

Huron University College

Financial Statements

April 30, 2025

(in Canadian dollars)



Independent auditor's report

To the Board of Governors of Huron University College

Our opinion

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

What we have audited

The University's financial statements comprise:

- the statement of financial position as at April 30, 2025;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 report.

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

Independence

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

PricewaterhouseCoopers LLP
465 Richmond Street, Suite 400, London, Ontario, Canada N6A 5P4
T.: +1 519 640 8000, F.: +1 519 640 8015, Fax to mail: ca_london_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Ontario
July 11, 2025

Huron University College

Statement of Financial Position

As at April 30, 2025

(in Canadian dollars)

	2025 \$	2024 \$
Assets (note 9)		
Current assets		
Cash (note 10)	6,877,198	4,717,246
Accounts receivable (net of allowance of \$89,867 (2024 – \$278,452))	745,405	1,248,687
Short-term investments (note 3)	-	14,212,439
Prepaid expenses	133,747	20,750
Due from Huron University College Foundation (note 13)	513,245	250,961
	8,269,595	20,450,083
Intangible assets (note 4)	91,394	134,306
Derivative financial instrument (note 18)	159,644	1,379,945
Capital assets (note 5)	94,703,472	81,855,758
	103,224,105	103,820,092
Liabilities		
Current liabilities		
Operating lines of credit (note 9)	18,312,784	7,931,609
Accounts payable and accrued liabilities (note 6)	5,987,832	8,685,017
Advanced tuition and residence deposits	674,380	424,150
Current portion of capital lease obligation (note 7)	26,250	-
Current portion of employee future benefits (note 11)	298,390	308,356
Deferred contributions	4,942,783	4,639,933
	30,242,419	21,989,065
Long-term debt (note 9)	13,200,000	13,200,000
Deferred capital contributions (note 8)	9,395,770	9,622,421
Capital lease obligation (note 7)	85,312	-
Employee future benefits (note 11)	537,615	661,774
Debenture payable (note 10)	84,411,306	84,376,677
	137,872,422	129,849,937
Net Assets		
Invested in capital and intangible assets	87,481,455	74,450,001
Unrestricted	(122,129,772)	(100,479,846)
	(34,648,317)	(26,029,845)
	103,224,105	103,820,092

Subsequent event (note 20)

Approved by the Board of Governors

Director

Director

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

Huron University College

Statement of Operations

For the year ended April 30, 2025

(in Canadian dollars)

	2025 \$	2024 \$
Revenue		
Student fees	28,924,044	26,035,137
Government grants	5,232,214	5,065,738
	<u>34,156,258</u>	<u>31,100,875</u>
Ancillary (note 12)	8,459,985	3,776,697
Foundation transfer (note 13)	5,087,122	2,542,778
Research fund	367,934	414,701
External trust	63,174	18,419
	<u>13,978,215</u>	<u>6,752,595</u>
Other (note 14)	<u>2,104,228</u>	<u>3,974,213</u>
	<u>50,238,701</u>	<u>41,827,683</u>
Expenditures		
Salaries and benefits – faculty (note 11)	14,078,353	13,722,061
Salaries and benefits – staff	12,476,269	11,415,263
University of Western Ontario fees	3,447,582	3,451,998
Academic instructional	1,708,924	2,148,921
Registrarial	1,142,302	1,905,145
	<u>32,853,430</u>	<u>32,643,388</u>
Scholarship and bursaries	6,621,135	6,278,711
Interest	5,624,812	5,429,854
Amortization of capital assets	4,591,602	3,002,303
General administration	3,538,909	3,920,507
Ancillary (note 12)	1,985,596	1,629,790
Building costs – academic	1,725,597	1,667,004
Research grants	367,934	414,701
Alumni development	264,458	257,468
Amortization of intangible assets	42,912	15,383
	<u>24,762,955</u>	<u>22,615,721</u>
	<u>57,616,385</u>	<u>55,259,109</u>
Operating deficiency of revenue over expenditures	(7,377,684)	(13,431,426)
(Loss) gain on derivative financial instrument	(1,220,301)	451,069
Deficiency of revenue over expenditures for the year	<u>(8,597,985)</u>	<u>(12,980,357)</u>

