



UNIVERSITY OF
TORONTO

SUPPLEMENTARY FINANCIAL REPORT

April 30, 2025

HIGHLIGHTS

(Unaudited)
Year Ended April 30, 2025
(millions of dollars)

	Operating Fund	Ancillary Operations	Capital Fund	Restricted Funds	Total
<u>Statement of Operations</u>					
Revenues	\$ 3,743.8	\$ 272.1	\$ 122.9	\$ 736.0	\$ 4,874.8
Expenses	\$ 3,180.7	\$ 256.5	\$ 226.9	\$ 691.1	\$ 4,355.2
Net Income (Loss)	\$ 563.1	\$ 15.6	\$ (104.0)	\$ 44.9	\$ 519.6
<u>Balance Sheet</u>					
Assets	\$ 2,820.5	\$ 404.4	\$ 7,119.8	\$ 5,292.2	\$ 15,636.9
Liabilities	\$ 1,639.9	\$ 198.9	\$ 1,887.1	\$ 1,247.8	\$ 4,973.7
Net Assets	\$ 1,180.6	\$ 205.5	\$ 5,232.7	\$ 4,044.4	\$ 10,663.2
<u>Net Assets composed of:</u>					
Deficit	\$ (34.2)	\$ (28.0)	\$ (452.7)	\$ -	\$ (514.9)
Internally Restricted	\$ 1,214.8	\$ 48.5	\$ 931.3	\$ 110.9	\$ 2,305.5
Investment in Capital Assets	\$ -	\$ 185.0	\$ 4,754.1	\$ -	\$ 4,939.1
Endowments	\$ -	\$ -	\$ -	\$ 3,933.5	\$ 3,933.5
	\$ 1,180.6	\$ 205.5	\$ 5,232.7	\$ 4,044.4	\$ 10,663.2

HIGHLIGHTS

(Unaudited)
Year Ended April 30, 2024
(millions of dollars)

	Operating Fund	Ancillary Operations	Capital Fund	Restricted Funds	Total
<u>Statement of Operations</u>					
Revenues	\$ 3,556.3	\$ 249.8	\$ 117.3	\$ 716.8	\$ 4,640.2
Expenses	\$ 3,037.9	\$ 232.7	\$ 189.6	\$ 672.6	\$ 4,132.8
Net Income (Loss)	\$ 518.4	\$ 17.1	\$ (72.3)	\$ 44.2	\$ 507.4
<u>Balance Sheet</u>					
Assets	\$ 2,690.9	\$ 371.2	\$ 6,621.4	\$ 5,046.6	\$ 14,730.1
Liabilities	\$ 1,535.6	\$ 201.0	\$ 1,712.1	\$ 1,324.7	\$ 4,773.4
Net Assets	\$ 1,155.3	\$ 170.2	\$ 4,909.3	\$ 3,721.9	\$ 9,956.7
<u>Net Assets composed of:</u>					
Surplus (Deficit)	\$ (12.0)	\$ (47.1)	\$ (441.2)	\$ -	\$ (500.3)
Internally Restricted	\$ 1,167.3	\$ 41.3	\$ 884.0	\$ 105.6	\$ 2,198.2
Investment in Capital Assets	\$ -	\$ 176.0	\$ 4,466.5	\$ -	\$ 4,642.5
Endowments	\$ -	\$ -	\$ -	\$ 3,616.3	\$ 3,616.3
	\$ 1,155.3	\$ 170.2	\$ 4,909.3	\$ 3,721.9	\$ 9,956.7

Purpose of this Supplementary Report

The University of Toronto's financial statements report the University's assets, liabilities, net assets, revenues and expenses on a single column basis. The purpose of this supplementary report is to show the University's financial statement information by fund in a format consistent with how the University manages its finances, that is, by fund. Schedules 1 and 2 show the balance sheet and statement of operations and changes in surplus (deficit) by fund.

The operating fund includes teaching and administrative activities supported mainly by government operating grants, student fees and sales of supplies and services.

Ancillary operations include operations that provide residences, residential housing, food and beverage services, conference services, parking/transportation services, Hart House, real estate services and U of T Press. All ancillary assets, liabilities, net assets, revenues and expenses are recorded in this fund.

The capital fund includes all capital assets – land, land improvements, buildings, furnishings, computers, etc. - except for those of ancillary operations. Contributions to the University for capital assets other than ancillaries are recorded in this fund.

Restricted funds include donations (including endowments), research grants and contracts. Each donation, usually supported by an agreement between the University and the donor, or a collection of small donations with similar purpose, is recorded in its own fund, and managed according to agreed upon terms and conditions. Each research grant or contract is recorded in its own fund and managed in accordance with the terms and conditions required by the sponsor of the funds. There are several thousand individual restricted funds.

The key drivers of financial performance described in the financial highlights affect the various funds as follows:

- Student enrolment growth is mostly reflected in the operating fund and in ancillary operations.
- Growth in research activity is reflected in restricted funds.
- Salaries and benefits growth is mostly reflected in the operating fund.
- Growth in space is reflected in ancillary operations (residences and parking facilities) and the capital fund (all other facilities, including academic teaching and research facilities).
- Donations are mainly reflected in restricted funds.
- Endowments are reflected in restricted funds.
- Investment earnings are reflected in all funds, but predominantly in the operating fund and in restricted funds.

