

2025/26 FINANCIAL REPORT



University
of Victoria

MARCH 31, 2026

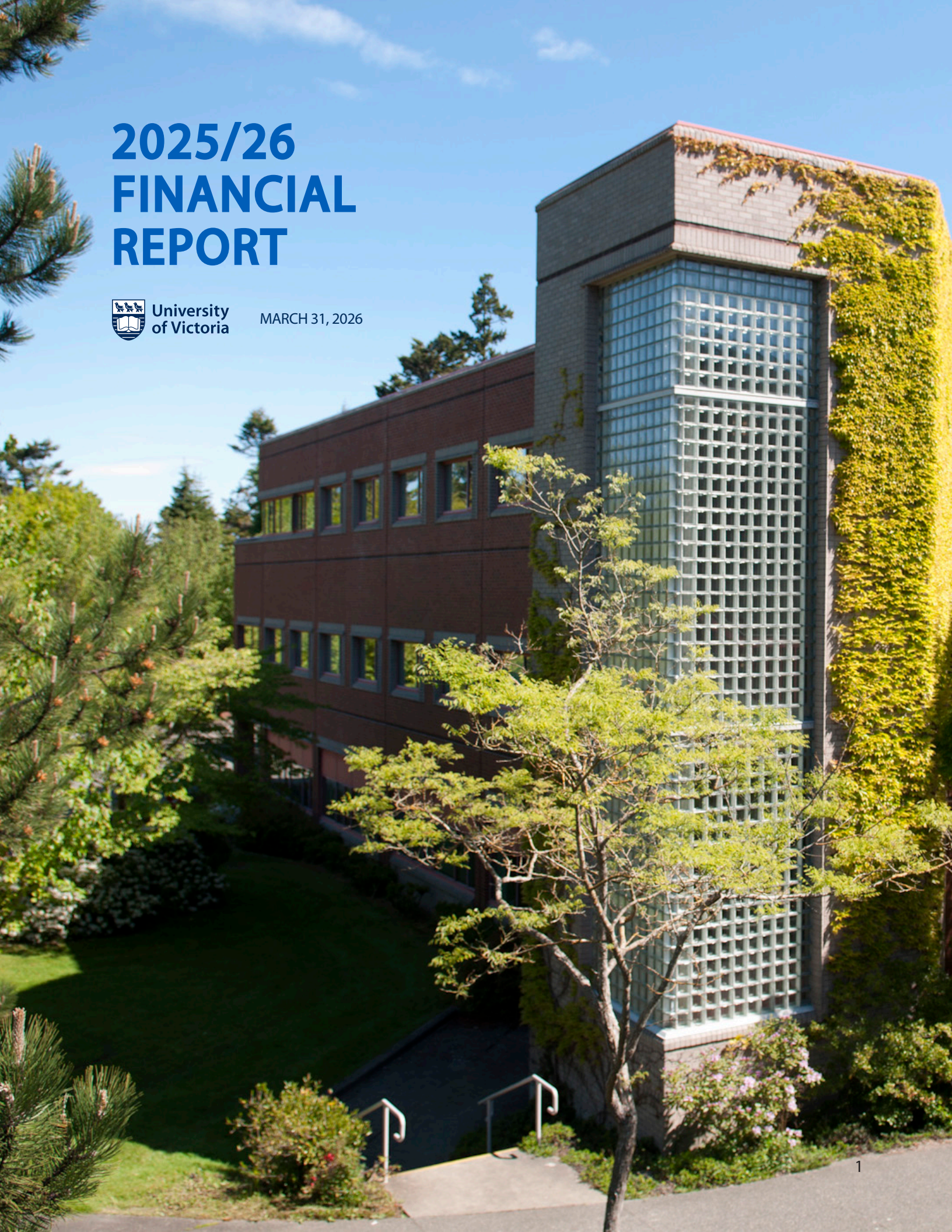


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We acknowledge and respect the Ləkʷəŋən (Songhees and Xʷsepsəm/ Eṣquimalt) Peoples on whose territory the university stands, and the Ləkʷəŋən and W̱SÁNEĆ Peoples whose historical relationships with the land continue to this day.



Message from the President

At the heart of our strategic plan, [Distinctly UVic](#), we are committed to building a future grounded in purpose, partnership, and responsibility. This commitment is supported by a coordinated set of institutional plans that shape our priorities and guide our decisions, including [Xʷkʷənənɪstəl | WZENENISTEL | Helping to move each other forward, UVic's Indigenous Plan 2023](#), [Aspiration 2030: UVic Research and Creative Works Strategy](#), UVic's [Equity Action Plan](#), and the [Climate & Sustainability Action Plan 2030](#), amongst others. These plans help anchor our work and call on all of us to embrace change, work to-

gether, and respond with care and courage to the pressing challenges of our time.

We place great focus on student health, wellness, and accessibility. Since the launch of [UVic's Accessibility Plan](#) in 2023, we have been working to address barriers and create a more inclusive learning environment with improved accommodations and enhanced accessibility of our physical and digital spaces.

UVic's Strategic Plan holds us accountable to ʔetalnəwəl | ÁTOL,NEUEL: to respect the rights of one another, to live in right relationship with all things, and to uphold the rights and inherent dignity of Indigenous Peoples. The University of Victoria continues to be recognized as a national leader in Indigenization and reconciliation. This year we opened the Indigenous Laws wing, home to the Faculty of Law's groundbreaking JD/JID program—the first of its kind in Canada to combine Indigenous and non-Indigenous legal education. We also appointed three new Associate Deans Indigenous in the faculties of Law, Fine Arts, and the Gustavson School of Business to offer visionary leadership and embed Indigenous perspectives, knowledge systems, and governance practices across faculty structures, curriculum, research, and decision-making.

Sustainability remains a foundational priority for the university. We are advancing climate action through investments in low carbon infrastructure, including electrification of our District Energy Plant that will significantly cut campus greenhouse gas emissions, and through initiatives like the UVic Climate Connector, a new campus-wide initiative designed to accelerate climate action by strengthening collaboration between UVic climate and sustainability researchers and connecting them with groups addressing climate challenges in Victoria, British Columbia, and beyond.

Maintaining this important work within the financial constraints of our time might be challenging, but the teachings of Leʔt šxʷ helə ʔə cə makʷ sčəʔi səʔ | S,HOL ET MEQ EN ENÁ SE SĆA be prepared for the work to come, reminds us that the work we do today will shape and be carried forward by all of those who come after us, and the strong relationships and processes we build will sustain ongoing resilient work. I raise my hands to each of you in gratitude for your dedication, care, and ongoing contributions to our campus community.

Huy tseep q'u Siem,

Qwul'sih'yah'maht

Dr. Robina Thomas

Acting President and Vice Chancellor



Message from the Vice-President, Finance and Operations

I am pleased to share the University of Victoria's Annual Financial Report for the 2025/26 fiscal year. Like post-secondary institutions across Canada, UVic continues to operate in an environment of financial pressure and uncertainty shaped by broader national and global influences that affect our enrolment and budget outlook. While many peer universities, including several in British Columbia, experienced significant budget reductions over the last year, UVic's early response to changes in the international marketplace provided for a balanced budget in 2025/26.

We successfully met our enrolment targets and remain focused on stabilizing international enrolment and advancing other revenue generating initiatives. As a result, UVic remains financially stable, generating consistent consolidated operating surpluses as required under legislation and maintaining strong liquidity to support operations.

Domestic undergraduate enrolment has rebounded following a dip in 2022/23 and is now at its highest level in UVic's history. This recovery reflects targeted investments in entrance scholarships, earlier admission timelines, and coordinated recruitment efforts led by faculties and the Division of Student Affairs. Graduate enrolment also remains strong, supported by UVic's research profile and the strength and reputation of our faculty and graduate programs.

International student recruitment and retention continue to present our greatest financial challenge. Changes to federal immigration policies and processes, intensifying global competition, and ongoing geopolitical uncertainty has significantly complicated international student recruitment across Canada. Further complicating this challenge, the number of international students graduating has exceeded new recruitment, and enrolment declines in a single year have budgetary impacts that extend over the four to five years typically required to complete a degree. International undergraduate tuition plays a critical role in university revenues because they are not subsidized by the provincial government.

Declines in international undergraduate enrolment have had a disproportionate effect on tuition revenue and, in turn, our operating budget. In response, UVic continues to prioritize enrolment and revenue diversification initiatives, with a focus on international undergraduate recruitment, transnational education, professional and continuing programs, micro credentials, and improved student success and retention.

Throughout the year, our decisions prioritized financial sustainability while continuing to invest in our core mission: delivering high-quality education, advancing impactful research, and supporting student success. Despite ongoing challenges, the financial indicators presented in this report demonstrate a generally stable financial position. As a result, we have a balanced budget for 2026/2027. UVic's resilience is a direct result of the commitment and collaboration of units across campus, and we are deeply grateful to our academic and administrative leaders, and to the faculty, staff, and students whose adaptability, innovation, and dedication continue to sustain the university as we navigate this period of fiscal pressure.

Kristi Simpson
Vice-President Finance and Operations



Fast Facts

22,000+

students

162,500+

alumni

6,000+

employees,
including

700+

patents

169

start-up
companies

900+

full time faculty

1,145+

invention disclosures

#1 in Canada for promoting
Indigenous visibility

Source: 2025 Times Higher Education Impact Ranking

\$843.9 million

total revenues

#1 in Canada for international
research collaboration

Source: Leiden, 2025

\$2.4 billion

total assets

#1 in Canada for
oceanography

Source: 2025 Shanghai Global Ranking of Academic Subjects

\$582.8 million

endowment market value

Draft Annual Financial Report (unaudited)



About the University of Victoria

Located on Ləkʷəŋən (Songhees and Xwsepsəm/Esquimalt) territory in the city of Victoria, British Columbia, the University of Victoria (the university, UVic) is one of Canada's leading research-intensive universities. UVic's student enrollment is over 22,000 (graduate and undergraduate) and the university employs more than 6,000 people, including 900 full-time faculty. At UVic, we offer more than 280 undergraduate and graduate programs as well as a wide range of degrees, diplomas and campus services. UVic operates under the authority of the University Act of British Columbia and in accordance with the mandate provided by the Ministry of Post-Secondary Education and Future Skills (the Province, Ministry). UVic's finances and administration are overseen by a Board of Governors and the university's academics are governed by the Senate.

The university annually develops a Planning and Budget Framework (P&BF), which is informed by UVic's institutional plans. The P&BF and associated financial models are developed within the context of a three-year planning cycle, which provides a more realistic time frame for the development of university initiatives and allows for greater flexibility than permitted within an annual process.

Financial Reporting Environment

UVic is part of the Government Reporting Entity (GRE) of the Province of B.C. and, as such, is required to present its financial statements in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* supplemented by directives set out by the Province. The attached financial statements present the financial results of the university for the year ended March 31, 2026, in accordance with Public Sector Accounting Standards (PSAS). These statements are the consolidation of all university operations, including the results of general operations, ancillary operations, capital projects, endowment returns and spending, research grants and expenditures, etc. As required by PSAS, they also include the financial results of each of the university's 12 external entities as well as the staff pension plan. While these entities are required to be included in the financial statements, their assets are restricted for specific purposes (e.g., pension) and therefore are not available to support general operations of the university.

The Province has directed that Public Sector Accounting Standards be adopted without the PS4200 not-for-profit elections and that all restricted contributions received for acquiring tangible capital assets be deferred as Deferred Capital Contributions and recognized in revenue at the same rate that the amortization of the related tangible capital asset is recorded. More information on accounting policies is described in note 2 of the financial statements.

Operating Environment

The environment and financial outlook for post-secondary education in Canada continues to be constrained due to enrolments and funding models. Across Canada, most institutions have seen a decline in undergraduate international student registrants and have experienced an associated loss of revenue resulting in budget pressures across the country.

UVic's revenue primarily comes from two sources: domestic and international tuition and an operating grant from the Province of British Columbia. The provincial operating grant supports credit courses for eligible students, based on targets set by the Ministry for full-time domestic undergraduates, graduates, and co-op students. Overall operating revenue grew as funding from the provincial government increased due to funding for collectively bargained salary and benefits increases and funded enrolment for Health Information Sciences and technology expansion in software engineering and computer science programs.