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

Huron University College
Statement of Changes in Net Assets
For the year ended April 30, 2025

(in Canadian dollars)

	2025			2024		
	Invested in capital and intangible assets \$	Unrestricted \$	Total \$	Invested in capital and intangible assets \$	Unrestricted \$	Total \$
Balance – Beginning of year	74,450,001	(100,479,846)	(26,029,845)	41,499,252	(54,727,875)	(13,228,623)
Deficiency of revenue over expenditures for the year	(4,140,000)	(4,457,985)	(8,597,985)	(2,511,243)	(10,469,114)	(12,980,357)
Capital and intangible assets acquired from own funds	17,171,454	(17,171,454)	-	35,461,992	(35,461,992)	-
Remeasurements on employee future benefits (note 11)	-	(20,487)	(20,487)	-	179,135	179,135
	13,031,454	(21,649,926)	(8,618,472)	32,950,749	(45,751,971)	(12,801,222)
Balance – End of year	87,481,455	(122,129,772)	(34,648,317)	74,450,001	(100,479,846)	(26,029,845)

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

Huron University College

Statement of Cash Flows

For the year ended April 30, 2025

(in Canadian dollars)

	2025 \$	2024 \$
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenditures for the year	(8,597,985)	(12,980,357)
Items not involving cash		
Amortization of intangible assets	42,912	15,383
Amortization of capital assets	4,591,602	3,002,303
Amortization of deferred capital contributions	(494,514)	(506,443)
Amortization of deferred finance costs	34,629	34,629
Change in employee future benefits – net of remeasurements	(154,612)	(1,511,951)
Loss (gain) on derivative financial instrument	1,220,301	(451,069)
	(3,357,667)	(12,397,505)
Change in non-cash working capital items		
Accounts receivable	503,282	(865,698)
Prepaid expenses	(112,996)	179
Accounts payable and accrued liabilities	(2,697,185)	2,334,569
Advanced tuition and residence deposits	250,230	(540,429)
Deferred contributions	302,850	(81,535)
	(5,111,486)	(11,550,419)
Investing activities		
Proceeds on sale of short-term investments	14,212,439	36,434,609
Purchase of capital assets, net of additions under capital lease of \$131,249 (2024 – \$nil)	(17,308,068)	(37,033,764)
Deferred capital contributions received	267,863	1,571,772
	(2,827,766)	972,617
Financing activities		
Repayment of capital lease obligation	(19,687)	-
Net (repayments to) advances from Huron University College Foundation	(262,284)	432,738
	(281,971)	432,738
Change in cash during the year	(8,221,223)	(10,145,064)
(Bank indebtedness) cash – Beginning of year	(3,214,363)	6,930,701
Bank indebtedness – End of year	(11,435,586)	(3,214,363)
Bank indebtedness consists of		
Cash	6,877,198	4,717,246
Operating lines of credit	(18,312,784)	(7,931,609)
	(11,435,586)	(3,214,363)

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

Huron University College

Notes to Financial Statements

April 30, 2025

(in Canadian dollars)

1 Purpose of the University

Huron University College (the University) is a university institution with undergraduate programs in Arts and Social Sciences, and both undergraduate and graduate programs in theology. The University is affiliated with the University of Western Ontario (UWO). The University's mission is to offer elite, yet accessible, university education and to produce leaders with heart. The University is incorporated under the statutes of the Province of Ontario. The University is a registered charity under the Income Tax Act (Canada).

2 Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board and include the following significant accounting policies.

Revenue recognition

The University follows the deferral method of accounting for contributions. Restricted contributions are deferred and recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount received can be reasonably estimated and collection is reasonably assured.

Grants approved but not yet received at the end of the year are accrued if the amount to be received can be reasonably estimated and collection is reasonably assured. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period. Grants are received for the purposes of funding student education.