Schedule 1
(Unaudited)
UNIVERSITY OF TORONTO
BALANCE SHEET
April 30, 2025
(with comparative figures at April 30, 2024)
(millions of dollars)

	Operating fund	Ancillary operations	Capital fund	Restricted funds	2025 Total	2024 Total
ASSETS						
Current						
Cash and cash equivalents	317.9	3.0	-	1.0	321.9	351.8
Short-term investments	2,141.1	78.1	1,046.0	(2,755.9)	509.3	576.2
Accounts receivable	104.8	19.4	0.6	49.9	174.7	133.0
Inventories and prepaid expenses	51.7	7.1	-	-	58.8	50.0
Investments at fair value	-	-	-	7,980.7	7,980.7	7,449.6
Other long term investments	(2.0)	56.3	-	-	54.3	31.1
Other long term assets	207.0	-	-	-	207.0	176.0
Capital assets, net	-	240.5	6,073.2	16.5	6,330.2	5,962.4
	<u>2,820.5</u>	<u>404.4</u>	<u>7,119.8</u>	<u>5,292.2</u>	<u>15,636.9</u>	<u>14,730.1</u>
LIABILITIES						
Current						
Accounts payable and accrued liabilities	696.9	46.5	102.2	24.6	870.2	893.8
Deferred contributions	1.0	-	-	1,162.7	1,163.7	1,126.8
Accrued pension liability	142.2	-	-	-	142.2	140.5
Employee future benefit obligation other than pension	783.1	-	-	-	783.1	698.9
Internal loans	16.7	150.0	(166.7)	-	-	-
Long-term debt	-	-	733.8	-	733.8	709.3
Deferred capital contributions	-	2.4	1,217.8	60.5	1,280.7	1,204.1
	<u>1,639.9</u>	<u>198.9</u>	<u>1,887.1</u>	<u>1,247.8</u>	<u>4,973.7</u>	<u>4,773.4</u>
NET ASSETS						
Deficit	(34.2)	(28.0)	(452.7)	-	(514.9)	(500.3)
Internally restricted	1,214.8	48.5	931.3	110.9	2,305.5	2,198.2
Investment in capital assets	-	185.0	4,754.1	-	4,939.1	4,642.5
Endowments	-	-	-	3,933.5	3,933.5	3,616.3
	<u>1,180.6</u>	<u>205.5</u>	<u>5,232.7</u>	<u>4,044.4</u>	<u>10,663.2</u>	<u>9,956.7</u>
	<u>2,820.5</u>	<u>404.4</u>	<u>7,119.8</u>	<u>5,292.2</u>	<u>15,636.9</u>	<u>14,730.1</u>

Schedule 2
(Unaudited)
UNIVERSITY OF TORONTO
STATEMENT OF OPERATIONS AND CHANGES IN SURPLUS (DEFICIT)
FOR THE YEAR ENDED APRIL 30
(millions of dollars)

	Operating fund	Ancillary operations	Capital fund	Restricted funds	2025 Total	2024 Total
REVENUES						
Student fees	2,362.8	16.9	-	-	2,379.7	2,290.2
Government grants for general operations	753.9	-	-	-	753.9	725.8
Government and other grants for restricted purposes	-	0.4	42.3	497.4	540.1	510.1
Investment Income	420.1	7.7	31.7	131.8	591.3	506.2
Sales, services and sundry income	207.0	247.1	0.4	-	454.5	453.4
Donations	-	-	48.5	106.8	155.3	154.5
	<u>3,743.8</u>	<u>272.1</u>	<u>122.9</u>	<u>736.0</u>	<u>4,874.8</u>	<u>4,640.2</u>
EXPENSES						
Salaries	1,817.2	13.5	-	295.9	2,126.6	2,068.1
Employee benefits	438.7	2.8	-	32.0	473.5	455.8
Scholarships, fellowships and bursaries	359.7	-	-	48.4	408.1	363.7
Materials, supplies and services	161.8	3.0	-	127.9	292.7	311.4
Amortization of capital assets	12.6	26.9	221.0	1.8	262.3	221.9
Repairs, maintenance and leases	176.7	31.6	5.9	39.4	253.6	204.7
Inter-institutional contributions	46.8	-	-	105.6	152.4	147.3
Cost of sales and services	-	153.4	-	-	153.4	139.6
Travel and conferences	42.8	-	-	26.9	69.7	65.8
Utilities	50.8	14.4	-	1.3	66.5	60.9
Interest on long-term debt	25.1	10.9	-	2.0	38.0	37.7
Other	48.5	-	-	9.9	58.4	55.9
	<u>3,180.7</u>	<u>256.5</u>	<u>226.9</u>	<u>691.1</u>	<u>4,355.2</u>	<u>4,132.8</u>
Net income (loss)	563.1	15.6	(104.0)	44.9	519.6	507.4
Transfer of capital assets funding	(119.6)	-	119.6	-	-	-
Change in internally restricted	(116.5)	(7.2)	(47.3)	(5.3)	(176.3)	(155.7)
Change in investment in capital assets	-	(9.0)	(287.6)	-	(296.6)	(304.4)
Transfers of donations to endowments	-	-	-	(35.7)	(35.7)	(26.9)
Transfer to internally						
restricted endowments	-	-	-	(25.6)	(25.6)	(37.5)
Net transfer between funds	<u>(349.2)</u>	<u>19.7</u>	<u>307.8</u>	<u>21.7</u>	<u>-</u>	<u>-</u>
Net change in						
surplus (deficit) for the year	(22.2)	19.1	(11.5)	0.0	(14.6)	(17.1)
Surplus (deficit), beginning of year	<u>(12.0)</u>	<u>(47.1)</u>	<u>(441.2)</u>	<u>-</u>	<u>(500.3)</u>	<u>(483.2)</u>
Deficit, end of year	<u>(34.2)</u>	<u>(28.0)</u>	<u>(452.7)</u>	<u>0.0</u>	<u>(514.9)</u>	<u>(500.3)</u>