At UVic, we achieved our 2025/26 enrolment targets set with the Board of Governors in March 2025 and continue to focus on stabilizing international enrolment, and our domestic enrolment has recovered and is at its highest level to date. This recovery is a result of investments in entrance scholarships, making earlier admission offers, and significant recruitment efforts within the faculties and in the Division of Student Affairs. Graduate enrolment was in line with previous years, thanks in part to our research reputation and the quality of our faculty and graduate programs. The Province limits annual tuition increases for domestic students to 2%, which is lower than our annual inflation costs estimated at over 5% over the last 3 years.

Unlike domestic tuition rates that are set by the Province, international tuition rates are shaped by the global market. To provide students with transparency with respect to the full cost of their degree program, UVic approves international undergraduate tuition fees early in the recruitment cycle (June of the previous year). International undergraduate tuition fees year over year are also capped at inflationary rates no greater than 4%. This provides cost certainty to students over the course of their degree.

The challenge for UVic, as with other institutions in Canada, is the recruitment and retention of international students, who have a greater impact on revenue as their education is not subsidized by the provincial government. Similar to 2024/25, given the continuing uncertain external environment we set realistic enrolment and corresponding budget targets for 2025/26. Significant recruitment work continued, with a focus on

stabilizing undergraduate international student enrolment to meet these targets, which we achieved. We will continue to carefully monitor student enrolment levels into the future so we can respond to enrolment changes and minimize institutional impacts.

Additional revenue sources are restricted for specific purpose, such as research and capital as outlined in note 12 - Deferred Contribution. Donor and corporate contributions support scholarships, bursaries, and specific projects, with such funds restricted to the purposes defined by the donor. Research funding varies year to year depending on sponsor priorities and the success of UVic's proposals.

UVic is required to run an annual surplus. It has two components: the unrestricted surplus or deficit from operations (teaching, research, and community engagement), and restricted surplus from net endowment contributions. The university's endowment fund allows for perpetual investment, with a portion of annual income made available for spending while the rest is reinvested for long-term growth. Part of the unrestricted surplus can, and is, invested in capital assets, but UVic does not have the financial capacity to solely fund major capital projects due to the high costs of maintaining and building the physical infrastructure. Instead, it relies on a mix of funding sources, including provincial and federal governments and private donors. The Ministry also provides an annual grant to support deferred maintenance, supplemented by UVic's own contributions. While this funding is critical and is utilized to address some deferred maintenance, UVic's physical infrastructure continues to require renewal and enhancement. To address program requirements, two significant capital projects were underway this year- the Centre for Indigenous Laws was opened in September of 2025 and the first of two buildings that make up the Engineering and Computer Science expansion is expected to open in September of 2026. Both projects provide key space to support teaching and research capacity. Future capital priorities have been identified in the 5-Year Capital Plan and include addressing deferred maintenance, increasing student housing, enhancing or repurposing current spaces, and increasing academic and research space for those areas with the greatest pressures.

UVic operates in an increasingly more complex environment with many factors that are outside of the university's control. The university uses an Enterprise Risk Management approach and develops risk mitigation strategies to reduce the impact where possible. More information on the major risks that can affect the university from a financial perspective are outlined in [UVic's Planning and Budget Framework](#).

Highlights of Financial Health

At the end of fiscal 2025/26, UVic's:

- Annual Surplus from operations increased \$1.0 million to \$17.4 million (2% of revenue)
- Consolidated revenue increased by \$35.5 million to reach \$843.9 million
- Consolidated expenses increased by \$34.5 million to reach \$826.0 million
- Consolidated assets increased \$150 million to reach \$2.4 billion
- The endowment returned 4.3% for the year ending at \$582.8 million

CAUBO Financial Health Indicators

The University of Victoria's financial sustainability can be assessed using the Canadian Association of University Business Officers' (CAUBO) four indicators of financial health:

- Net Income/Loss Ratio
- Primary Reserve Ratio
- Interest Burden Ratio
- Viability Ratio

These indicators are metrics to be used for assessing UVic's resilience and ability to withstand financial challenges based on guidance from CAUBO. CAUBO provided direction on which indicator should be used nationally; however, CAUBO members follow a variety of accounting standards by province. Changes in accounting standards at the institutional, provincial, or national level may lead to year over year fluctuations in financial ratios. The indicators serve as an important starting point for analysis.

Ratios have been prepared on an all-funds basis meaning that they are based on universities' total financial results rather than focusing solely on the operating fund. As a result, the financial picture presented may differ from information within our internal financial statements. Overall indicators suggest strong liquidity and low debt risk, but limited operating margin reduces financial flexibility.

UVic's Net Income/Loss ratio is 0.8% (2025 – 1.4%). The Net Income/Loss ratio measures the percentage of an institution's revenues that contribute to its net assets. The objective of the ratio is to track trends in an institution's net earnings. CAUBO guidance suggests a ratio above 1.5% indicates a favorable level of surplus capable of reinvestment in institutional initiatives. The lower ratio in the current year is primarily attributable to the

deferral of revenue for capital, as permitted by the Province, to better align with the related amortization expense.

UVic's Primary Reserve Ratio is 58.62 (2025 – 54.47). The Primary Reserve Ratio provides an indication of how long an institution could continue to operate using only its resources that can be expended without restrictions. The ratio compares expendable net assets to total unrestricted expenses and helps to answer whether the university's resources are sufficient and flexible enough to support its mission. CAUBO guidance suggests a ratio of 40 implies that the institution could cover approximately five months of expenses.

UVic's Interest Burden Ratio is 0.7% (2025 – 0.7%). The Interest Burden Ratio compares the level of current debt service with the institution's total expenses. It is an indicator of the institution's dependence on borrowed funds as a source of financing its mission. CAUBO guidance suggest a ratio below 2% indicates a low reliance on debt.

UVic's Viability Ratio is 1.08 (2025 – 0.95). The Viability Ratio measures the availability of expendable net assets to cover debt if the institution needed to settle its obligations immediately. It helps to answer whether resources, including debt, are being managed strategically to advance the university's mission. CAUBO guidance suggests a viability ratio above .6 indicates a favourable ability to respond to adverse conditions.

Overall, the financial health indicators reflect a generally stable and slightly improving picture of UVic's financial position. The Net Income/Loss Ratio remains below the recommended benchmark, indicating limited surplus available for reinvestment, and a constrained capacity to internally fund strategic initiatives or absorb financial shocks without external funding or cost containment.

The Interest Burden Ratio indicates that UVic is managing its debt obligations prudently. Significant investment in capital infrastructure, including major academic projects such as the Centre for Indigenous Laws and the Engineering Expansion were made. These investments are largely supported by external funding, which mitigates borrowing risk but increases deferred contributions and long-term obligations. The university is therefore balancing near-term financial stability with long-term infrastructure renewal and growth.

The increase in the Primary Reserve Ratio suggests an improved capacity to cover expenses using unrestricted, expendable resources. Similarly, the improvement in the Viability Ratio indicates a stronger ability to cover outstanding debt with available resources, suggesting that UVic's financial position remains resilient despite modest pressures.

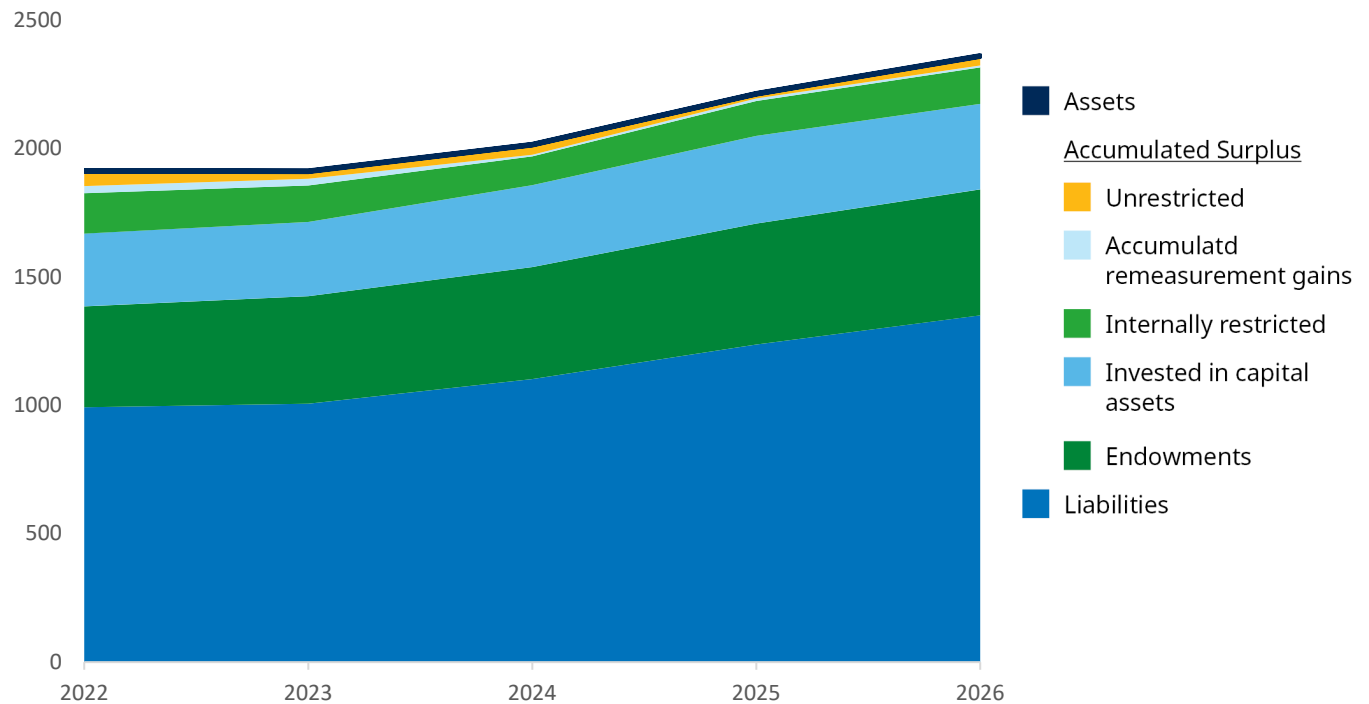
Financial Information

Consolidated Statement of Financial Position

The university's consolidated statement of financial position shows UVic's ability to cover existing liabilities and endowments as well as finance future operations by comparing financial assets to liabilities through the net financial asset (debt) indicator. It also considers the university's non-financial assets to determine UVic's overall financial position.

Consolidated Financial Position

in thousands of dollars



Consolidated Assets

<i>In thousands of dollars</i>	2026	2025	Variance \$	Variance %
Financial Assets				
Cash and cash equivalents	247,747	213,714	34,033	15.9%
Accounts Receivable	15,635	18,770	(3,135)	-16.7%
Due from governments	38,069	27,707	10,362	37.4%
Inventories for resale	1,344	1,399	(55)	-3.9%
Portfolio investments	247,977	250,241	(2,264)	-0.9%
Loans receivable	40,349	33,780	6,569	19.4%
Employee future benefits	52,460	44,641	7,819	17.5%
Investments in government business enterprises	6,188	4,907	1,281	26.1%
Non-Financial Assets				
Tangible capital assets	1,183,944	1,113,222	70,722	6.4%
Restricted endowment investments	489,871	470,829	19,042	4.0%
Inventories held for use	2,464	2,560	(96)	-3.8%
Prepaid expenses	32,730	30,358	2,372	7.8%
Total Consolidated Assets	2,358,778	2,212,128	146,650	6.6%

UVic's assets consist of financial assets, which are available to discharge existing liabilities or finance future operations, and non-financial assets, such as land and buildings.

UVic's consolidated assets total \$2.4 billion as outlined in the table above. UVic's consolidated assets grew primarily because of growth in tangible capital assets from investments in new buildings and infrastructure renewal, an increase in cash and cash equivalents that include Yield investments in the university's working capital fund.