Cash and bank indebtedness

Cash consists primarily of cash on hand and deposits held with banks. Bank indebtedness consists of drawn amounts on operating facilities.

Intangible assets

Finite useful life intangible assets are accounted for at cost less amortization and are comprised of computer software that is amortized on a straight-line basis over five years. Amortization on intangible assets commences when the asset is put in use.

Capital assets

Capital assets are carried at cost less amortization. When an asset is sold or otherwise disposed of, the related cost and accumulated amortization are removed from the respective accounts and any gain or loss on disposition is recognized in the statement of operations for the year.

Huron University College

Notes to Financial Statements

April 30, 2025

(in Canadian dollars)

Amortization of capital assets is calculated on all amortizable assets based on the following methods:

Buildings	5% declining balance
Equipment and furniture	10 years straight-line
Computer equipment	4 years straight-line
Library books	5 years straight-line
Food court	5% declining balance

The carrying amount of a capital asset not being amortized because it is under construction or development is classified as construction-in-progress. Amortization of capital assets is calculated on completion of construction and allocation of the asset to its appropriate capital asset account.

Deferred capital contributions

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

Employee future benefits

The University provides a Retirement Gratuity Plan (the DB plan), which is a defined benefit type plan. Benefits from the DB plan are provided only to participants who had benefits under the London Life and/or Standard Life Group or Group Annuity plan as of December 31, 1986, only if the participant invests their defined contribution account in accordance with plan provisions and meets all other conditions necessary for receiving such benefits. The service cost and accrued benefit obligation of the DB plan is actuarially determined using a modified form of the projected unit credit actuarial cost method pro-rated on services. The employees of the University are also eligible to be members of the Western Academic and Staff/Management Pension Plan (the DC plan), which is a defined contribution plan. The University also provides administrative leave to its president and other faculty members to be taken at the end of their respective terms.

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Significant areas requiring the use of estimates include the useful lives of capital assets, employee future benefits, and accrued liabilities. Actual results could differ from those estimates.

Related party transactions

Transactions with related parties are measured at the exchange amount when the transactions are either (a) in the normal course of business; or (b) not in the normal course of business but with commercial substance and where the exchange amount can be supported. All other related party transactions are recorded at the carrying amount.

Huron University College

Notes to Financial Statements

April 30, 2025

(in Canadian dollars)

Leases

Leases in which the University obtains substantially all the risks and rewards of ownership are classified as capital leases. The University records its capital leases as an acquisition of an asset and an assumption of an obligation. The asset value and the amount of the obligation, recorded at the inception of the lease, is the present value of the minimum lease payments. Each lease payment is allocated between the liability and interest expense so as to achieve a constant rate of interest on the recorded capital lease obligations. Equipment acquired under a capital lease is amortized over the term of the lease, or the expected useful life of the asset when the lease contains a purchase option. All other leases are accounted for as operating leases wherein rental payments are recognized in the statement of operations on a straight-line basis over the terms of the leases. Lease inducements are accounted for as reductions of the lease expense over the term of the lease.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments in the form of financial assets and financial liabilities are generally presented separately. Financial instruments are recognized as soon as the University becomes a party to the contractual provisions of the financial instrument. On initial recognition, financial instruments are measured at fair value. The fair value of a financial instrument is the estimated amount that the University would receive or pay to terminate the instrument agreement at the reporting date. The following methods and assumptions were used to estimate the fair value of each type of financial instrument by reference to various market value data and other valuation techniques as appropriate.

Cash and bank indebtedness

Cash and bank indebtedness are measured at amortized cost.

Short-term and long-term investments

Short-term and long-term investments are measured at amortized cost.

Loans and receivables

Loans and receivables are non-derivative financial assets that represent amounts due from others with fixed or determinable payments that are not quoted in an active market, including accounts receivable and due from Huron University College Foundation. After initial recognition, loans and receivables are subsequently carried at amortized cost using the effective interest method less any impairment losses, if necessary. Gains and losses are recognized in the statement of operations when the loans and receivables are derecognized or impaired. Interest effects on the application of the effective interest method are also recognized in the statement of operations.