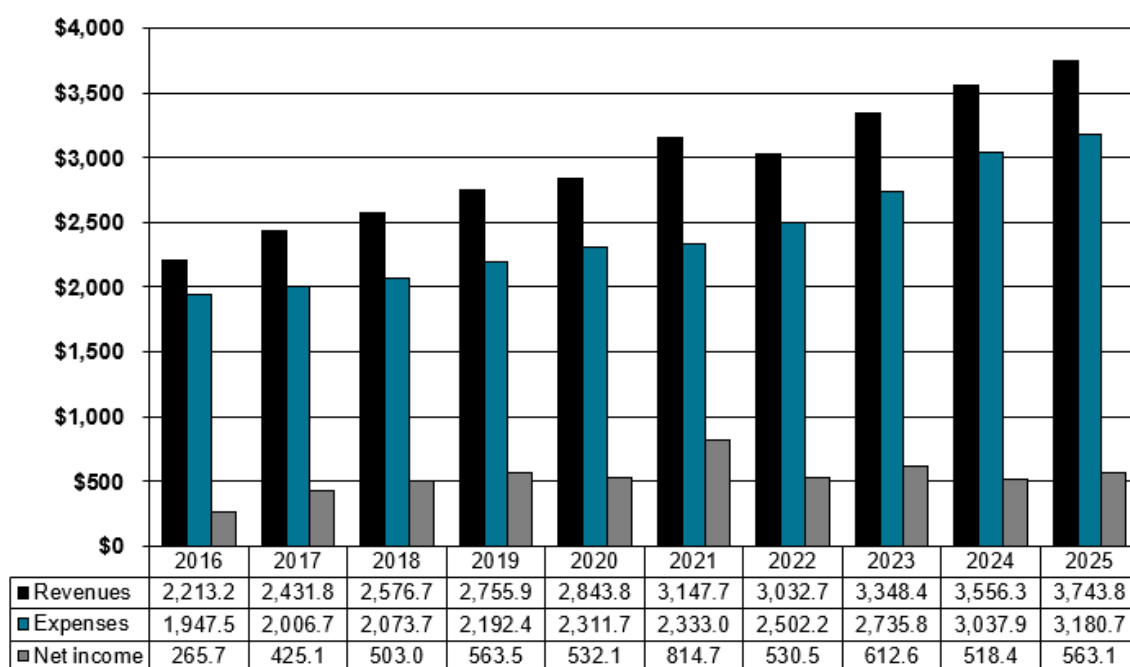
Operating Fund

The **operating fund** includes teaching and administrative activities supported mainly by government operating grants, student fees and sales of supplies and services.

Operating fund revenues for the year were \$3.7 billion; expenses were \$3.2 billion resulting in a net income of \$563 million. Growth in operating fund revenues and expenses primarily reflect strong investment returns, planned and expected increases in the number of students, modest increases to international tuition fees, and related increases in the number of faculty and staff.

Operating Fund Revenues and Expenses

for the year ended April 30
(millions of dollars)



The cumulative operating deficit at April 30, 2025 is (\$34) million, whereas the long-range operating budget called for a break even position.

The 2025 net income in the operating fund is a result of:

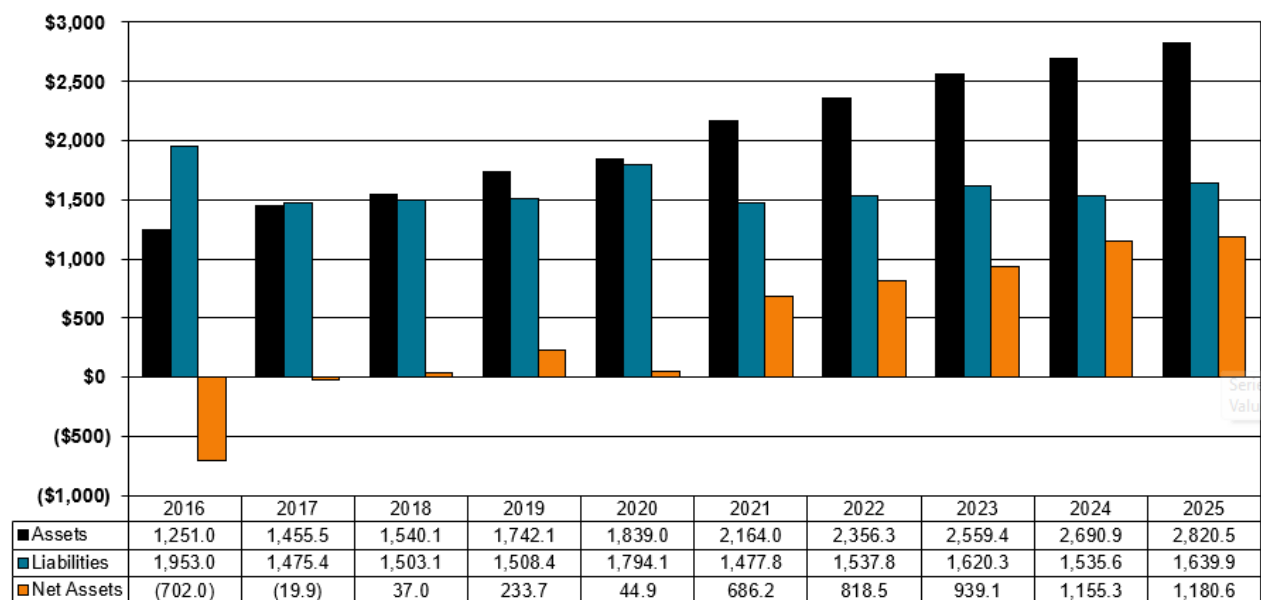
Capital asset expenditures not shown as expenses but transferred to the capital fund and added to the balance sheet as capital assets	120
Net change in employee future benefit obligations (excluding remeasurements)	78
Transfers to other funds not expensed in the operating fund	349
Last year's general university deficit recovered from academic divisions	12
General university surplus to distributed to academic divisions in 2025-26	(8)
Internal loan	(26)
Unspent funds added to reserves	38
	563

Operating fund assets at April 30, 2025 were \$2.82 billion, liabilities were \$1.64 billion, and net assets were \$1.18 billion.

The University accounts for its employee future benefits (pensions and other employee future benefits) using the immediate recognition approach which has the impact of fully recording its employee future benefit obligations on the balance sheet as a liability offset by a decrease in internally restricted net assets. The increase in net assets since 2016 is mainly a result of increased central and divisional reserves of \$1.3 billion combined and a decrease in net unfunded pension obligations of \$633 million.