Cash and cash equivalents increased as the university benefited from higher returns on short-term investments. The increase in due from governments reflects timing differences and year end funding. Portfolio investments include the university's working capital, investments underlying endowment expendable funds, investments related to sinking funds held for provincial debt, and supplemental pension obligations. The small decrease in portfolio investments is the net result of positive Yield investments in the university's working capital fund, offset by the lower returns of the expendable portion of UVic Foundation's endowment investments.

Employee future benefits represent a future asset for the Staff Pension Plan and liabilities for supplemental pension obligations, vested sick leave entitlements, and group life insurance plans. Investments in government business enterprises represent the equity held in controlled business operations of Heritage Realty Properties Ltd., the Vancouver Island Technology Park (VITP) Trust, and GSB Executive Education Inc.

Tangible capital assets include land, buildings, site improvements, library holdings, computers, equipment, and furnishings but excludes \$12.5 million of artwork and collections, as these are expensed under PSAS accounting. The net increase in tangible capital assets is largely due to the capital asset addition of Engineering Expansion and the Centre for Indigenous Laws.

Liabilities

<i>In thousands of dollars</i>	2026	2025	Variance \$	Variance %
Accounts payable and accrued liabilities	74,300	63,167	11,133	17.6%
Derivatives	62	157	(95)	-60.5%
Due to governments	9,235	8,940	295	3.3%
Deferred revenue	23,782	26,366	(2,584)	-9.8%
Deferred contributions	366,847	342,379	24,468	7.1%
Deferred capital contributions	688,986	611,958	77,028	12.6%
Debt	124,566	125,441	(875)	-0.7%
Asset retirement obligation	62,069	58,009	4,060	7.0%
Total Liabilities	1,349,847	1,236,417	113,430	9.2%

UVic's liabilities include deferred contributions, which are externally restricted revenue that is not recognized until related expenses are incurred (e.g., research grants) and deferred capital contributions, which are externally restricted contributions for investment in capital assets amortized over the life of the related tangible capital assets. UVic's liabilities total \$1.3 billion as outlined in the table above.

Deferred contributions increased in fiscal year 2026, driven primarily by growth in research funding and capital contributions, partially offset by a decline in specific purpose funds (including endowments), as outlined in Note 12. Research deferred contributions rose to \$150.3 million from \$142.3 million in the prior year, while deferred capital contributions increased significantly to \$33.8 million from \$11.9 million, reflecting higher capital funding received during the year, net of amortization. Deferred contributions for

specific purposes (including endowments) decreased to \$182.7 million from \$188.2 million in 2025.

Debt decreased due to regular debt repayments. Asset retirement obligations related to buildings containing asbestos and other hazardous materials increased due to inflation and the revaluation of these obligations as of March 31, 2026.

Net debt (financial assets less liabilities) increased in 2025/26, primarily reflecting the timing difference between capital spending and the recognition of related funding, which is recorded as deferred capital contributions and recognized into revenue over time. This trend is expected during periods of significant capital expansion and is mitigated by the university's limited reliance on new external borrowing, stable operating results, and substantial deferred capital contributions from government and funding partners. Overall, the net debt position remains manageable and consistent with the university's long-term infrastructure renewal strategy.

Accumulated Surplus

<i>In thousands of dollars</i>	2026	2025	Variance \$	Variance %
Unrestricted	8,873	18,082	(19,400)	-107.3%
Remeasurement gains	7,196	10,412	(3,216)	-30.9%
Internally restricted	170,373	135,520	34,853	25.7%
Invested in capital assets	332,618	340,868	(8,250)	-2.4%
Endowments	489,871	470,829	19,042	4.0%
Accumulated surplus	1,008,931	975,711	33,220	3.4%

Accumulated surplus represents the university's residual interest in its assets after deducting liabilities (net assets). It increased to \$1.0 billion, which mostly represents restricted, spent, or committed funds.

The majority of accumulated surplus is unavailable to fund operations as it is either restricted or has already been used to invest in buildings, equipment and other capital assets. Endowments are described in the following section. Unrestricted surplus consists primarily of balances arising from ancillary operations such as student housing and other entities that are consolidated in the Financial Statements (see related entities below). Remeasurement gains represent unrealized gains on university unrestricted or quasi endowment funds and the university's working capital arising after April 1, 2012.

Internally Restricted Surplus

<i>(In thousands of dollars)</i>	2026	2025	Variance \$	Variance %
General operating	180,144	156,380	23,764	15.2%
Ancillary enterprises	21,933	23,295	(1,362)	-5.8%
Vacation pay and staff pension	53,215	44,292	8,923	20.1%
Capital	(84,919)	(88,647)	3,728	-4.2%
Total internally restricted	170,373	135,520	34,853	25.7%

Internally restricted surplus consists of balances set aside or appropriated by the Board of Governors for equipment replacement, capital improvements, and other nonrecurring expenditures. Internally restricted surplus increased during the year due to appropriations from the general operating fund as well as an increase in the staff pension plan asset.

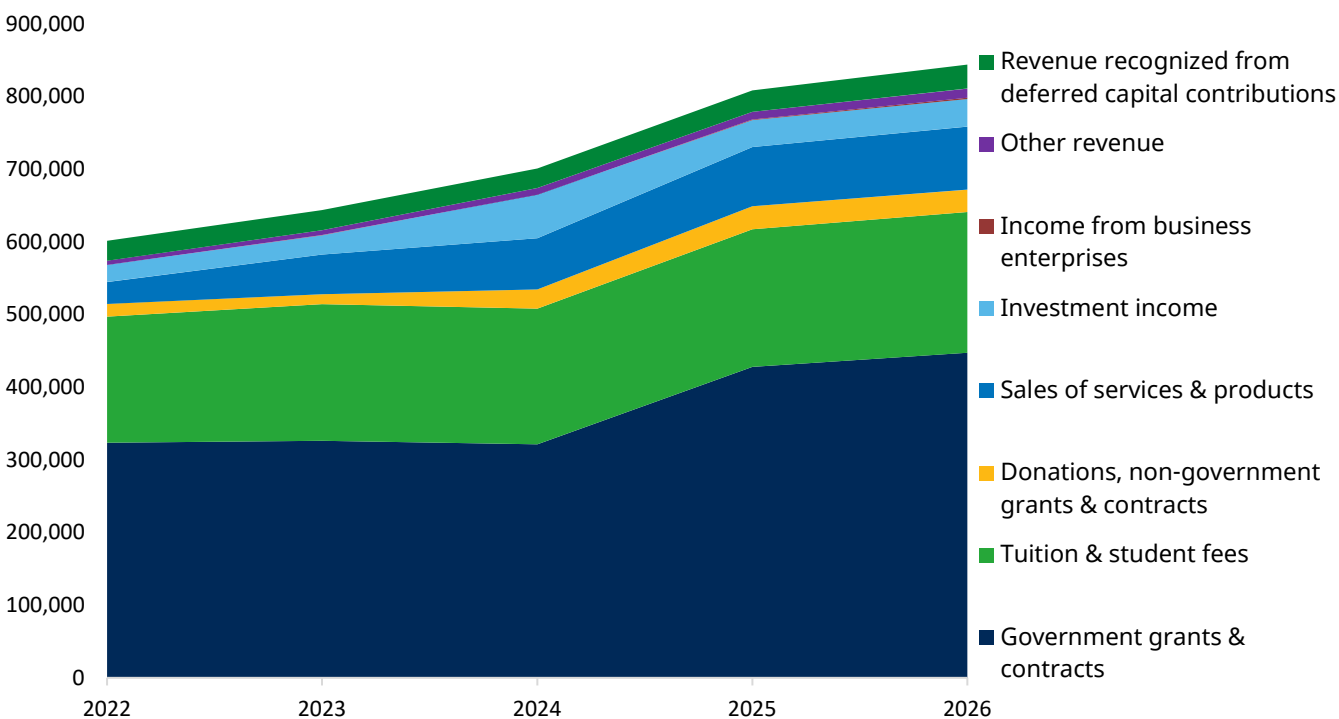
Consolidated Statement of Operations and Accumulated Surplus

Revenue

UVic’s revenue is primarily from tuition and government grants, but the university also receives revenue from donations, investments, and ancillary operations. Consolidated revenue increased 4.4% to \$844 million.

Consolidated Revenue

in thousands of dollars



Revenue

<i>(In thousands of dollars)</i>	2026	2025	Variance \$	Variance %
Government grants and contracts	447,371	427,746	19,625	4.6%
Tuition & student fees	193,625	189,616	4,009	2.1%
Donations, non-government grants & contracts	30,716	31,638	(922)	-2.9%
Sales of services and products	86,778	81,460	5,318	6.5%
Investment income	38,140	36,935	1,205	3.3%
Income from business enterprises	1,732	750	982	130.9%
Other revenue	12,451	10,850	1,601	14.8%
Revenue recognized from deferred capital contributions	33,075	29,299	3,776	12.9%
Total Revenue	843,888	808,294	35,594	4.4%

Government grants and contracts revenue is received from the Province of B.C. (69%), the Government of Canada (25%), and other governments (6%). Revenue from the Province increased by \$5.2 million overall, due mainly to funding for targeted program growth and related to salary increases resulting from collective bargaining. Annual grants received from the Province for capital purposes, including routine capital and specific project funding, were \$86.2 million.

Investment income increased by \$1.0 million. This increase was primarily attributed to returns by the working capital fund as a result of holding higher balances of Liquidity investments and allocating more funds to Yield investments in the past year. Endowments are outlined in the section below and the university maintains a separate pool of working capital investments, which generated a 2.8% return in 2025/26 (2024/25: 5.2%). These funds support the university's short- to medium-term liquidity and operational needs.

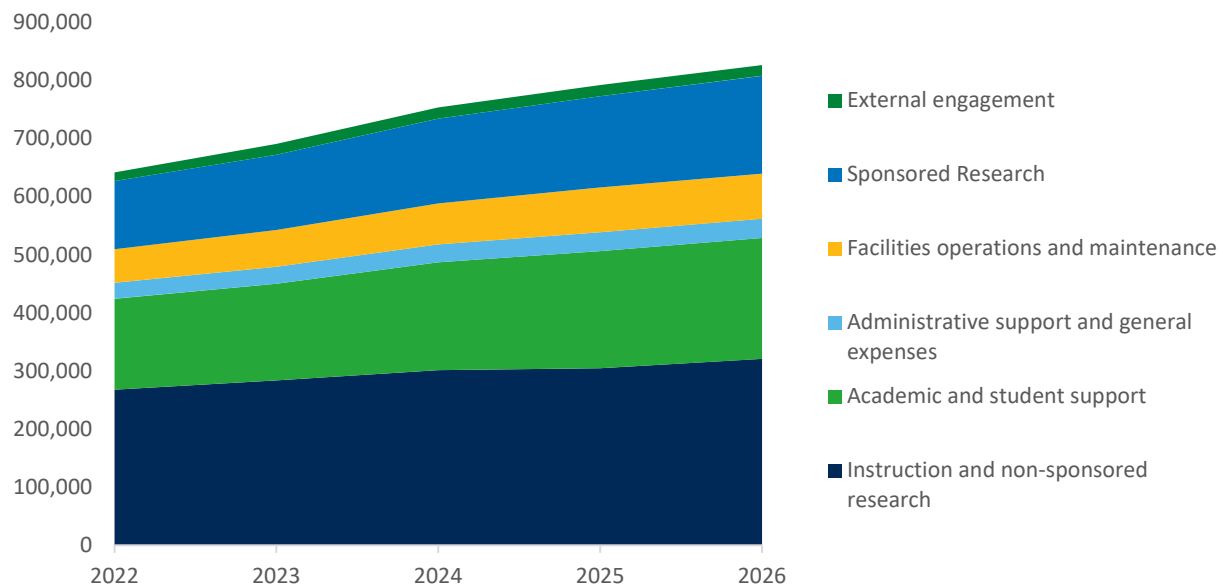
Overall, credit tuition increased to \$168.6 million. This reflects a 2% increase in domestic fees (Provincial Government policy limits annual domestic increases to 2%) and graduate international fees, and a 5.25% increase in undergraduate international fees for new students. International tuition represents a significant portion of tuition revenue, and an enrolment contingency is maintained to mitigate this risk during the current period of uncertainty. A sustained decline would have a multi-year compounding impact given the duration of degree programs.