The carrying values of accounts receivable and due from Huron University College Foundation approximate their fair values due to the short-term maturity of these financial instruments.

Huron University College

Notes to Financial Statements

April 30, 2025

(in Canadian dollars)

Derivative financial instruments

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value at each statement of financial position date. Changes in fair value are recorded in deficiency of revenue over expenditures. Fair values for derivative financial instruments have been determined using broker quotes from a derivatives dealer.

The University enters into interest rate swap contracts to manage its exposure to fluctuations in interest rates. These contracts are classified as derivative financial instruments and are measured at fair value. The Company has not adopted hedge accounting; accordingly, any outstanding contracts are recorded at their fair value.

Other financial liabilities

Other financial liabilities are non-derivative financial liabilities with fixed payments or determinable payments that are not quoted in an active market, including accounts payable and accrued liabilities, debenture payable and long-term debt. After initial recognition, other financial liabilities are subsequently carried at amortized cost using the effective interest method. Gains and losses are recognized in the statement of operations when other financial liabilities are derecognized or impaired. Interest effects on the application of the effective interest method are also recognized in the statement of operations.

The carrying value of accounts payable and accrued liabilities approximates its fair value due to the short-term maturity of this financial instrument.

3 Investments

Short-term investments included business investment accounts and guaranteed investment certificates bearing interest at 5.80%–5.88%, which matured between June 28, 2024 and September 30, 2024.

4 Intangible assets

	2025		
	Cost \$	Accumulated amortization \$	Net book value \$
Software	405,103	313,709	91,394
	2024		
	Cost \$	Accumulated amortization \$	Net book value \$
Software	405,103	270,797	134,306

Huron University College

Notes to Financial Statements

April 30, 2025

(in Canadian dollars)

5 Capital assets

	2025		
	Cost \$	Accumulated amortization \$	Net book value \$
Land	325,459	-	325,459
Buildings	113,570,714	26,210,449	87,360,265
Equipment and furniture	13,768,377	9,340,047	4,428,330
Computer equipment	5,016,437	4,073,183	943,254
Library books	3,388,909	3,154,268	234,641
Food court	3,499,029	2,162,582	1,336,447
Construction-in-process	75,076	-	75,076
	139,644,001	44,940,529	94,703,472

	2024		
	Cost \$	Accumulated amortization \$	Net book value \$
Land	325,459	-	325,459
Buildings	53,628,225	23,189,974	30,438,251
Equipment and furniture	11,266,343	8,583,960	2,682,383
Computer equipment	4,172,865	3,388,402	784,463
Library books	3,318,169	3,092,685	225,484
Food court	3,435,836	2,093,906	1,341,930
Construction-in-process	46,057,788	-	46,057,788
	122,204,685	40,348,927	81,855,758

As at April 30, 2025, construction-in-process relates to planning and design costs. In 2024, construction-in-process also included a new residence building that became available for use during fiscal 2025 which was transferred into buildings, equipment and furniture, computer equipment and food court and amortized starting at the in-service date.

Included in equipment and furniture are assets held under capital lease with cost of \$131,249 (2024 – \$nil), accumulated amortization of \$13,125 (2024 – \$nil), and net book value of \$118,124 (2024 – \$nil).

6 Government remittances payable

Included in accounts payable and accrued liabilities is \$67,326 (2024 – \$44,327) of government remittances, which consist of employee payroll deductions required to be paid to government authorities.

Huron University College

Notes to Financial Statements

April 30, 2025

(in Canadian dollars)

7 Obligations under capital lease

	2025 \$	2024 \$
Obligation under capital lease for garbage compactor, payable in monthly instalments of \$985, bearing interest at 40%, maturing in July 2029	30,365	-
Obligation under capital lease for mail room locker, payable in quarterly instalments of \$5,565, bearing interest at 14%, maturing in May 2029	81,197	-
	<hr/> 111,562	<hr/> -
Less: Current portion	26,250	-
	<hr/> 85,312	<hr/> -

The above lease obligations are secured by the garbage compactor and mail room locker being leased.