Operating Fund Assets, Liabilities and Net Assets

as at April 30
(millions of dollars)



The net assets increased from \$1.16 billion in 2024 to \$1.18 billion in 2025 mainly due to the following:

- \$563 million net income for the year.
- (\$469 million) net transfers to other funds.

The transfers to other funds were as follows:

- \$120 million to the capital fund to reflect operating funding of capital asset expenditures recorded as capital assets in the capital fund.
- \$349 million transfer mainly to the capital fund for various projects.

There are two categories of net assets for the operating fund as follows:

- (\$34) million deficit.
- \$1.21 billion of internally restricted net assets.

The (\$34) million deficit is the “cumulative deficit” of the operating fund which is referenced in the University’s Operating Budget Report and internal loans. The cumulative deficit has decreased from (\$12) million deficit at April 30, 2024 to (\$8) million deficit at April 30, 2025, mainly due to the following:

- \$563 million net income.
- (\$469 million) net transfers to other funds as noted above.
- (\$116 million) change in internally restricted net assets, mainly due to an increase in divisional reserves and the employee future benefit obligations reserves (excluding remeasurements), offset by a reduction in capital project reserves.
- \$26 million internal loan.

Internally restricted net assets of \$1.18 billion mainly includes divisional reserves of \$1.1 billion, funds set aside for capital projects of \$610 million, funds set aside for pension special payments of \$250 million, and funds set aside for other purposes of \$12 million. These amounts are offset by net unfunded liabilities of \$122 million associated with its supplementary pension plan and \$634 million associated with its employee future benefits other than pensions, that will have to be paid from future years’ operating fund revenues.

Schedule 3 is a summary of operating fund reserves that comprise the \$1.21 billion in internally restricted net assets. Included in this schedule are plans by divisions detailing how reserves carried forward will be spent on a one-time only basis, or in the event of a deficit, a plan for its elimination, using the following categories:

Infrastructure Reserve - This category is intended to capture funds that have been reserved by the division in anticipation of new building construction, renovations to facilities, infrastructure upgrades such as computer networking, equipment replacement, etc.

Research - Funds reserved for research are to be included in this category. This includes funds allocated to Principal Investigators as a result of the expense reimbursement program for Faculty and Librarians, overheads, research allowance or start-up funds. Also included are funds reserved for Canada Research Chairs and any related research allowance.

Student Assistance - This category captures funds reserved for scholarships, bursaries and other student assistance.

Endowment Matching - This category captures funds reserved to match future external donor contributions. The division must have a written plan that defines what type of contributions it will match (i.e. chairs and professorships, student aid, academic programs and research), with a set limit for the matching.

Operating Contingency - This category is intended to capture divisional operating contingency reserves. Funds in this category include reserves for anticipated budget reductions, voluntary early retirement payouts, increases in university-wide costs, and fluctuations in revenues due to enrolment shortfalls and lower investment returns. The total operating reserve contingency would normally fall in range of 5% to 10% of the division's total operating expense budget. Divisions with greater distributed risk (i.e. large international enrolment, significant growth, high levels of external revenue, etc.) may establish larger operating contingency reserves.

Schedule 3
(Unaudited)
UNIVERSITY OF TORONTO
SUMMARY OF OPERATING FUND RESERVES
AT APRIL 30, 2025
(with comparative figures at April 30, 2024)
(thousands of dollars)

	2025	2024
	Total	Total
<u>Divisional reserves</u>		
Academic	562,493	591,368
Academic services	6,832	6,657
Student services	29,778	33,316
Student assistance	52,917	60,872
Facilities & services	37,039	29,945
Administration	16,243	19,609
General university	393,301	237,587
Total divisional reserves	1,098,603	979,354
<u>Central reserves</u>		
<u>Capital</u>		
Future major capital project reserves	558,044	642,677
Other infrastructure reserves	52,453	47,280
	610,497	689,957
<u>Other</u>		
Research overhead	3,769	3,769
Priorities fund	7,828	9,338
	11,597	13,107
Total central reserves	622,094	703,064
<u>Employee benefit reserves</u>		
Pension	(121,561)	(125,447)
Pension special payment reserve	249,964	174,564
Medical benefits	(667,555)	(601,698)
Other plans	33,260	37,508
Total employee benefit reserves	(505,892)	(515,073)
Total internally restricted net assets	1,214,805	1,167,345
Net change in internally restricted for the year	47,460	
<u>Consisting of:</u>		
Change in internally restricted reported in statement of operations	116,459	
Reported as remeasurements in statement of changes in net assets	(68,999)	
	47,460	

Schedule 3
(Unaudited)
UNIVERSITY OF TORONTO
SUMMARY OF OPERATING FUND RESERVES
AT APRIL 30, 2025
(with comparative figures at April 30, 2024)
(thousands of dollars)