Expense

Consolidated Expenses increased 4.3% to \$826.5 million reflecting increased salaries and benefits, supplies and services, travel, and scholarships, fellowship, and bursary expenses.

Consolidated Expenses by Function

in thousands of dollars



Expenses Reported by Object

<i>In thousands of dollars</i>	2026	2025	Variance \$	Variance %
Salaries and benefits	534,152	515,926	18,226	3.5%
Travel	19,998	18,861	1,137	6.0%
Supplies and services	114,362	107,777	6,585	6.1%
Equipment rental and maintenance	12,553	11,225	1,328	11.8%
Utilities	8,799	8,252	547	6.6%
Scholarships, fellowships & bursaries	65,441	61,599	3,842	6.2%
Cost of goods sold	11,021	10,751	270	2.5%
Interest on long term debt	5,553	5,572	-19	-0.3%
Depreciation	54,615	52,018	2,597	5.0%
Total Expenses	826,494	791,981	34,513	4.36%

Salaries and benefits represent 65% of total expenses and increased due to progression through the ranks and ranges, negotiated settlements, and hiring during the year. UVic invests in its faculty and staff with compensation representing approximately two-thirds of total expenses. As a result, inflationary pressures in salaries and benefits remain the primary driver of expenditure growth. Travel, supplies and services, and cost of goods sold all increased. The highest percentage increase occurred in equipment rental and maintenance, which rose by 12%, or \$1.3 million. Scholarships, fellowships, and bursaries saw a significant boost of \$3.8 million, reflecting increased support for students and a continued commitment to improving access to education. These increases highlight a broader focus on both strengthening institutional resources and enhancing student financial assistance.

Operating Surplus

The university ended the year with a modest consolidated operating surplus before donations and other adjustments related to the endowment of \$17.3 million or 2.0% of total revenues. This increase is largely due to a gain on the staff pension plan, investment in tangible capital assets, and positive ancillary and operating fund result. The positive operating fund primary reflects meeting our enrolment targets and allowing additional non-recurring allocations to be spent in 25/26 and 26/27.

Operating Surplus

<i>In thousands of dollars</i>	2026	2025	Variance \$	Variance %
Designated Items				
Staff Pension actuarial gain	9,440	7,890	1,550	19.6%
Ancillary fund surplus	4,567	3,671	896	24.4%
Invested in tangible capital assets	7,205	9,098	(1,893)	-20.8%
Non-Designated Items				
Net operating results	2,437	2,804	-367	-13.1%
Other	(6,255)	(7,150)	895	-12.5%
Operating surplus	17,394	16,313	1,081	6.6%

While the University reports an operating surplus, this does not fully reflect the cash demands of capital investment. Each year the university is required to invest in capital expenditures to meet program requirements and/or address deferred maintenance. While these expenditures are made each year, for accounting purposes the expenditures are not shown as an expense in the year made. Instead, the expenditure is expensed, or

amortized, over the future life of the asset. The university received approval to restrict \$23 million of provincial grants for capital expenditures to provide for better matching of revenues and amortization. This restriction only reflects a portion of total capital spending and therefore the year's operating surplus is higher as capital expenditures are not reflected in the operating surplus. As a result, annual surplus does not directly represent available funds after capital spending.

Endowment

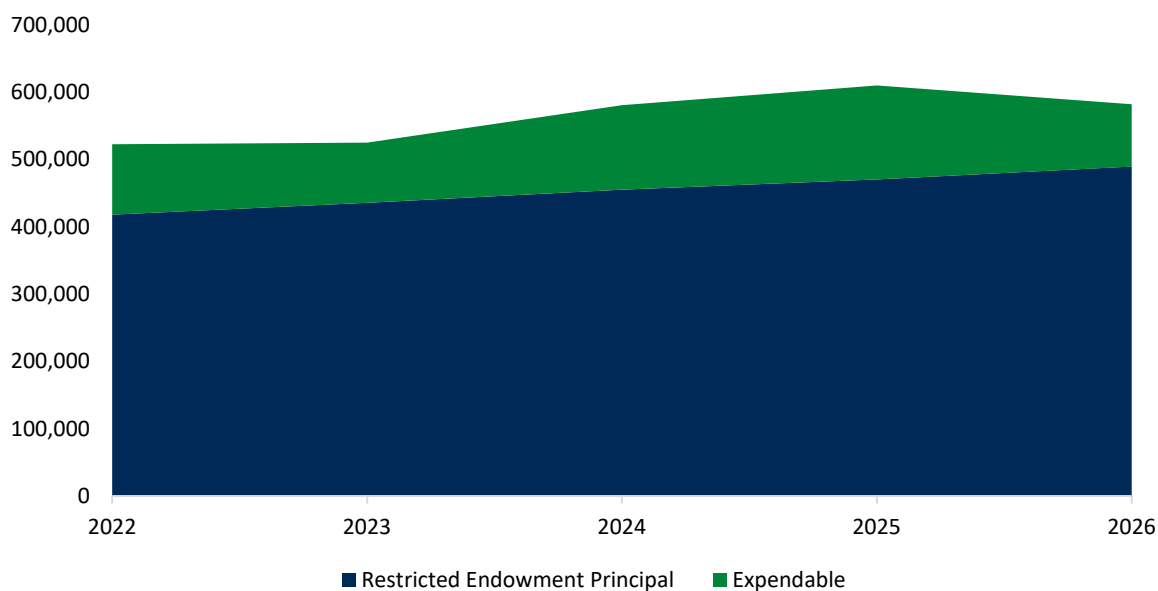
The endowment provides a stable, long-term funding stream to support scholarships, research, and other initiatives as defined by donors. As of March 31, 2026, the investments, held within the University of Victoria Foundation, had a fair market value of \$582.8 million, down from \$610.3 million in 2024/25. The endowment portfolio is comprised of 1,662 individual funds that support a wide range of donor-specified academic, research, and student initiatives. In 2025/26, these funds provided \$58.6 million, which was comprised of \$23.6 million from the annual distributions to the endowments and \$35.0 million of funds disbursed from the University of Victoria Foundation to the University of Victoria that are held in a restricted fund.

The endowment is structured in two components:

- The principal fund, which includes restricted donations and capitalized investment income, is required to be maintained in perpetuity to preserve long-term support for designated purposes.
- The expendable fund portion is recorded as deferred contributions. This account provides a cushion against market volatility and helps ensure consistent funding distributions. As of March 31, 2026, the stabilization account had a balance of \$82.8 million, (2025: \$127.9 million) representing 16.6% of the endowment principal (2025: 26.5%). The \$45.1 million drop in the expendable fund portion is primarily attributed to the \$35.0 million disbursement from the University of Victoria Foundation to the University of Victoria, and the remaining \$10.1 million from capitalization.

Endowment

in thousands of dollars



Endowment investments are managed across eight investment mandates and generated a return of 4.3% for the year, compared to 8.3% in 2024/25. In line with donor intent and Foundation policies, a portion of investment income is capitalized each year to preserve the purchasing power of the endowment against inflation. During the year, restricted endowment principal grew by \$10.1 million that was capitalized income and by \$7.5 million in new donations. The decrease reflects lower market returns and use of the expendable stabilization fund to support consistent distributions rather than a decline in underlying long-term endowment strength.

The university's endowment continues to be a vital source of long-term financial support, and the prudent investment and stabilization strategy ensures sustainability and intergenerational equity in meeting donor commitments. Despite the positive but lower than expected investment performance in 2025/26, the Foundation Board approved maintenance of the existing spending rate. As a result, the spending rate exceeded investment returns in 2025/26. The Foundation Board continues to review the Endowment Management Policy (i.e., Spending Policy) on an annual basis using long-term capital assumptions, which may differ from year-to-year investment performance.

Looking Ahead

Looking ahead to 2026/27, the University will continue to operate in a constrained but stable financial environment, with a balanced operating budget supported by prudent enrolment planning. The budget framework reflects ongoing sector-wide pressures, including uncertainty in international student enrolment and persistent inflationary impacts on salaries, benefits, and key operating costs such as utilities, software, and library acquisitions. At the same time, the university's outlook is supported by strong domestic enrolment and stabilization in international student numbers, alongside targeted tuition adjustments within provincial limits. To ensure financial sustainability we will need to continue to limit new ongoing spending, focus investments on government-funded academic program expansions, and advance strategic priorities aligned with its institutional plan through one-time funds or current resources. Continued emphasis on enrolment diversification and student retention will also be critical to maintaining balance, while capital investment and infrastructure renewal will require careful management to ensure long-term financial resilience.

Related Entities

The university's consolidated financial statements include the following related entities:

Entity	Description	Entity Type	Consolidated Method
UVic Industry Partnerships	Assists with intellectual property management and commercialization of research discoveries	Wholly Owned By UVic	Fully consolidated
UVic Properties Investments Inc.	Manages the university's real estate holdings including the Vancouver Island Technology Park Trust.	Wholly Owned By UVic	Fully consolidated
Ocean Networks Canada Society	Manages the university's VENUS and NEPTUNE ocean observatories	Wholly Owned By UVic	Fully consolidated
Pacific Climate Impacts Consortium	Stimulates collaboration to produce climate information for education, policy and decision-making.	Wholly Owned By UVic	Fully consolidated
Byron Price & Associates Ltd.	Holds land in North Saanich that was donated to the university	Wholly Owned By UVic	Fully consolidated
University of Victoria Foundation	Encourage financial support of the university and administer the university's endowment funds	Wholly Owned By UVic	Fully consolidated
Foundation for the University of Victoria		Wholly Owned By UVic	Fully consolidated
U.S. Foundation for the University of Victoria		Wholly Owned By UVic	Fully consolidated
Pacific Marine Science Alliance Society (formerly WCUMSS)	Operates a marine research facility at Bamfield on the west coast of Vancouver Island	20% owned by UVic	Proportionate consolidation
Heritage Realty Properties Ltd.	Manages the property rental and downtown hotel and brew-pub operation donated by the late Michael C. Williams	Profit-oriented subsidiaries	Modified Equity
VITP	Provides leased space to technology companies on Vancouver Island	Profit-oriented subsidiaries	Modified Equity
GSB Executive Education Inc.	Provides executive education and other non-credit education	Profit-oriented subsidiaries	Modified Equity

Consolidated Financial Statements of

UNIVERSITY OF VICTORIA

And Independent Auditor's Report Thereon

Year ended March 31, 2026

STATEMENT OF ADMINISTRATIVE RESPONSIBILITY FOR FINANCIAL STATEMENTS

The University is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and Treasury Board direction outlined in Note 2(a). This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting measurement of transactions in which objective judgment is required. In fulfilling its responsibilities and recognizing the limits inherent in all systems, the University's management has developed and maintains a system of internal controls designed to provide reasonable assurance that the University assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements. The system of internal controls is monitored by the University's management.

The Board of Governors carries out its responsibility for review of the financial statements principally through its audit committee. The members of the Audit Committee are not officers or employees of the University. The Audit Committee meets with management and with the internal and external auditors to discuss the results of audit examinations and financial reporting matters. The auditors have full access to the Audit Committee, with and without the presence of management.

The consolidated financial statements have been examined by KPMG LLP, an independent firm of Chartered Professional Accountants. The Independent Auditor's Report outlines the nature of the examination and the opinion on the consolidated financial statements of the University for the year ended March 31, 2026.

On behalf of the University:

_____ Chair, Board of Governors

_____ Vice-President Finance and Operations



KPMG LLP

St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250 480 3500
Fax 250 480 3539

INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of the University of Victoria, and
To the Minister of the Ministry of Post-Secondary Education and Future Skills, Province of British Columbia

Opinion

We have audited the consolidated financial statements of the University of Victoria (the "Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2026
- 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 remeasurement gains and losses 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, 2026 of the Entity 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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter - Financial Reporting Framework

We draw attention to Note 2(a) 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.