The future minimum lease payments outstanding under the capital lease are as follows:

	\$
2026	34,074
2027	34,074
2028	34,074
2029	34,074
2030	8,517
	<hr/> 144,813
Amount representing imputed interest on capital lease obligation	<hr/> (33,251)
	<hr/> 111,562

Huron University College

Notes to Financial Statements

April 30, 2025

(in Canadian dollars)

8 Deferred capital contributions

	2025 \$	2024 \$
Deferred capital contributions		
Balance – Beginning of year	8,985,240	7,886,375
Facility renewal/infrastructure capital grant	192,578	173,574
Capital contributions related to residence	51,200	-
Capital contributions related to academic building	24,085	1,398,198
Total contributions received	267,863	1,571,772
Amortized to operations (note 14)	(462,655)	(472,907)
Balance – End of year	8,790,448	8,985,240
Deferred Superbuild capital contributions		
Balance – Beginning of year	637,181	670,717
Amortized to operations (note 14)	(31,859)	(33,536)
Balance – End of year	605,322	637,181
Total deferred capital contributions	9,395,770	9,622,421

9 Credit facilities

The University has the following credit facilities:

- An annual credit facility in the amount of \$12,000,000 from Scotiabank. All borrowings are payable on demand and bear interest at a rate of prime per annum, interest payable monthly. As at April 30, 2025, \$12,000,000 (2024 – \$8,000,000) was drawn on this credit facility and is included in bank indebtedness;
- A temporary operating overrun is available from January 1 to August 31 in the amount of \$13,000,000 (2024 – \$5,000,000). All borrowings are payable on demand and bear interest at a rate of prime plus 0.25% per annum, interest payable monthly. As at April 30, 2025, \$6,312,784 (2024 – \$nil) was drawn on this credit facility and is included in bank indebtedness; and
- A term loan in the amount of \$13,200,000, bearing interest at bankers' acceptance rate of 1.75% per annum (2024 – \$13,200,000) with interest-only payments until the loan is due on September 30, 2026. The loan has an amortization period of 25 years.

The credit facilities contain various financial and non-financial covenants, which are all met as at April 30.

Huron University College

Notes to Financial Statements

April 30, 2025

(in Canadian dollars)

10 Debenture payable

On February 18, 2022, the University entered into an \$85,000,000, 5.50% Series A Senior Unsecured Debenture (the Debenture) maturing on April 30, 2042. The first pro-rated interest payment of \$909,000 was made on April 26, 2022. On an annual basis, the University will be required to make coupon payments equal to \$2,337,500 (2.75% of principal) on October 31 and April 30 of each year.

	2025 \$	2024 \$
The Debenture – due April 30, 2042	85,000,000	85,000,000
Less: Deferred financing costs	588,694	623,323
Debenture payable	<u>84,411,306</u>	<u>84,376,677</u>

In conjunction with the terms of the Debenture, the University is required to maintain cash reserves of \$4,675,000, equivalent to one year's coupon payment.

11 Employee future benefits

The University operates a retirement gratuity plan and participates in a defined contribution pension plan operated by UWO. The University does not provide any other material post-retirement non-pension benefits or post-employment benefits to its employees, aside from the administrative leave compensation and voluntary retirement incentives that will be provided based on individual employment contracts as described below.

Employer contributions made to the DC plan during the year amounted to \$1,325,185 (2024 – \$1,289,894), which are included within salaries and benefits – faculty.

Retirement Gratuity Plan

Benefits under the DB plan are not funded in advance, but are paid from operating revenue as benefits come due. Individuals in the DB plan remain in the DB plan and are not part of the DC plan. However, a separate calculation is performed to determine the estimated obligation to a member of the DB plan had they switched to the DC plan. If, at the time of retirement, the calculated DC plan obligation is greater than the DB plan liability, the shortfall will be paid by the University.

On January 1, 1987, the University commenced the DC plan, and all employees hired after this date were not eligible to participate in the DB plan. As at April 30, 2025, the DB plan had one participant (2024 – one).