	2025					2024	
	Infrastructure Reserve	Research	Student Assistance	Endowment Matching	Operating Contingency	Total	Total
ACADEMIC:							
Arts and Science, TYP, SCS:							
Faculty of Arts and Science	21,857	93,450	7,545	-	56,569	179,421	173,356
Transitional Year Programme	-	-	-	-	44	44	109
UTSC academic	358	30,471	216	-	31,838	62,883	72,565
UTM academic	290	32,177	-	-	33,660	66,127	44,425
School of Continuing Studies	-	-	274	-	2,994	3,268	4,730
	<u>22,505</u>	<u>156,098</u>	<u>8,035</u>	<u>-</u>	<u>125,105</u>	<u>311,743</u>	<u>295,185</u>
Health sciences:							
Faculty of Dentistry	-	2,948	173	-	4,737	7,858	6,568
Temerty Faculty of Medicine	5,786	33,685	5,694	2,167	(9,395)	37,937	38,188
Dalla Lana School of Public Health	-	3,629	462	-	3,483	7,574	4,507
Lawrence S. Bloomberg Faculty of Nursing	-	1,857	82	-	2,733	4,672	3,996
Leslie Dan Faculty of Pharmacy	-	7,190	12	-	1,863	9,065	8,426
Faculty of Kinesiology & Physical Education	61	1,880	67	-	2,302	4,310	3,270
	<u>5,847</u>	<u>51,189</u>	<u>6,490</u>	<u>2,167</u>	<u>5,723</u>	<u>71,416</u>	<u>64,955</u>
Other professional faculties:							
Faculty of Applied Science and Engineering	-	73,320	-	-	14,785	88,105	105,504
John H. Daniels Faculty of Architecture, Landscape and Design	-	2,226	-	-	3,547	5,773	3,645
Rotman School of Management	773	6,280	2,363	-	14,132	23,548	19,973
OISE/UT	-	5,039	600	-	9,286	14,925	11,281
Faculty of Law	-	1,507	460	-	4,281	6,248	5,061
Faculty of Information	-	2,041	42	-	2,331	4,414	4,384
Faculty of Music	277	1,290	255	-	(2,407)	(585)	1,422
Factor-Inwentash Faculty of Social Work	-	1,881	141	-	248	2,270	1,711
	<u>1,050</u>	<u>93,584</u>	<u>3,861</u>	<u>-</u>	<u>46,203</u>	<u>144,698</u>	<u>152,981</u>
Other academic costs:							
University-wide reserves	31,399	14,589	755	6,250	39,226	92,219	135,394
Vacation Pay accrual - Academic	-	-	-	-	(57,583)	(57,583)	(57,147)
TOTAL ACADEMIC	<u>60,801</u>	<u>315,460</u>	<u>19,141</u>	<u>8,417</u>	<u>158,674</u>	<u>562,493</u>	<u>591,368</u>

Schedule 3
(Unaudited)
UNIVERSITY OF TORONTO
SUMMARY OF OPERATING FUND RESERVES
AT APRIL 30, 2025
(with comparative figures at April 30, 2024)
(thousands of dollars)

	2025					2024	
	Infrastructure Reserve	Research	Student Assistance	Endowment Matching	Operating Contingency	Total	Total
ACADEMIC SERVICES:							
St. George Libraries	-	571	-	-	873	1,444	1,511
UTSC library	2,014	181	13	-	862	3,070	1,403
UTM library	-	118	-	-	1,040	1,158	2,581
Library - Electronic Acquisitions	-	-	-	-	1,160	1,160	1,162
TOTAL ACADEMIC SERVICES	2,014	870	13	-	3,935	6,832	6,657
STUDENT SERVICES:							
St. George campus	179	-	-	-	(831)	(652)	1,526
UTSC campus	4,850	-	270	-	10,697	15,817	15,397
UTM campus	-	-	-	-	11,896	11,896	10,352
Athletics and Recreation	1,725	53	314	-	625	2,717	6,041
TOTAL STUDENT SERVICES	6,754	53	584	-	22,387	29,778	33,316
STUDENT ASSISTANCE:							
St. George campus			52,877	-	-	52,877	60,765
UTSC campus			11	-	17	28	92
UTM campus			12	-	-	12	15
TOTAL STUDENT ASSISTANCE	-	-	52,900	-	17	52,917	60,872
FACILITIES & SERVICES							
St. George campus	-	-	-	-	20,076	20,076	23,374
UTSC campus	35	-	-	-	2,703	2,738	4,385
UTM campus	12,873	-	-	-	1,352	14,225	2,186
TOTAL FACILITIES & SERVICES	12,908	-	-	-	24,131	37,039	29,945

Schedule 3
(Unaudited)
UNIVERSITY OF TORONTO
SUMMARY OF OPERATING FUND RESERVES
AT APRIL 30, 2025

(with comparative figures at April 30, 2024)
(thousands of dollars)

	2025						2024
	Infrastructure Reserve	Research	Student Assistance	Endowment Matching	Operating Contingency	Total	Total
ADMINISTRATION:							
Office of the Governing Council	57	-	-	-	661	718	1,052
Office of the President	-	-	-	-	28	28	11
Convocation and Institutional Events	-	-	-	-	35	35	19
Chief Financial Officer	-	-	-	-	497	497	775
Vice-President and Provost	964	41	-	-	4,859	5,864	5,432
Vice-President - Research and Innovation	-	-	-	-	1,274	1,274	1,977
Vice-President - Communications	-	-	-	-	2,061	2,061	2,625
Vice-President - Advancement	360	-	-	-	1,952	2,312	2,195
Vice-President - International	-	-	-	-	165	165	425
Chief Government Relations	-	-	-	-	240	240	146
Vice-President - Operations and Real Estate Partnerships	-	-	-	-	5,077	5,077	3,840
Vice-President - People Strategy, Equity and Culture	-	12	-	-	(639)	(627)	1,153
Office of University Counsel	-	-	-	-	616	616	399
UTSC campus	7	14	-	-	6,805	6,826	5,808
UTM campus	-	-	-	-	4,448	4,448	10,302
Vacation Pay accrual - Administration	-	-	-	-	(13,291)	(13,291)	(16,550)
TOTAL ADMINISTRATION	1,388	67	-	-	14,788	16,243	19,609
GENERAL UNIVERSITY:							
Vice-President - People Strategy, Equity and Culture	-	-	-	-	580	580	3,187
CFO - LTBP expendable funds	-	-	-	-	174,397	174,397	144,646
CFO - Investment income reserve	-	-	-	-	144,950	144,950	28,522
Vice-President - Operations and Real Estate Partnerships	4,125	3,090	-	32,262	33,897	73,374	61,232
TOTAL GENERAL UNIVERSITY	4,125	3,090	-	32,262	353,824	393,301	237,587
TOTAL DIVISIONAL RESERVES	87,990	319,540	72,638	40,679	577,756	1,098,603	979,354

Comparison of the Consolidated Financial Results to the Operating & Consolidated Budget

It is important to compare the year-end results to budget to assess how well the budget has estimated the actual outcome. However, there are differences between the University's operating budget and the year-end consolidated results that must be adjusted before the comparison can occur. These differences are summarized as follows:

- The operating fund is only one, albeit the largest (more than 75% of total revenues), of the four funds included in the financial statements. Budgeted revenues and expenses for the three others - the restricted fund, capital fund and ancillary fund – need to be added to the operating fund to create a consolidated budget.
- The financial statements are prepared on an accrual basis following Canadian generally accepted accounting principles for not-for-profit organizations ("GAAP"), while the operating budget projects cash receipts and expenditures.
- The financial statements include amortization of capital assets while the operating budget includes estimated cash outlays for these assets.
- The financial statements include the costs of pensions and other benefits in accordance with GAAP, while the operating budget includes the projected cash premiums and funding to be paid in the year.