Other Information

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

- Information, other than the financial statements and the auditor's report thereon, included in the Management Discussion and Analysis.

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

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

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Management Discussion and Analysis as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



We also:

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

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

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

A handwritten signature in black ink that reads 'KPMG LLP' with a long horizontal line underneath.

Chartered Professional Accountants

Victoria, Canada
May 26, 2026

UNIVERSITY OF VICTORIA

Consolidated Statement of Financial Position

As at March 31, 2026

(in thousands of dollars)

		2026	2025
Financial Assets			
Cash and cash equivalents	(Note 3)	\$ 247,747	\$ 213,714
Accounts receivable	(Note 4)	15,635	18,770
Due from governments	(Note 5)	38,069	27,707
Inventories for resale		1,344	1,399
Portfolio investments	(Note 6(a))	247,977	250,241
Loans receivable	(Note 7)	40,349	33,780
Employee future benefits	(Note 8)	52,460	44,641
Investments in government business enterprises	(Note 9)	6,188	4,907
		649,769	595,159
Liabilities			
Accounts payable and accrued liabilities	(Note 11)	74,300	63,167
Derivatives	(Note 6(c))	62	157
Due to governments		9,235	8,940
Deferred revenue		23,782	26,366
Deferred contributions	(Note 12)	366,847	342,379
Deferred capital contributions	(Note 13)	688,986	611,958
Debt	(Note 14)	124,566	125,441
Asset retirement obligations	(Note 15)	62,069	58,009
		1,349,847	1,236,417
Net debt		(700,078)	(641,258)
Non-financial Assets			
Tangible capital assets	(Note 16)	1,183,944	1,113,222
Restricted endowment investments	(Note 6(b))	489,871	470,829
Inventories held for use		2,464	2,560
Prepaid expenses		32,730	30,358
		1,709,009	1,616,969
Accumulated surplus	(Note 18)	\$ 1,008,931	\$ 975,711
Accumulated surplus is comprised of:			
Endowments	(Note 19)	\$ 489,871	\$ 470,829
Invested in tangible capital assets		332,618	340,868
Internally restricted		170,373	135,520
Unrestricted		8,873	18,082
Accumulated operating surplus		1,001,735	965,299
Accumulated remeasurement gains		7,196	10,412
Accumulated surplus		\$ 1,008,931	\$ 975,711

Contractual rights (Note 20) Contractual obligations (Note 21) Contingent liabilities (Note 22)

On behalf of the Board:

Erinn Pinkerton, Acting Chair

Kristi Simpson, VP Finance & Operations

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

UNIVERSITY OF VICTORIA

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2026

(in thousands of dollars)

	Budget (Note 2(p))	2026	2025
Revenue:			
Province of British Columbia grants	\$ 301,506	\$ 308,344	\$ 303,081
Government of Canada grants	105,000	112,172	103,635
Other government grants	23,200	26,855	21,030
Student tuition - credit courses	173,903	168,627	164,787
Student tuition - non-credit courses	21,095	24,998	24,829
Donations, non-government grants and contracts	23,200	30,716	31,638
Sales of services and products	84,155	86,778	81,460
Investment income	31,000	38,140	36,935
Income from government business enterprises (Note 9)	-	1,732	750
Other revenue	7,000	12,451	10,850
Revenue recognized from deferred capital contributions (Note 13)	32,400	33,075	29,299
	802,459	843,888	808,294
Expenses: (Note 23)			
Instruction and non-sponsored research	308,571	320,912	304,909
Academic and student support	203,940	208,020	201,520
Administrative support and general expenses	32,858	33,157	32,468
Facility operations and maintenance	77,641	77,345	76,720
Sponsored research	159,299	168,455	157,409
External engagement	19,183	18,605	18,955
	801,492	826,494	791,981
Annual operating surplus	967	17,394	16,313
Restricted endowment contributions			
Endowment principal donations (Note 19)	8,000	7,515	4,736
Investment income and donations capitalized (Note 19)	8,000	11,527	10,636
	16,000	19,042	15,372
Annual surplus	16,967	36,436	31,685
Accumulated operating surplus, beginning of year	965,299	965,299	933,614
Accumulated operating surplus, end of year	\$ 982,266	\$ 1,001,735	\$ 965,299

UNIVERSITY OF VICTORIA

Consolidated Statement of Changes in Net Debt

Year ended March 31, 2026

(in thousands of dollars)

	Budget (Note 2(p))	2026	2025
Annual surplus	\$ 16,967	\$ 36,436	\$ 31,685
Acquisition of tangible capital assets	(135,368)	(123,385)	(125,848)
Increase in tangible capital assets related to asset retirement obligations	-	(1,952)	(2,192)
Amortization of tangible capital assets	54,403	54,615	52,018
	(80,965)	(70,722)	(76,022)
Increase in restricted endowment investments	-	(19,042)	(15,372)
Acquisition of inventories held for use	-	(2,202)	(971)
Acquisition of prepaid expense	-	(30,318)	(31,056)
Consumption of inventories held for use	-	2,298	1,872
Use of prepaid expense	-	27,946	24,606
	-	(21,318)	(20,921)
Net remeasurement gains	-	(3,216)	3,111
Increase in net debt	(63,998)	(58,820)	(62,147)
Net debt, beginning of year	(641,258)	(641,258)	(579,111)
Net debt, end of year	\$ (705,256)	\$ (700,078)	\$ (641,258)

UNIVERSITY OF VICTORIA

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2026

(in thousands of dollars)

	2026	2025
Accumulated remeasurement gains, beginning of year	\$ 10,412	\$ 7,301
Unrealized gains (losses) attributed to:		
Portfolio investments	(3,362)	2,465
Derivatives	95	(245)
Foreign currency translation	51	891
Net remeasurement gains (loss) for the year	(3,216)	3,111
Accumulated remeasurement gains, end of year	\$ 7,196	\$ 10,412

UNIVERSITY OF VICTORIA

Consolidated Statement of Cash Flows

Year ended March 31, 2026

(in thousands of dollars)

	2026	2025
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 36,436	\$ 31,685
Items not involving cash		
Amortization of tangible capital assets	54,615	52,018
Revenue recognized from deferred capital contributions	(33,075)	(29,299)
Change in employee future benefits	(7,819)	(7,964)
Change in investments in government business enterprises	(1,281)	(776)
Unrealized remeasurement gains on foreign exchange	51	891
Amortization of debt discount	529	511
Accretion expense	2,108	2,105
Changes in non-cash operating working capital:		
Decrease in accounts receivable	3,135	756
Increase in due from government organizations	(10,362)	(7,667)
Increase in loans receivable	(6,569)	(459)
Decrease in inventories	151	917
Increase in prepaid expenses	(2,372)	(6,450)
Increase in accounts payable and accrued liabilities	11,133	13,434
Increase in due to government organizations	295	190
Decrease in deferred revenue	(2,584)	(625)
Increase in deferred contributions	24,468	35,826
Net change from operating activities	68,859	85,093
Capital activities:		
Acquisition of tangible capital assets	(123,385)	(125,848)
Net change from capital activities	(123,385)	(125,848)
Investing activities:		
Net acquisition of portfolio investments	(1,098)	(15,212)
Net acquisition of restricted endowment investments	(19,042)	(15,372)
Net change from investing activities	(20,140)	(30,584)
Financing activities:		
Repayment of debt	(1,404)	(2,551)
Receipt of deferred capital contributions	110,103	112,564
Net change from financing activities	108,699	110,013
Net change in cash and cash equivalents	34,033	38,674
Cash and cash equivalents, beginning of year	213,714	175,040
Cash and cash equivalents, end of year	\$ 247,747	\$ 213,714

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

1. Authority and purpose

The University of Victoria (the “University”) operates under the authority of the *University Act* of British Columbia. The University is a not-for-profit entity governed by a 15 member Board of Governors, eight of whom are appointed by the government of British Columbia including two on the recommendation of the Alumni Association. The University is a registered charity and is exempt from income taxes under section 149 of the *Income Tax Act*.

2. Summary of significant accounting policies

The consolidated financial statements of the University are prepared by management in accordance with the basis of accounting described below. Significant accounting policies of the University are as follows:

(a) Basis of accounting

The 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 related to not-for-profit accounting standards.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds as follows:

- Contributions for the purposes of 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.
- 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 period in which the stipulation or restriction on the contributions have been met.

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

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

2. Summary of significant accounting policies (continued)

(a) Basis of accounting (continued)

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which requires that:

- 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; and
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100.

As a result, revenue recognized in the consolidated statement of operations and accumulated surplus and certain related deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

(b) Basis of consolidation

(i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of organizations which are controlled by the University. Controlled organizations are consolidated except for government business enterprises which are accounted for by the modified equity method. Inter-organizational transactions, balances, and activities have been eliminated on consolidation.

The following organizations are controlled by the University and fully consolidated in these financial statements:

- UVic Industry Partnerships (formerly University of Victoria Innovation and Development Corporation) which facilitates research partnerships between the private sector and the University.
- University of Victoria Properties Investments Inc. which manages the University's real estate holdings including the Vancouver Island Technology Park Trust.
- Ocean Networks Canada Society which manages the University's VENUS and NEPTUNE ocean observatories.
- Pacific Climate Impacts Consortium which stimulates collaboration to produce climate information for education, policy and decision making.

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

2. Summary of significant accounting policies (continued)

(b) Basis of consolidation (continued)

(i) Consolidated entities (continued)

- University of Victoria Foundation, the Foundation for the University of Victoria, and the U.S. Foundation for the University of Victoria which encourage the financial support of the University and administer the University's endowment funds.
- Byron Price & Associates Ltd. which holds land in North Saanich.

(ii) Investment in government business enterprises

Government business enterprises are accounted for by the modified equity method. Under this method, the University's investment in the business enterprise and its net income and other changes in equity are recorded. No adjustment is made to conform the accounting policies of the government business enterprise to those of the University other than if other comprehensive income exists, it is accounted for as an adjustment to accumulated surplus (deficit). 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.

The following organizations are controlled by the University and consolidated in these financial statements using the modified equity basis:

- Heritage Realty Properties Ltd. which manages the property rental and downtown hotel and brew-pub operation donated by the late Michael C. Williams.
- Vancouver Island Technology Park Trust which provides leased space to high-technology companies on Vancouver Island.
- GSB Executive Education Inc. provides executive training and other non-credit education.

(iii) Investment in government partnerships

Government partnerships that are business partnerships are accounted for by the modified equity method. Accounting policies of the business partnership are not conformed to those of the partners before the equity pick-up. The University is not party to any government business partnerships.

Government partnerships that are not wholly controlled business partnerships are accounted for under the proportionate consolidation method. The University accounts for its share of the partnership on a line by line basis on the financial statements and eliminates any inter-organizational transactions and balances. Accounting policies of the partnership, which is not a business partnership, are conformed to those of the University before it is proportionately consolidated.

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

2. Summary of significant accounting policies (continued)

(b) Basis of consolidation (continued)

(iii) Investment in government partnerships (continued)

The following organization is a government partnerships and is proportionately consolidated in these financial statements:

- Pacific Marine Science Alliance (PMSA), formerly known as the Western Canadian Universities Marine Sciences Society (WCUMSS), which operates a marine research facility at Bamfield on the west coast of Vancouver Island. These financial statements include the University's 20% interest.

(iv) Trusts under administration

Trusts administered by the University are not consolidated in the financial statements as the assets are not held for the benefit of the University.

(v) Funds held in trust

Funds held in trust by the University as directed by agreement or statute for certain beneficiaries are not included in the University's consolidated financial statements.

(c) Cash and cash equivalents

Cash and cash equivalents include highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. They are held for the purpose of meeting short-term cash commitments rather than investing.

(d) Loans receivable

Loans receivable are recorded at amortized cost. Interest is accrued on loans receivable to the extent it is deemed collectable.

(e) Financial instruments

Financial instruments are classified into two categories: fair value or cost.