The DB plan has no assets. The accrued benefit obligation included in employee future benefits as at April 30, 2025 was \$298,390 (2024 – \$277,903). Benefit payments of \$nil (2024 – \$1,256,638) were paid during the year by the University.

Huron University College

Notes to Financial Statements

April 30, 2025

(in Canadian dollars)

Information about the DB plan as at April 30 is as follows:

	2025 \$	2024 \$
Change in accrued benefit obligation		
Accrued benefit obligation – May 1	277,903	1,624,951
Current service cost	-	3,415
Interest cost	-	85,310
Settlement payments from plan assets	-	(1,256,638)
Actuarial loss	20,487	(179,135)
	<hr/>	<hr/>
Accrued benefit obligation – April 30	298,390	277,903

The significant assumptions used are as follows:

	2025 %	2024 %
Benefit costs for the year ended April 30		
Discount rate	N/A	5.25

Administrative leave

The University's president and two faculty members have contractual arrangements wherein they are eligible to earn paid administrative leaves over the term of the arrangements. Included in employee future benefits is \$537,615 (2024 – \$661,774) relating to these earned future post-employment benefits.

Voluntary retirement incentives

As at April 30, 2025, \$nil (2024 – \$30,454) was outstanding relating to expenses for voluntary retirement packages agreed to during 2020.

Huron University College

Notes to Financial Statements

April 30, 2025

(in Canadian dollars)

12 Ancillary operations

Ancillary operations include the operations of residence, conference facilities and parking facilities. The operations of these facilities are included in the statement of operations and are summarized as follows. The summary below does not include amortization of capital and intangible assets related to ancillary operations.

	2025 \$	2024 \$
Ancillary revenue		
Residence fees and rentals – net of recoveries	7,695,847	3,459,468
Conference	4,743	12,950
Parking	322,815	296,510
Food court	436,580	7,769
	<u>8,459,985</u>	<u>3,776,697</u>
Ancillary expenditures		
Building costs	1,562,357	1,224,242
Other costs	423,239	405,548
	<u>1,985,596</u>	<u>1,629,790</u>
Excess of revenue over expenditures for ancillary operations	<u>6,474,389</u>	<u>2,146,907</u>

13 Related party transactions

a) Huron University College Foundation

The purpose of Huron University College Foundation (the Foundation) is to receive funds and hold them in trust for the benefit of the University. The Foundation was incorporated in Ontario on June 12, 1979 and is a registered charity under the Income Tax Act (Canada). The Foundation administers certain trust funds on behalf of the University for the purpose of pooling investment funds to maximize return and minimize costs.

During the Foundation's fiscal year ending December 31, 2025, the Board of Directors of the Foundation approved the transfer to the University of \$6,491,000 (2024 – \$4,862,000). Of the amounts approved for transfer, the University has received the following during its fiscal year ended April 30:

	2025 \$	2024 \$
Trust Fund	919,902	160,612
Foundation Fund	4,167,220	2,382,166
Capital contributions	75,285	-
	<u>5,162,407</u>	<u>2,542,778</u>
Deferred capital contributions	<u>(75,285)</u>	<u>-</u>
	<u>5,087,122</u>	<u>2,542,778</u>

Huron University College

Notes to Financial Statements

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(in Canadian dollars)

b) Huron University College Foundation U.S.A.

The purpose of the Huron University College Foundation U.S.A. (the U.S.A. Foundation) is to administer money received for the benefit of the University. The U.S.A. Foundation was incorporated in New York on August 1, 2006 as a not-for-profit organization and is a registered charity under section 501(c)(3) of the Internal Revenue Code. There has been no funding-related activity since inception.

14 Other revenue

	2025 \$	2024 \$
Amortization of deferred capital contributions (note 8)	494,514	506,443
Diocesan grant	106,307	101,395
Reznet fees	256,045	140,738
Other academic	359,615	402,270
Interest income	356,168	2,405,206
Miscellaneous	531,579	418,161
	<u>2,104,228</u>	<u>3,974,213</u>

15 Trust funds

The University is the beneficiary of the income from certain trusts administered on its behalf. The University equally shares the beneficiary of the Colonel Leonard Trust with Upper Canada College. The amounts below have not been recorded in the financial statements of the University and represent the University's share in the trust fund.