Once these adjustments have been made, it is possible to compare the operating budget with the year-end results and to assess how closely actual results conformed to plan. In summary, the adjustments between the financial statements and the operating budget are as follows:

	Operating budget with GAAP adjustments	Ancillary, Capital, and Restricted funds	Consolidated Budget	Actual	Variance	% Variance
Revenues	3,490.5	1,087.9	4,578.4	4,874.8	296.4	6.5%
Expenses	3,190.1	1,154.2	4,344.3	4,355.2	(10.9)	(0.3%)
Net income	300.4	(66.3)	234.1	519.6	285.5	122.0%

Consolidated revenues, after GAAP adjustments, were \$4.87 billion, compared to budgeted revenues of \$4.58 billion, resulting in a favourable variance of \$296 million, or 6.5%. This favourable variance was primarily due to strong investment returns from the University's investment portfolios.

Consolidated expenses, after GAAP adjustments, were \$4.36 billion, as compared to budgeted expenses of \$4.34 billion resulting in an unfavourable variance of \$11 million primarily due to a higher than budgeted amortization expense.

A detailed analysis is shown below.

Schedule 4
(Unaudited)
UNIVERSITY OF TORONTO
COMPARISON OF ACTUAL RESULTS WITH ORIGINAL BUDGET
FOR THE YEAR ENDED APRIL 30
(millions of dollars)

	Operating Budget	GAAP Adjustments	Operating Fund	Ancillary, Capital, and Restricted Funds	Statement of Operations (Budget)	Statement of Operations (Actual)	Variance
REVENUES							
Student Fees	2,363.9	-	2,363.9	17.2	2,381.1	2,379.7	(1.4)
Government Grants for General Operations	742.9	-	742.9	-	742.9	753.9	11.0
Government and Other Grants							
for Restricted Purposes	66.8	-	66.8	520.5	587.3	540.1	(47.2)
Sales, Services & Sundry Income	144.1	-	144.1	284.0	428.1	454.5	26.4
Investment Income: Endowments	89.5	-	89.5	78.4	167.9	208.0	40.1
Investment Income: Other (note 1)	114.5	(31.2)	83.3	32.9	116.2	383.3	267.1
Donations	-	-	-	154.9	154.9	155.3	0.4
Total Revenues	3,521.7	(31.2)	3,490.5	1,087.9	4,578.4	4,874.8	296.4
Salaries & Employee Benefits	2,253.9	-	2,253.9	325.8	2,579.7	2,600.4	(20.7)
Other Expenses (note 2)	562.8	(69.5)	493.3	274.3	767.6	741.3	26.3
Scholarships, Fellowships & Bursaries	380.2	-	380.2	46.7	426.9	408.1	18.8
Amortization of Capital Assets	-	-	-	222.5	222.5	262.3	(39.8)
Cost of Ancillary Sales and Services	-	-	-	187.6	187.6	153.4	34.2
Inter-institutional Contributions	30.1	-	30.1	91.9	122.0	154.7	(32.7)
Long-term debt service (note 3)	48.3	(15.7)	32.6	5.4	38.0	35.0	3.0
Total Expenses	3,275.3	(85.2)	3,190.1	1,154.2	4,344.3	4,355.2	(10.9)
Net Income before transfers	246.4	54.0	300.4	(66.3)	234.1	519.6	285.5
Allocations for Future Major Capital Projects	60.0	(60.0)					
Capital Spending from Current Year Budget	101.0	(101.0)					
Other Contributions to Reserves	10.0	(10.0)					
Pension Deficit Risk Contingency	75.4	(75.4)					
Net Income	0.0	300.4					

Note 1: GAAP Adjustment includes eliminating income on internal loans and other accounting-related adjustments related to Investment Income

Note 2: Other expenses include materials, supplies, services, repairs, maintenance, leases, utilities, travel and other general expenses. GAAP adjustment relates to capitalization of spending from the operating budget on items such as furniture, equipment, etc.

Note 3: GAAP Adjustment eliminates debt service on internal EFIP loans leaving only the interest on external debt.

Ancillary Operations

Ancillary operations include the following:

- *Services ancillaries* include residences (UTM, UTSC, University College, New College, Woodsworth College, and Innis College), conference services (UTSC), food and beverage/hospitality services (UTM, UTSC, and University College), parking/transportation services (UTM and UTSC), and Hart House; and
- *Spaces and Experiences*, which includes Real Estate, U of T Press, and operations that were previously considered service ancillaries: St. George Food and Beverage Services, University Family Housing (a merger of Student Family Housing and Residential Housing), Chestnut Residence and Conference Centre, Graduate House Residence, and Transportation Services.