(i) Fair value category

Portfolio instruments that are quoted in an active market and derivative instruments are reflected at fair value as at the reporting date. Other financial instruments designated to be recorded at fair value are endowment and portfolio investments. Transaction costs related to the acquisition of investments are recorded as an expense. Sales and purchases of investments are recorded at trade date.

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

2. Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(i) Fair value category (continued)

Unrealized gains and losses on financial assets are recognized in the consolidated 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 consolidated statement of operations and accumulated surplus and related balances reversed from the consolidated statement of remeasurement gains and losses. Unrealized gains and losses in endowment investments, where earnings are restricted as to use, are recorded as deferred contributions and recognized in revenue when disposed and when related expenses are incurred. Restricted unrealized gains spent to meet current year endowment expenses or capitalization transfers are recorded in the consolidated statement of remeasurement gains and losses.

Canadian public sector accounting standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in an active market for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in active markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(ii) Cost category

Gains and losses are recognized in the consolidated statement of operations and accumulated surplus when the financial asset is derecognized due to disposal or impairment and the gains and losses are recognized at amortized cost using the effective interest method; accounts payable and accrued liabilities and debt are measured at amortized cost using the effective interest method.

The underwriting discount along with consulting fees relating to the debenture issuances are capitalized and amortized to match the term of the long-term debenture. Amortization is calculated based on the effective interest rate method.

(f) Short-term investments

Short-term investments are comprised of money market securities and other investments with maturities that are capable of prompt liquidation. Short-term investments are cashable on demand and are recorded at cost based on the transaction price on the trade date. All interest income, gains and losses are recognized in the period in which they arise.

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

2. Summary of significant accounting policies (continued)

(g) Inventories for resale

Inventories held for resale, including books, merchandise and food are recorded at the lower of cost or net realizable value. Cost includes the original purchase cost, plus shipping and applicable duties. Net realizable value is the estimated selling price less any costs to sell.

(h) Asset retirement obligations

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

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset
- The past transaction or event giving rise to the liability has occurred
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made

Certain buildings owned by the University contain asbestos and other hazardous materials. The ARO liability for the removal of asbestos and other hazardous materials in buildings owned by the University has been recognized based on the estimated future expenses to remediate the buildings.

Under the modified retrospective method, the assumptions used on initial recognition are those as of the date of adoption of the standard. Assumptions used in the subsequent calculations are revised annually. When the amount and timing of future cash flows of a remediation or demolition of a project are known, the liability is discounted using a present value calculation, and adjusted yearly for accretion expense up to the time the project commences.

The recognition of the ARO liability resulted in an accompanying increase to the respective tangible capital assets. The increase in building assets is being amortized in accordance with the amortization accounting policy outlined in Note 2(i(i)).

(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.

(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. Interest is capitalized during construction whenever external debt is issued to finance the construction of tangible capital assets.

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

2. Summary of significant accounting policies (continued)

(i) Non-financial assets (continued)

(i) Tangible capital assets (continued)

The cost, less residual value of the tangible capital assets, are amortized on a straight line basis over their estimated useful lives. Land is not amortized as it is deemed to have a permanent value.

Asset	Straight line Rate
Buildings - Concrete	50 years
Buildings - Woodframe	30 years
Buildings - Heritage	35 years
Site Improvements	30 years
Equipment - Computing	3 years
Equipment - Other	8 years
Information Systems	8 years
Furnishings	8 years
Library Holdings	10 years
Ships/Vessels	25 years

Donated assets are recorded at fair value at the date of donation. In unusual circumstances where fair value cannot be reasonably determined, the tangible capital asset would be recorded at a nominal value.

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

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.

(ii) Works of art and historic assets

Works of art and historic assets are not recorded as assets in these financial statements.

(iii) Leased 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.

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

2. Summary of significant accounting policies (continued)

(i) Non-financial assets (continued)

(iv) Inventories held for use

Inventories held for use are recorded at the lower of cost and replacement cost.

(j) Employee future benefits

The costs of pension and other future employee benefits are recognized on an accrual basis over the working lives of employees as detailed in Note 8.

(k) Revenue recognition

Tuition and student fees and sales of goods and services are reported as revenue at the time the services are provided or the products are delivered, and collection is reasonably assured.

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

Restricted donations and grants 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 in the form of a depreciable tangible capital asset, in each case for use in providing services are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the 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 for those to be held in perpetuity or 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 contribution have been met.
- (iii) Contributions restricted to be retained in perpetuity, allowing only the investment income earned thereon to be spent are recorded as restricted endowment contributions in the statement of operations and accumulated surplus for the portion to be held in perpetuity and as deferred contributions for any restricted investment income earned thereon.

Investment income includes interest recorded on an accrual basis and dividends recorded as declared, realized gains and losses on the sale of investments, and write-downs on investments where the loss in value is determined to be other-than-temporary.

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

2. Summary of significant accounting policies (continued)

(l) Pledges, gifts-in-kind and contributed services

Pledges from donors are recorded when payment is received by the University or the transfer of property is completed since their ultimate collection cannot be reasonably assured until that time. Gifts-in-kind include securities and equipment which are recorded in the financial statements at their fair market value at the time of donation. The value of contributed services is not determinable and is not recorded in the financial statements.

(m) Use of estimates

Preparation of the financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures. Key areas where management has made estimates and assumptions include those related to the amortization period of tangible capital assets, asset retirement obligations, valuation allowances for receivables and inventories, the valuation of financial instruments and assets and obligations related to employee future benefits. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(n) Foreign currency translation

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 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 statement of financial position date is recognized in the consolidated statement of remeasurement gains and losses. In the period of settlement, any exchange gain or loss is reversed out of the consolidated statement of remeasurement gains and losses, and reflected in the consolidated statement of operations and accumulated surplus.

(o) Functional classification of expenses

Expenses on the consolidated statement of operations and accumulated surplus have been classified based on functional lines of service provided by the University. The outline of services provided by each function is as follows:

- (i) Instruction and non-sponsored research - This function includes expenses related to all direct educational delivery within the institution. This would include credit and non-credit courses, diploma, certificate and degree granting programs; continuing education; developmental education and on-line delivery. Costs associated with this function include the Deans, Directors and Chairs; instructional administration; and support staff and support costs related to these activities. Non-sponsored research is research activity funded by the university and includes faculty research start-ups; the Office of the Vice President of Research and Innovation and associated research projects; and research centres.

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

2. Summary of significant accounting policies (continued)

(o) Functional classification of expenses (continued)

- (ii) Academic and student support - This function includes activities that directly support the academic functions of the University as well as centralized functions that support individual students or groups of students. These include: libraries; records and admissions; scheduling; student service administration; student recruitment; co-op programing; counseling and career services; financial aid administration; scholarships and bursaries; student social development and recreation; Office of Indigenous Affairs; student computer labs. Also included are costs associated with Ancillary Operations (including interest and amortization) such as the bookstore and regalia; residence housing, food, conference and child care services.
- (iii) Administrative support and general expenses - This function includes activities that support the institution as a whole such as the Office of the President; the University Secretary and the Board of Governors; finance and financial operations; internal audit; budget and planning; human resources; general counsel; institutional research; and a portion of informational technology and telecommunications.
- (iv) Facility operations and maintenance - This function includes the operations and maintenance of the physical plant and plant equipment for all institutional activities; capital asset amortization expense for building, site and plant equipment; accretion expense on asset retirement obligations; utilities; facilities administration; custodial services; landscaping and grounds keeping; major repairs and renovations; security services and capital-related interest. This function also includes the ancillary operations of parking services and the University of Victoria Broad St. properties; Heritage Realty Properties Ltd.; and University of Victoria Properties Investments Inc.
- (v) Sponsored research - This function includes research activities specifically funded by contracts with and/or grants from external organizations and undertaken within the institution to produce research outcomes. Also included are joint ventures such as Pacific Marine Science Alliance and subsidiaries such as the Pacific Climate Impacts Consortium and Ocean Networks Canada Society, solely incorporated for sponsored research.
- (vi) External engagement - This function includes all activities provided in support of ongoing external relations. These activities include advancement and development (fundraising); alumni relations; community and government relations; corporate relations; marketing and communications; ceremonies; and art galleries.

(p) Budget figures

Budget figures have been provided for comparative purposes. The budget was approved by the Board of Governors of the University on September 23, 2025 and provided to the Province. The budget is reflected in the consolidated statement of operations and accumulated surplus and the consolidated statement of changes in net debt.

UNIVERSITY OF VICTORIA**Notes to Consolidated Financial Statements****Year ended March 31, 2026***(tabular figures in thousands of dollars)***3. Cash and cash equivalents**

	2026	2025
Cash	\$ 112,020	\$ 72,021
Short-term investments	135,727	141,693
	\$ 247,747	\$ 213,714

4. Accounts receivable

	2026	2025
Revenues receivable	\$ 20,066	\$ 22,671
Accrued interest receivable	745	841
Less: provision for doubtful accounts	(5,176)	(4,742)
	\$ 15,635	\$ 18,770

5. Due from governments

	2026	2025
Federal government	\$ 20,693	\$ 20,720
Provincial government	16,369	6,045
Other	1,007	942
	\$ 38,069	\$ 27,707

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

6. Financial instruments

Financial assets and liabilities recorded at fair value are comprised of the following:

(a) Portfolio investments

Fair Value Hierarchy		2026	2025
Portfolio investments carried at fair value:			
Various pooled bond and mortgage funds	Level 1	\$ 190,150	\$ 152,513
Canadian equities	Level 1	2,818	2,026
Global equities	Level 1	33,201	61,990
Infrastructure, real estate and private equity	Level 3	21,446	31,810
		247,615	248,339
Portfolio investments at cost which approximates fair value:			
Short-term investments		-	830
Cash		304	999
Other		58	73
Total portfolio investments		\$ 247,977	\$ 250,241

(b) Restricted endowment investments

Fair Value Hierarchy		2026	2025
Restricted endowment investments carried at fair value:			
Various pooled bond and mortgage funds	Level 1	\$ 40,566	\$ 58,632
Global equities	Level 1	304,377	287,829
Infrastructure and real estate	Level 3	142,447	116,510
		487,390	462,971
Restricted endowment investments at cost which approximates fair value:			
Short-term investments		-	4,173
Cash		2,481	3,685
Total restricted endowment investments		\$ 489,871	\$ 470,829

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

6. Financial instruments (continued)

(c) Derivatives (See note 14 for breakdown of debt related to derivatives):

	Fair Value Hierarchy	2026	2025
Derivatives - interest rate swaps on debt quoted at fair value:			
Royal Bank of Canada floating interest rate fixed at 3.56%, commencing 2024 through 2034, unsecured	Level 2	\$ (62)	\$ (157)
Total derivatives		\$ (62)	\$ (157)

7. Loans receivable

	2026	2025
Various employees		
Electric bike loans to employees, interest free for 1-2 years, no renewal option, unsecured	\$ 34	\$ 52
Various faculty and senior administrators		
Home relocation loans, interest free for 5 years with option for further renewal unless employment ceases, secured by second mortgages	6,284	6,577
Heritage Realty Properties Ltd.		
Promissory note receivable, interest at Royal Bank Prime + 2.0%, due March 31, 2026, secured by an unregistered equitable mortgage	10,634	10,634
Vancouver Island Technology Park Trust loans receivable		
Promissory note, secured by an unregistered equitable mortgage	8,648	8,648
Interest at 5.13%, due April 2030, unsecured	4,181	5,078
Interest at 6.13%, due April 2030, unsecured	1,068	1,291
Interest at 5.25%, payable on demand, unsecured, due March 2027	9,500	1,500
	\$ 40,349	\$ 33,780

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

8. Employee future benefits

Employee future benefits arise in connection with the University's group life insurance and accumulated sick leave plans. The University also maintains pension plans, and other retirement and supplementary benefit arrangements for substantially all of its continuing employees.

