholders and correspondingly, issued promissory notes payable to each shareholder. The promissory note payable to the University was fully settled by transfer of the lands pursuant to the terms of the land purchase agreement.

8. Tangible capital assets (continued):

(b) Works of art and historical treasures:

The University manages and controls various works of art including paintings, drawings, prints, lithographs and etchings located on site in public display areas. These assets have an appraised value at the time of acquisition of $3,179,236 (2024 - $3,179,236), but are not recorded as tangible capital assets on these consolidated financial statements.

9. Accounts payable and accrued liabilities:

	2025	2024
Trade accounts payable and accrued liabilities	$ 3,615,005	$ 3,269,771
Accrued payroll benefits:		
Vacation pay	2,799,309	2,620,289
Banked overtime	24,734	16,417
Gratuity days	391,846	386,273
Early retirement incentives	197,526	-
	$ 7,028,420	$ 6,292,750

10. Debt:

	2025	2024
Concessionaire payable - Great Northern Way Campus Project with AAP Partnership, payable in monthly payments commencing August 4, 2017 including annual interest of 4.59%, in accordance with the project agreement terms. Required principal repayments on P3 debt for the years ending March 31, 2047	$ 51,035,301	$ 52,370,534

Principal and interest payments for the next five years and thereafter are as follows:

	Principal	Interest	Total payments
2026	$ 1,396,478	$ 2,340,550	$ 3,737,028
2027	1,460,533	2,276,495	3,737,028
2028	1,527,529	2,209,499	3,737,028
2029	1,597,594	2,139,434	3,737,028
2030	1,670,874	2,066,154	3,737,028
Thereafter	43,382,293	19,980,857	63,363,150
	$ 51,035,301	$ 31,012,989	$ 82,048,290

The debt related payments as well as the facility maintenance and lifecycle costs under the P3 contracts (note 13(c)) are funded by the Ministry.

11. Employee future benefits:

The University and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trusteed pension plans. The boards of trustees for these plans, representing plan members and employers, are responsible for administering the plans, including investment of assets and administration of benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at August 31, 2024, the College Pension Plan has about 18,000 active members, and approximately 11,200 retired members. As at December 31, 2023, the Municipal Pension Plan has about 256,000 active members, including approximately 7,000 from colleges.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2021, indicated a $202 million surplus for basic pension benefits on a going concern basis.

The most recent valuation for the Municipal Pension Plan as at December 31, 2021, indicated a $3,761 million funding surplus for basic pension benefits on a going concern basis.

The next valuation for the College Pension Plan will be as at August 31, 2024. The next valuation for the Municipal Pension Plan will be December 31, 2024.

The University paid $3,262,733 (2024 - $2,981,738) for employer contributions to the plans in fiscal 2025.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for each plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

12. Deferred contributions and deferred capital contributions:

	2024	Amounts received	Amortized Transfers	Amortized as revenue	2025
Provincial operating	$ 2,455,662	$ 713,749	$ (1,600,000)	$ (889,777)	$ 679,634
Federal operating	1,817,249	1,647,312	-	(1,192,025)	2,272,536
Other operating	1,456,482	1,568,820	-	(1,636,157)	1,389,145
Deferred contributions	5,729,393	3,929,881	(1,600,000)	(3,717,959)	4,341,315
Provincial capital	40,332,889	2,016,223	1,600,000	(1,431,009)	42,518,103
Other capital	16,265,637	-	-	(934,774)	15,330,863
Deferred capital contributions	56,598,526	2,016,223	1,600,000	(2,365,783)	57,848,966
Total	$ 62,327,919	$ 5,946,104	$ -	$ (6,083,742)	$ 62,190,281

Included in deferred capital contributions are unspent funds of $1,328,853 (2024 - $2,098,530).

13. Contractual obligations and contingencies:

(a) Operating and building leases:

At March 31, 2025, the University is obligated to make the following minimum lease payments with respect to leased premises in each of the next five fiscal years ending March 31:

2026	$ 346,227
2027	215,069
2028	212,339
2029	222,956
2030	280,941
Thereafter	545,145
	$ 1,822,677

(b) GNW Campus Trust commitments:

Effective January 1, 2021, GNW entered into a Management Services Agreement with SFU whereby SFU will provide certain budget and financial, student, academic and administrative services related to the Master of Digital Media (“MDM”) Program. This includes an allocation of space in buildings 685 and 577 for the MDM Program, and the appointment of a principal contact by SFU to oversee the terms of the agreement. GNW agreed to pay SFU eight percent (8%) of the gross tuition and mandatory fees in return for these services.

13. Contractual obligations and contingencies (continued):

(c) Public-private partnership commitments:

The University entered into multiple-year P3 contracts to design, build, finance, and maintain the Great Northern Way Campus. The term of the Agreement is February 11, 2015 to August 4, 2047. The Agreement specifies cases where early termination may occur. Except as referred to in the Agreement, neither party will have the right to terminate the Agreement.