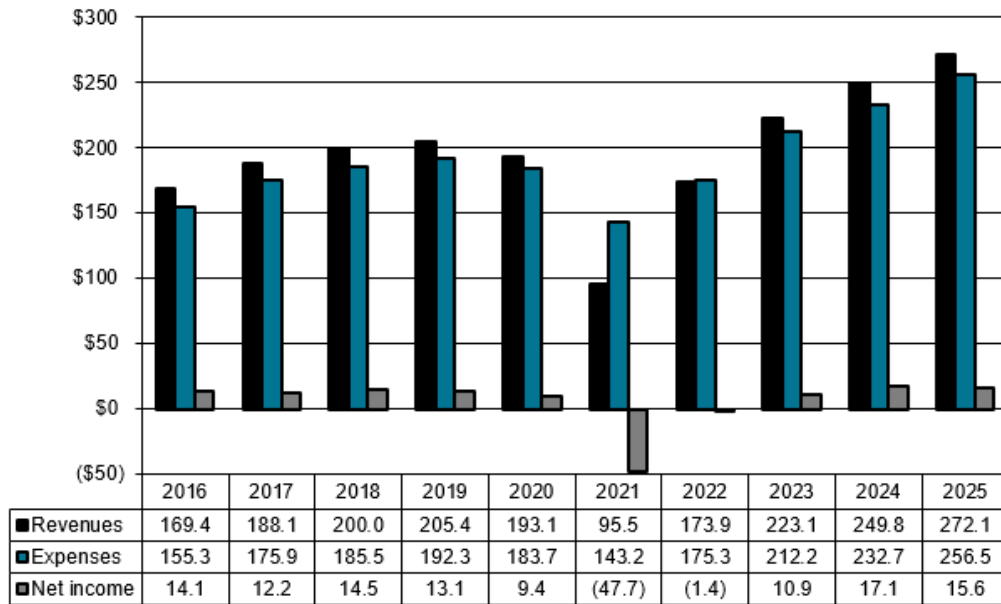
All ancillary assets, liabilities, net assets, revenues and expenses are recorded in this fund. In the graphs below, we have reported on all current business ancillaries as if they have been business ancillaries throughout the entire period from 2016-2025.

Over the periods 2016 to 2020, ancillary revenues grew from \$169 million to \$193 million, expenses grew from \$155 million to \$184 million, and net income decreased from \$14 million to \$9 million. Residence fees over the past years have been increased to keep pace with increased expenses, which included large fixed rate principal and interest payments on borrowing.

Levels of on-campus activity were significantly reduced in 2020-21 as a result of the COVID-19 pandemic. Ancillary operations incurred losses of \$48 million in 2021 as campus services such as residences, food, and parking were particularly hard hit. The operations implemented significant cost-saving strategies, but in many cases, the magnitude of revenue reductions made it impossible to avoid financial losses. The University allowed ancillary operations to incur deficits totalling up to \$50 million in the aggregate over the next five years. Deficits were allowed only in those ancillary units where it was necessary to do so, after considering cost containment strategies, levels of operating reserves, and necessary funding for critical infrastructure projects. Units with sufficient reserves will continue without need to carry a deficit. This approach was intended to ensure that the level of the ancillary deficits will be only as high as absolutely necessary.

Residence operations began to recover in 2021-22 with higher than anticipated occupancy levels, generating much improved operating results compared to 2020-21. By the fall of 2023, residence operations returned to full occupancy, as restrictions on capacity relaxed. Ancillary revenues grew from \$96 million in 2021 to \$272 million in 2025, and expenses increased from \$143 million to \$257 million. Annual net income increased to \$16 million in 2025 from an annual net loss of \$48 million in 2021. Despite the recovery, changes in demand for on-campus services due to flexible work arrangements, increased costs due to a period of high inflation, and rising staffing costs will continue to pose a challenge for ancillary operations.

**Ancillary operations
Revenues and Expenses**
for the year ended April 30
(millions of dollars)

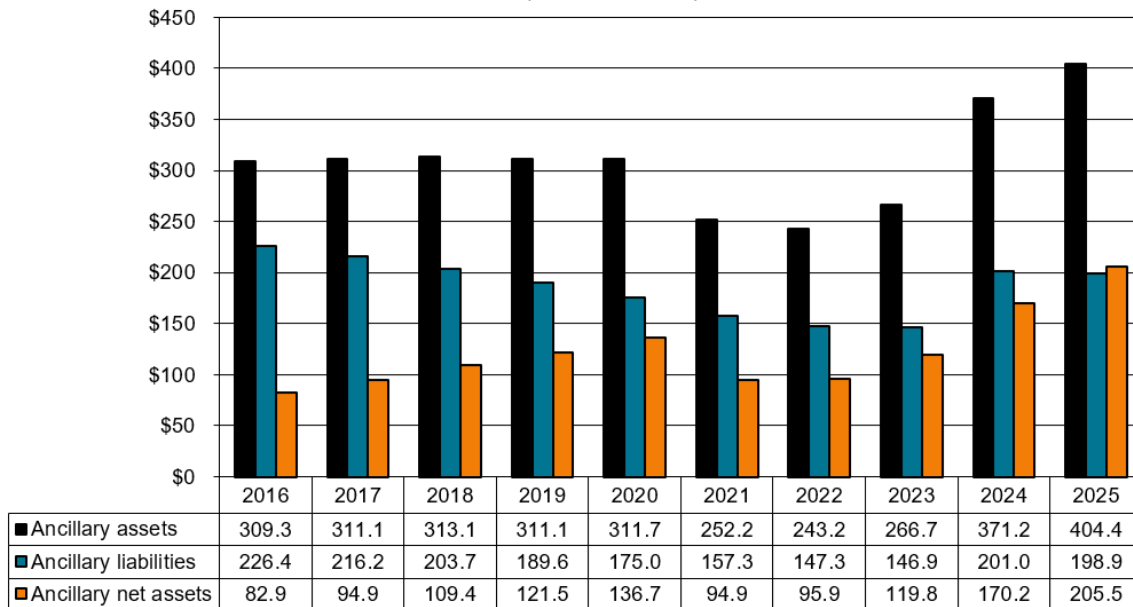


The St. George Food and Beverage services changed its business model as of August 1, 2016 to support the new operation that combines residential, retail and catering operations from the former St. George operation, the Chestnut Residence, and New College. Under this model, the food service operation is done in-house instead of being outsourced to a third party resulting in the sales from St. George Food and Beverage Services to be recorded as revenue on a gross basis instead of reporting only the commission earned on food sales from a third party. This change in the business model has resulted in an increase in both total revenues and total expenses since 2017.