Summary of employee future benefit assets:

		2026	2025
Staff pension plan	(Note 8(a)(ii))	\$ (66,868)	\$ (57,428)
Supplemental pension obligations	(Note 8(a)(i))	12,129	10,702
Special accumulated sick leave	(Note 8(b))	2,034	1,847
Basic group life insurance plan		245	238
		\$ (52,460)	\$ (44,641)

(a) Pension benefits

(i) Combination plan

The pension fund for full-time continuing faculty and administrative and academic professional staff is referred to as the Combination Plan. The plan's benefits are derived primarily from defined contributions with a defined benefit minimum. The plan has been accounted for as a defined contribution plan. The employees make contributions equal to 3.50% of salary up to the year's maximum pensionable earnings ("YMPE") plus 5.50% of salary in excess of the YMPE. The University makes contributions equal to 6.87% of salary up to the YMPE plus 8.50% of salary in excess of the YMPE. The university also contributes 2.50% of salary to fund the defined benefit minimum. The latest actuarial valuation for funding purposes as at December 31, 2024 showed that the accrued formula pension benefit liabilities of the Combination Plan were fully funded. The next valuation will be completed as at no later than December 31, 2027. A solely defined contribution plan is available for part-time faculty and administrative and academic professional staff who meet certain eligibility criteria. The University has made contributions to these two plans during the year of \$29,981,000 (2025 - \$29,536,000) and recorded them as a pension expense.

The University provides supplemental pensions in excess of those provided under registered plans. They are fully funded out of the general assets of the University. The accrued liabilities of these arrangements total \$12,129,000 as at March 31, 2026 (2025 - \$10,702,000). The University paid supplemental benefits of \$883,000 in the year (2025 - \$894,000) and recorded employee benefit expense of \$900,000 (2025 - \$1,010,000).

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

8. Employee future benefits (continued)

(a) Pension benefits (continued)

(ii) Staff plan

The Staff Pension Plan (the "Plan") is a contributory defined benefit pension plan made available to regular staff employees that are eligible to join the Plan. The Plan provides pensions based on credited service and final average salary. Based on membership data as at the last actuarial valuation as at December 31, 2022, the average age of the 1,132 active employees covered by the Plan is 48.3. In addition, there are 745 former employees who are entitled to deferred pension benefits averaging \$298 per month. At December 31, 2022, there were 986 pensioners receiving an average monthly pension of \$1,089. The employees make contributions equal to 4.53% of salary that does not exceed the YMPE plus 6.28% of salary in excess of the YMPE. A separate pension fund is maintained. The University makes contributions to the plan in line with recommendations contained in the actuarial valuation. Though the University and the employees both contribute to the pension fund, the University retains the full risk of the accrued benefit obligation. The pension fund assets are invested primarily in Universe bonds and equities.

The University has made contributions to the Plan during the year of \$6,626,000 (2025 – \$6,543,000). The Plan paid benefits in the year of \$17,059,000 (2025 – \$16,364,000).

The net pension asset at March 31 includes the following components:

	2026	2025
Accrued benefit obligation	\$ 292,473	\$ 285,253
Pension fund assets	(361,653)	(358,941)
	(69,180)	(73,688)
Unamortized actuarial gains	2,312	16,260
Net asset	\$ (66,868)	\$ (57,428)

Actuarial valuations are performed triennially using the projected benefit prorated method. The latest triennial actuarial valuation completed as at December 31, 2022 reported a going concern surplus and a solvency deficiency (i.e. if the plan were to be wound up on that date) of \$57,243,000. The next required valuation will be as at December 31, 2025, which will be completed in the summer of 2026. As of March 31, 2025, The *Pension Benefits Standards Act* of British Columbia requires minimum annual contributions or the use of letters of credit to fund a portion of the solvency deficiency if the plan's solvency ratio is below 85%. The University has not been required to hold a letter of credit since 2023.

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

8. Employee future benefits (continued)

(a) Pension benefits (continued)

(ii) Staff plan (continued)

This requirement for a letter of credit will be reassessed in conjunction with the next plan valuation and updated solvency funding level. The accrued benefit obligation shown for 2026 is based on an extrapolation of that 2022 valuation. There is an unamortized gain to be amortized on a straight-line basis over the expected average remaining service life of the related employee group (9 years).

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the University's best estimates. The expected inflation rate is 2%. The discount rate used to determine the accrued benefit obligation is 6.95%. Pension fund assets are valued at market value as at December 31, 2025.

The expected rate of return on pension fund assets is 7.0%. The actual rate of return on Plan assets in 2025 was 2.8%. The total expenses related to pensions include the following components:

	2026	2025
Current period benefit cost	\$ 8,806	\$ 8,653
Amortization of actuarial gains	(4,007)	(3,529)
	4,799	5,124
Less: Employee contributions	(2,550)	(2,511)
Pension benefit expense	2,249	2,613
Interest cost on the average accrued benefit obligation	19,453	17,942
Expected return on average pension plan assets	(24,692)	(22,056)
Pension interest income	(5,239)	(4,114)
Total pension expense (income)	\$ (2,990)	\$ (1,501)

The Supplementary Retirement Benefit Account is a separate fund available to provide pensioners over the age of 65 with supplemental indexing against inflation beyond that provided by the basic plan above. It is accounted for as a defined contribution plan, with University contributions during the year of \$145,000 (2025 – \$143,000).

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

8. Employee future benefits (continued)

(b) Special accumulated sick leave benefit liability

Certain unionized employees of the University are entitled to a special vested sick leave benefit in accordance with the terms and conditions of their collective agreements. Employees who accumulate and maintain a minimum balance of regular sick leave may opt to transfer sick days into this special accumulating and vested benefit. The University recognizes a liability and an expense as days are transferred into this benefit. At March 31, 2026 the balance of this special accumulated sick leave was \$2,034,000 (2025 – \$1,847,000).

(c) Other long-term disability plan

An insured long-term disability plan funded entirely by the University was commenced for other staff on July 1, 2000. The University's contribution for the year ending March 31, 2026 was \$1,435,000 (2025 – \$1,436,000).

9. Investments in government business enterprises

The University controls three profit-oriented subsidiaries which are recorded using the modified equity method of accounting. The three entities are Heritage Realty Properties Ltd., Vancouver Island Technology Park Trust and GSB Executive Education Inc.

Change in equity in government business enterprises:

	2026	2025
Equity at beginning of year	\$ 1,915	\$ 1,724
Dividends/distributions paid	(851)	(559)
Surplus for the year	1,732	750
Equity at end of year	2,796	1,915
Dividends/distributions payable	8,025	7,625
Eliminate gain on property transfer	(4,633)	(4,633)
Investment in government business enterprises	\$ 6,188	\$ 4,907

Condensed financial information of these government business enterprises are as follows:

Consolidated Statement of Financial Position

	2026	2025
Assets	\$ 54,373	\$ 44,075
Liabilities	(51,577)	(42,160)
Equity	\$ 2,796	\$ 1,915

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

9. Investments in government business enterprises (continued)

Consolidated Statement of Operations

	2026	2025
Revenue	\$ 12,911	\$ 12,238
Expenses	(11,179)	(11,488)
Surplus for the year	\$ 1,732	\$ 750

10. Investments in government partnerships

The University is one of five university members of Pacific Marine Science Alliance (PMSA), formerly known as the Western Canadian Universities Marine Sciences Society (WCUMSS), for marine field research. The University provided a grant to the Society in 2026 of \$293,200 (2025 – \$283,100). PMSA financial results are proportionately consolidated with those of the University based upon the University's share of its total contributions of 20% (2025 – 20%).

The proportionate amounts included in these consolidated financial statements are as follows:

Consolidated Statement of Financial Position

	2026	2025
Financial assets	\$ 382	\$ 233
Liabilities	(1,135)	(432)
Net debt	(753)	(199)
Non-financial assets	1,548	1,419
Accumulated surplus	\$ 795	\$ 1,220

Consolidated Statement of Operations

	2026	2025
Revenue	\$ 1,173	\$ 1,308
Expenses	(1,692)	(1,303)
Surplus (Deficit) for the year	\$ (519)	\$ 5

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

11. Accounts payable and accrued liabilities

	2026	2025
Accounts payable and accrued liabilities	\$ 39,983	\$ 39,475
Salaries and benefits payable	19,775	9,761
Accrued vacation pay	14,542	13,931
	\$ 74,300	\$ 63,167

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

12. Deferred contributions

Deferred contributions are comprised of funds restricted for the following purposes:

	2026	2025
Specific purpose (including endowment earnings)	\$ 182,730	\$ 188,185
Research	150,278	142,306
Capital	33,839	11,888
	\$ 366,847	\$ 342,379

	2026				2025
	Specific Purpose	Research	Capital	Total	
Balance, beginning of year	\$ 188,185	\$ 142,306	\$ 11,888	\$ 342,379	\$ 306,553
Contributions and endowment investment income	52,053	156,487	24,211	232,751	232,440
Revenue recognized from deferred contributions	(57,508)	(148,515)	(734)	(206,757)	(191,477)
Transfer to deferred capital contributions	-	-	(1,526)	(1,526)	(5,137)
Balance, end of year	\$ 182,730	\$ 150,278	\$ 33,839	\$ 366,847	\$ 342,379

The balance shown under specific purpose includes accumulated unrealized gains of \$94,642,000 (2025 – \$112,187,000) from endowment investments.

13. Deferred capital contributions

Contributions that are restricted for capital are referred to as deferred capital contributions. Amounts are recognized into revenue at the same rate that amortization of the related tangible capital asset is recorded.

Treasury Board provided direction on accounting treatment as disclosed in Note 2(a). Changes in the deferred capital contributions balance are as follows:

	2026	2025
Balance, beginning of year	\$ 611,958	\$ 528,693
Contributions received during the year	108,577	107,427
Transfers from deferred contributions	1,526	5,137
Revenue from amortization of deferred capital contributions	(33,075)	(29,299)
Balance, end of year	\$ 688,986	\$ 611,958

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

14. Debt

Debt reported on the consolidated statement of financial position is comprised of the following (see note 6

	2026	2025
Province of British Columbia 4.43% bond due 2053, unsecured, with annual sinking fund payments of \$1,565,000	\$ 104,000	\$ 104,000
Province of British Columbia 4.17% bond due 2054, unsecured	18,000	18,000
Province of British Columbia 3.56% term loan due 2034, unsecured	4,263	4,770
Province of British Columbia 4.82% bond due 2028, unsecured, with annual sinking fund payments of \$327,000	10,800	10,800
Province of British Columbia 4.74% bond due 2039, unsecured, with annual sinking fund payments of \$302,000	10,000	10,000
Great West Life Insurance Company 5.13% term loan due 2030, unsecured	4,181	5,078
Total debt issued	\$ 151,244	\$ 152,648
Unamortized debt discounts	(26,678)	(27,207)
Debt	\$ 124,566	\$ 125,441

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

14. Debt (continued)

(a) Principal repayments

Anticipated annual principal repayments, including sinking fund instalments and maturities, due over the next five years and thereafter are as follows:

	Sinking Fund	Other	Total
2027	\$ 2,194	\$ 1,470	\$ 3,664
2028	2,194	1,538	3,732
2029	1,867	1,610	3,477
2030	1,565	1,685	3,250
2031	1,565	699	2,264
Thereafter	34,430	19,442	53,872
	\$ 43,815	\$ 26,444	\$ 70,259

(b) Sinking Fund Investments

Sinking fund investments are held and invested by the Province of British Columbia. These funds totaling \$20,114,000 (2025 – \$17,976,000) will provide for the retirement at maturity of \$124,800,000 of debt issued to the Province. The amount forms part of the portfolio investments balance shown on the Consolidated Statement of Financial Position.

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

15. Asset Retirement Obligations

The University owns and operates buildings that are known to contain asbestos and other hazardous materials, which represents a health hazard when undergoing certain repairs and maintenance work and upon demolition of the building. As there is a legal obligation to remove hazardous materials, the University has recognized a liability relating to the removal and post-removal care of the asbestos and other hazardous materials in these buildings. Such estimated costs have been discounted to the present value using a discount rate of 3.73% per annum (2025 - 3.60%).