	2025		2024	
	Cost \$	Market value \$	Cost \$	Market value \$
Colonel Leonard	595,812	678,887	595,396	643,727
Sarah Leonard	757,439	844,854	757,279	799,758
Diocese of Huron	170,696	343,008	170,696	288,897
Trusts administered on behalf of the University	<u>1,523,947</u>	<u>1,866,749</u>	<u>1,523,371</u>	<u>1,732,382</u>

16 Ontario Student Opportunity Trust Funds

The Ontario Student Opportunity Trust Funds (OSOTF) program was established by the Government of Ontario in 1997 to encourage companies and individuals to contribute funds for Ontario's college and university students. Prior to March 31, 2000, all eligible donations made to the University were matched by the province on a dollar-for-dollar basis as cash was received. The matching donations ceased as at March 31, 2000. The Foundation allocates investment income to the fund based on its annual opening balance. Activity in this fund is included in the Foundation.

Huron University College

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(in Canadian dollars)

The Ministry of Colleges and Universities no longer requires institutions to submit a separate audit report with respect to the OSOTF program; however, it requires that the year-end OSOTF report be included in the institution's financial statements. Therefore, these OSOTF schedules for the years ended December 31, 2024 and 2023 have been included within the Foundation's financial statements:

	2024 \$	2023 \$
Schedule of Changes in Endowment Fund Balance		
Fund balance – Beginning of year	501,100	462,123
Net return on investment	71,219	56,977
Bursaries awarded	(20,000)	(18,000)
	<hr/>	<hr/>
Fund balance – End of year	552,319	501,100
	<hr/>	<hr/>
Number of awards	6	11
	<hr/>	<hr/>

17 Capital management

The University's objectives, when managing capital, are to safeguard the University's ability to continue as a going concern in order to pursue the delivery of a variety of services. In the definition of capital, the University includes the net assets, as well as cash and restricted cash. The University manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the University may consider raising additional funds or reducing expenditures. In order to facilitate the management of its capital requirements, the University prepares annual and multi-year expenditure budgets that are updated as necessary depending on various factors, including fundraising campaigns and general governmental conditions. The annual and multi-year budgets are approved by the Board of Directors. The University has not changed its approach to capital management during the current year. The University is not subject to any external capital restrictions.

18 Financial instruments and financial risk factors

The University's financial instruments expose it to a variety of financial risks.

Liquidity risk

Liquidity risk is the risk an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The University is primarily exposed to liquidity risk through its bank indebtedness, accounts payable and accrued liabilities, long-term debt and debentures payable. The University continuously monitors its liquidity position to ensure it can meet its obligations as they come due and maintains access to credit facilities, as detailed in note 9, which provide flexibility to manage liquidity needs.

Interest rate risk

Interest rate risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of interest rates. The University's exposure to interest rate risk relates to its cash and credit facilities. The University uses derivative financial instruments to manage this risk as described below.

Huron University College

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Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Management monitors the credit risk related to its accounts receivable balances, which are primarily from student and government sources.

Currency risk

Currency risk is the risk the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The University has no significant exposure to fluctuations in the value of foreign currencies.

Derivative financial instruments

The University has entered into a derivative financial instrument contract in order to reduce its risk from interest rate fluctuations. The fair market value of the interest rate swap as at April 30, 2025 was \$159,644 (2024 – \$1,379,945). The following summarizes the terms of the interest rate swap as at April 30, 2025:

Notional amount	Interest rate	Term of agreement
\$13,156,000	2.04%	July 1, 2024 – July 1, 2029

19 Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

20 Subsequent event

Subsequent to year-end, the University entered into agreement with the Foundation to provide access to additional funding of up to \$1,000,000. This agreement was established to support the University's operational and strategic initiatives. As of the date of these financial statements, no funds have been drawn under this agreement.