The information presented below shows the anticipated cash outflow for future obligations under these contracts for the facility maintenance and the lifecycle costs. Facilities maintenance and life cycle payments to the private partner are contingent on specified performance criteria and include an estimation of inflation. Specified services are subject to a tendering process ("market testing") at dates specified in the Project Agreement, which could impact the amount of anticipated cash outflows. Market testing occurs every six years, with the next testing to occur in advance of August 4, 2026. Amounts are payable to March 31, 2047.

2026	$ 3,382,350
2027	3,553,763
2028	4,658,253
2029	3,540,587
2030	4,110,750
Thereafter	82,613,008
	$ 101,858,711

14. Capital lease obligation:

The University has entered into capital leases with respect to computer equipment. The principal and interest payments are as follows:

	2025	2024
2025	$ -	$ 375,282
2026	461,707	257,592
2027	396,882	192,767
2028	209,036	4,920
2029	5,681	-
Total minimum lease payments	1,073,306	830,561
Amount representing interest at rates ranging from 6.00% to 9.60% (2024 - 3.00% to 9.60%)	(151,973)	(108,608)
Capital lease obligations	$ 921,333	$ 721,953

15. Expenses by object:

The following is a summary of expenses by object:

	2025	2024
Salaries and benefits	$ 45,603,823	$ 40,595,501
Facility services	4,045,990	3,448,743
Amortization	3,493,492	3,204,405
Interest	2,479,969	2,518,384
Information technology	1,642,915	1,850,027
Scholarships, bursaries and awards	1,253,239	928,201
Professional services	1,231,019	1,973,861
HR programs and professional development	945,495	1,227,049
Other	571,696	679,796
Utilities	556,760	538,194
Advertising and promotions	532,190	580,777
Guest artists and speakers	423,583	361,634
Supplies	420,090	497,613
Communications	291,532	398,031
Student recruitment and development	285,266	223,820
Library services	230,699	215,674
Leases and rentals	196,511	102,145
Counselling and interpreting	166,243	104,615
University memberships	136,541	128,608
Repairs and maintenance	90,378	77,161
Cost of goods sold	37,204	41,045
	$ 64,634,635	$ 59,695,284

16. Funds held by Vancouver Foundation:

The University has endowment funds of $1,493,355 (2024 - $1,365,946) with the Vancouver Foundation. These are permanent funds with the Foundation and provide income for scholarships, bursaries and other student aid at the University. The funds are not under University ownership or control. The University has recorded its contributions to the funds as donation expenses. The University received amounts totaling $51,862 (2024 - $41,128) as income from the funds during the year.

17. Financial risk management:

The University is exposed to risks of varying degrees of significance from its use of financial instruments, which could affect its ability to achieve its strategic objectives. The Board of Governors ensures that the University has identified its major risks and ensures that management monitors and controls them.

17. Financial risk management (continued):

(a) Fair values:

Fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying values of cash and cash equivalents, investments, accounts receivable and accounts payable approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

(b) Liquidity risk:

Liquidity risk is the risk that the University is not able to meet its financial obligations as they become due, or can only do so at excessive costs. The University establishes budgets and cash flow projections to ensure it has the necessary funds.

(c) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, will affect the University's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk.

Fixed interest rate instruments are subject to fair value risk. The University is exposed to this risk with respect to the promissory note (notes 4 and 7), P3 debt (note 10) as well as the fixed income investments (note 5).

(d) Credit risk:

Credit risk is the risk of financial loss to the University if a student or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the University consisting of cash and cash equivalents, amounts receivable and investments.

The risk related to tuition and trade receivables is mitigated by ensuring the majority of receivables are collected prior to delivery of programs. The University's exposure to credit risk is influenced mainly by the individual characteristics of each student and hence is not subject to concentration of credit risk. The University is exposed to credit risk in the event of non-payment of billings. This risk is mitigated by the University's prompt collection process and ability to withhold transcripts. Cash and cash equivalents and investments are held with reputable, high-quality institutions and therefore credit risk is considered to be low. The University accounts for a specific bad debt provision when management considers that the expected recovery is less than the account receivable.

The collection on the promissory note receivable with GNW Campus Trust will be based on when the Trust has the sufficient capital to settle the note. Management will assess for impairment of the note receivable each fiscal year and adjust the carrying value of the receivable based on the expected recovery.

18. Accumulated surplus:

Accumulated surplus is comprised of the following:

	2025	2024
Equity in GNW Campus Trust	$ 13,670,447	$ 12,613,586
Capital fund	16,984,986	16,709,395
Internally restricted for special projects	608,922	541,863
Internally restricted for student awards	372,169	363,358
Endowments	6,165,858	6,099,106
Unappropriated surplus (deficit)	(680,908)	1,863,109
	$ 37,121,474	$ 38,190,417