Changes to the asset retirement obligations in the year are as follows:

	2026	2025
Balance, beginning of year	\$ 58,009	\$ 53,712
Accretion expense	2,108	2,105
Changes in assumptions	1,952	2,192
Balance, end of year	\$ 62,069	\$ 58,009

UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2026

(tabular figures in thousands of dollars)

16. Tangible capital assets

	Balance as at March 31, 2025	Additions	Disposals	Balance as at March 31, 2026
Cost				
Land	\$ 20,364	\$ -	\$ -	\$ 20,364
Site improvements	64,785	655	-	65,440
Buildings	1,313,779	90,913	-	1,404,692
Equipment and furnishings	209,500	24,306	(18,260)	215,546
Information systems	18,441	-	-	18,441
Computer equipment	12,207	8,365	(2,144)	18,428
Library holdings	26,143	1,098	(3,342)	23,899
Total	\$ 1,665,219	\$ 125,337	\$ (23,746)	\$ 1,766,810

	Balance as at March 31, 2025	Disposals	Amortization	Balance as at March 31, 2026
Accumulated amortization				
Site improvements	\$ 30,084	\$ -	\$ 1,750	\$ 31,834
Buildings	386,535	-	25,889	412,424
Equipment and furnishings	93,630	(18,260)	20,599	95,969
Information systems	18,441	-	-	18,441
Computer equipment	6,359	(2,144)	4,230	8,445
Library holdings	16,948	(3,342)	2,147	15,753
Total	\$ 551,997	\$ (23,746)	\$ 54,615	\$ 582,866

	March 31, 2026	March 31, 2025
Net book value		
Land	\$ 20,364	\$ 20,364
Site improvements	33,606	34,701
Buildings	992,268	927,244
Equipment and furnishings	119,577	115,870
Computer equipment	9,983	5,848
Library holdings	8,146	9,195
Total	\$ 1,183,944	\$ 1,113,222

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(tabular figures in thousands of dollars)

16. Tangible capital assets (continued)

(a) Contributed tangible capital assets:

Additions to equipment and furnishings include the following contributed tangible capital assets:

	2026	2025
Equipment and furnishings	\$ 4,507	\$ 519

(b) Assets under construction

Assets under construction comprised of buildings having a value of \$112,533,000 (2025 – \$87,973,000) and equipment having a value of \$30,955,000 (2025 – \$26,427,000) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

(c) De-recognition of tangible capital assets

The de-recognition of tangible capital assets during the year had an original cost of \$23,746,000 (2025 – \$26,076,000) and related to fully amortized assets with a net book value of \$nil (2025 – \$nil).

17. Financial risk management

The University has exposure to the following risks from its use of financial instruments: credit risk, price risk and liquidity risk. The Board of Governors ensures that the University has identified major risks and management monitors and controls them.

(a) Credit risk

Credit risk is the risk of financial loss to the University if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from the amounts receivable and from fixed income assets held by the University.

The University manages amounts receivable by using a specific bad debt provision when management considers that the expected recovery is less than the account receivable.

The entity is exposed to credit risk through its accounts receivable from students. This risk is managed by limiting the extent of credit granted to students and by monitoring the collection of receivables.

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17. Financial risk management (continued)

(a) Credit risk (continued)

The University limits the risk in the event of non-performance related to fixed income holdings by dealing principally with counter-parties that have a credit rating of A or higher as rated by the Dominion Bond Rating Service or equivalent. The credit risk of the University investments at March 31, 2026 is \$414,182,000 (2025 – \$400,336,000).

The following shows the percentage of fixed income holdings in the portfolio by credit rating:

Credit Rating	%
AAA	9.5%
AA	5.0%
A	7.0%
BBB	10.0%
BB and below	2.8%
Mortgages	13.2%
Cash and short-term	
R1 high	32.3%
R1 mid	1.1%
R1 low	19.1%
	100.0%

(b) Price risk

Price risk includes market risk and interest rate risk.

Market risk relates to the possibility that the investments will change in value due to fluctuations in market prices. The objective of market risk management is to mitigate market risk exposures within acceptable parameters while optimizing the return on risk. This risk is mitigated by the investment policies for the respective asset mixes to be followed by the investment managers, the requirements for diversification of investments within each asset class and credit quality constraints on fixed income investments. Market risk can be measured in terms of volatility, i.e., the standard deviation of change in the value of a financial instrument within a specific time horizon.

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(tabular figures in thousands of dollars)

17. Financial risk management (continued)

(b) Price risk (continued)

Based on the volatility of the University's current asset class holdings, the net impact on market value of each asset class is shown below.

Asset Class		Estimated Volatility (% change)
Short Term Bonds	+/-	2.3%
Mortgages	+/-	2.8%
Corporate Bonds	+/-	4.3%
Universe Bonds	+/-	5.0%
Canadian equities	+/-	16.9%
Global equities	+/-	14.1%
Real estate	+/-	8.0%
Infrastructure	+/-	11.6%
Private equity	+/-	27.9%
Benchmark for Investments		Net Impact on Market Value
FTSE Canada Short Term Bond Index	+/-	\$ 1,102
FTSE Canada Short Term Bond Index (Mortgages)	+/-	1,592
FTSE Canada All Corporate Bond Index	+/-	1,020
FTSE Canada Universe Bond Index	+/-	4,186
S&P/TSX Composite index	+/-	532
MSCI All Country World Index	+/-	47,932
MSCI/REALPAC Canada Quarterly Property Fund Index	+/-	4,660
Canadian Consumer Price Index (Infrastructure)	+/-	11,309
Canadian Consumer Price Index (Private Equity)	+/-	2,284

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The value of fixed-income and debt securities, such as bonds, debentures, mortgages or other income-producing securities is affected by interest rates. Generally, the value of these securities increases if interest rates fall and decreases if interest rates rise.

It is management's opinion that the University is exposed to market or interest rate risk arising from its financial instruments. Duration is an appropriate measure of interest rate risk for fixed income funds as a rise (fall) in interest rates will cause a decrease (increase) in bond prices; the longer the duration, the greater the effect. Duration is managed by the investment manager at the fund level. At March 31, 2026, the modified duration of all fixed income in aggregate was 1.9 years. Therefore, if interest rates were to increase by 1% across all maturities, the value of the bond portfolio would drop by 1.9%; contrarily, if interest rates were to decrease by 1% across all maturities, the value of the bond portfolio would increase by 1.9%.

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(tabular figures in thousands of dollars)

17. Financial risk management (continued)

(b) Price risk (continued)

The University's debt is fixed rate; accordingly, changes in interest rates do not impact interest payments but may impact the fair value of such debt and the fair value of related derivatives (interest rate swaps on debt). The University uses interest rate swaps to lock in interest rates on future debt issues to protect against rising interest rates.

(c) Liquidity risk

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they become due. The University manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation.

18. Accumulated surplus

Accumulated surplus is comprised of the following:

	2026	2025
Endowments	\$ 489,871	\$ 470,829
Invested in tangible capital assets	332,618	340,868
Internally restricted	170,373	135,520
Unrestricted	8,873	18,082
Accumulated remeasurement gains	7,196	10,412
	\$ 1,008,931	\$ 975,711

Endowments consist of restricted donations and capitalized investment income to be held in perpetuity.

Invested in tangible capital assets consist of unrestricted funds previously spent on capital assets, debt repayment, and asset retirement obligations.

Internally restricted funds consist of balances set aside or appropriated by the Board of Governors for equipment replacement, capital improvements and other non-recurring expenditures.

Unrestricted funds consist primarily of balances arising from the University's ancillary and specific purpose funds, and consolidated entities.

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Notes to Consolidated Financial Statements

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(tabular figures in thousands of dollars)

19. Endowments

Changes to the endowment principal balances, not including remeasurement gains/losses, (see note 12 for accumulated unrealized gains/ losses on restricted endowment investments) are as follows:

	2026	2025
Balance, beginning of year	\$ 470,829	\$ 455,457
Contributions received during the year	7,515	4,736
Invested income and donations capitalized	11,527	10,636
Balance, end of year	\$ 489,871	\$ 470,829

The balance shown does not include endowment principal with fair value of \$8,982,000 (2025 – \$8,656,000) and book value of \$4,820,000 (2025 – \$4,820,000) held by the Vancouver Foundation. The excluded principal is not owned or controlled by the University, but income from it is paid to the University to be used for specific purposes.

20. Contractual rights

The University may, from time to time, enter into contracts or agreements in the normal course of operations that result in future assets or revenue. One example of such agreements is multi-year research funding agreements, whereby the University has the opportunity to earn revenue in future years by incurring qualified expenditures. These funding agreements do not abnormally impact the University's financial position and do not guarantee the university the right to future funding.

21. Contractual obligations

The nature of the University's activities can result in multiyear contracts and obligations whereby the University will be committed to make future payments. Significant contractual obligations related to operations that can be reasonably estimated are as follows:

	2027	2028	2029	2030	2031
Construction contracts	\$ 50,924	\$ 10	\$ -	\$ -	\$ 5,149
Operating leases	1,665	1,460	336	177	36
Total	\$ 52,589	\$ 1,470	\$ 336	\$ 177	\$ 5,185

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22. Contingent liabilities

The University may, from time to time, be involved in legal proceedings, claims, and litigation that arise in the normal course of business. It is management's opinion that the aggregate amount of any potential liability is not expected to have a material adverse effect on the University's financial position or results.

The University is one of 58 Canadian university subscribers to CURIE, which has provided property and liability insurance coverage to most campuses other than Quebec and Prince Edward Island since 1988. The anticipated cost of claims based on actuarial projections is funded through member premiums. Subscribers to CURIE have exposure to premium retro-assessments should the premiums be insufficient to cover losses and expenses.

23. Expenses by object

The following is a summary of expenses by object:

	2026	2025
Salaries and wages	\$ 454,732	\$ 440,665
Employee benefits	79,420	75,261
Travel	19,998	18,861
Supplies and services	114,362	107,777
Equipment rental and maintenance	12,553	11,225
Utilities	8,799	8,252
Scholarships, fellowships and bursaries	65,441	61,599
Cost of goods sold	11,021	10,751
Interest on long-term debt	5,553	5,572
Amortization of tangible capital assets	54,615	52,018
	\$ 826,494	\$ 791,981

24. Trusts under administration

(a) University of Victoria Long-Term Disability Trust

The University administers an employee-funded long-term disability plan for faculty and administrative and academic professional staff. The University does not contribute to or control the plan. The long-term disability plan's assets and liabilities have not been included in the consolidated statement of financial position. The plan's operations have not been included in the consolidated statement of operations and accumulated surplus.

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(tabular figures in thousands of dollars)

24. Trusts under administration (continued)

(a) University of Victoria Long-Term Disability Trust (continued)

As of March 31, 2026, the balances of the long-term disability plan are as follows:

	2026	2025
Assets	\$ 28,787	\$ 25,674
Accrued benefit obligation	(34,729)	(38,184)
	\$ (5,942)	\$ (12,510)

(b) Funds held in trust

Funds held in trust are funds held on behalf of autonomous organizations, agencies, and student societies having a close relationship with the University. These funds are not reported on the University's consolidated statement of financial position (2026 – \$264,000; 2025 – \$541,000).

25. Supplemental cash flow information

	2026	2025
Cash paid for interest	\$ 4,998	\$ 5,099

26. Related party transactions

The University is related through common control to all Province of British Columbia ministries, agencies, school districts, health authorities, colleges, universities, and crown corporations. Transactions with these entities, unless disclosed separately, are considered to be in the normal course of operations and are recorded at the exchange amount. The university accounts for its controlled entities, government business enterprises and government partnerships as outlined in Note 2(b).

The University has a related party relationship with the University of Victoria Foundation (the "Foundation"), which manages and invests certain endowed funds on behalf of the University. During the year ended March 31, 2026, the Foundation transferred \$35 million of the Pacific Institute for Climate Solutions (PICS) funds (the "2025 Segment") to the University, to be used in accordance with the original funding terms established by the Province of British Columbia. The University has retained the Foundation to provide investment management services for the 2025 Segment.

During the year ended March 31, 2026, there have been no material transactions between the University and its key management personnel or their close family members.

27. Comparative information

Certain 2025 comparative information has been reclassified to conform to the presentation adopted in the current year.