Ancillary assets increased from \$309 million in 2016 to \$312 million in 2020. Assets subsequently fell to \$243 million by 2022 due to the impact of the pandemic. Ancillary operations have now recovered, and assets have steadily increased to \$404 million by the end of 2025. Liabilities decreased from \$226 million in 2016 to \$147 million in 2023 as ancillaries paid down their capital financing. Liabilities increased to \$201 million in 2024, primarily due to capital financing used to acquire an equity interest in an off-campus residence facility. Liabilities decreased to \$199 million in 2025. Net assets grew from \$83 million in 2016 to \$137 million in 2020, essentially reflecting the continued success of service operations with filling residence and parking spaces, while reducing their debt burden. Net assets fell to \$95 million in 2021 and \$96 million in 2022 due to the pandemic but has since increased to \$170 million in 2024 and \$206 million in 2025 as ancillary operations recovered from the effects of the pandemic.

Ancillary operations Balance Sheet

as at April 30
(millions of dollars)



At April 30, 2025, net assets were \$206 million, an increase of \$36 million from April 30, 2024, mainly due to the following:

- \$16 million net income for the year.
- \$20 million transferred from other funds.

There are three categories of net assets for ancillary operations which together total \$206 million. They are:

- (\$28 million) in deficit.
- \$49 million in internally restricted net assets.
- \$185 million in investment in capital assets.

The investment in capital assets category reflects capital construction of facilities which have been funded by internal borrowing of the University's own funds, resulting in a corresponding increase in deficit. Over time, investment in capital assets will be reduced as the capital assets are amortized, and the deficit will be decreased by the amount of that amortization.

Schedule 5 shows details by ancillary operation.

Schedule 5
UNIVERSITY OF TORONTO
ANCILLARY OPERATIONS
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2025
(with comparative figures for the year ended Apr 30, 2024)
(thousands of dollars)

	Revenues	Expenses	Commitments and Transfers	Surplus/(Deficit)		Investment in Capital Assets	Internally Restricted	2025 Total Net Assets	2024 Total Net Assets
	\$	\$	\$	Opening	Closing	\$	\$	\$	\$
<u>Service Ancillaries</u>									
<u>Residences</u>									
Scarborough	26,020	22,814	(1,422)	2,154	3,938	2,073	12,404	18,415	15,208
Mississauga	20,806	19,403	(4,851)	2,957	(491)	5,873	12,550	17,932	16,529
University College	8,909	8,802	257	1,923	2,287	2,005	700	4,992	4,895
Innis College	5,240	3,309	(2,641)	3,009	2,299	3,609	3,000	8,908	7,427
New College	12,999	11,661	1,257	5,891	8,486	1,319	600	10,405	8,100
Woodsworth College	6,105	5,248	1,790	(3,949)	(1,302)	8,246	1,000	7,944	7,088
	<u>80,079</u>	<u>71,237</u>	<u>(5,610)</u>	<u>11,985</u>	<u>15,217</u>	<u>23,125</u>	<u>30,254</u>	<u>68,596</u>	<u>59,247</u>
<u>Food/Beverage Service</u>									
Scarborough	2,908	2,522	(329)	(1,046)	(989)	2,079	86	1,176	791
Mississauga	4,143	3,964	(432)	(32)	(285)	2,396	951	3,062	2,883
University College	5,205	5,339	12	(2,645)	(2,767)	166	-	(2,601)	(2,467)
	<u>12,256</u>	<u>11,825</u>	<u>(749)</u>	<u>(3,723)</u>	<u>(4,041)</u>	<u>4,641</u>	<u>1,037</u>	<u>1,637</u>	<u>1,207</u>
<u>Parking</u>									
Scarborough	4,664	2,323	627	7,274	10,242	2,113	111	12,466	10,127
Mississauga	4,679	3,800	1,395	(6,512)	(4,238)	9,878	-	5,640	4,519
	<u>9,343</u>	<u>6,123</u>	<u>2,022</u>	<u>762</u>	<u>6,004</u>	<u>11,991</u>	<u>111</u>	<u>18,106</u>	<u>14,646</u>
Hart House	26,558	23,340	15	8,757	11,990	14,899	4,541	31,430	28,197
Total Service Ancillaries	<u>128,236</u>	<u>112,525</u>	<u>(4,322)</u>	<u>17,781</u>	<u>29,170</u>	<u>54,656</u>	<u>35,943</u>	<u>119,769</u>	<u>103,297</u>
<u>Business Ancillaries</u>									
University of Toronto Press	37,043	41,765	(2,751)	1,826	(5,647)	4,638	-	(1,009)	3,713
Spaces and Experiences									
Graduate House	7,892	6,651	(144)	(6,668)	(5,571)	15,992	-	10,421	8,930
Univ Family Housing	16,841	13,241	(4,850)	6,485	5,235	20,833	7,000	33,068	31,486
Chestnut Residence and Conference Centre	24,625	25,649	883	(8,033)	(8,174)	10,359	-	2,184	(98)
St. George Food & Bev Services	31,607	33,391	3,560	(18,648)	(16,872)	7,153	-	(9,720)	(13,480)
St. George Parking	6,541	7,252	1,946	(2,662)	(1,427)	5,085	-	3,658	3,026
Real Estate	19,411	16,060	9,109	(37,201)	(24,741)	66,326	5,566	47,151	33,284
Total Business Ancillaries	<u>143,960</u>	<u>144,009</u>	<u>7,753</u>	<u>(64,901)</u>	<u>(57,197)</u>	<u>130,386</u>	<u>12,566</u>	<u>85,754</u>	<u>66,862</u>
Total Ancillary Operations	<u>272,196</u>	<u>256,534</u>	<u>3,431</u>	<u>(47,120)</u>	<u>(28,027)</u>	<u>185,042</u>	<u>48,509</u>	<u>205,523</u>	<u>170,159</u>

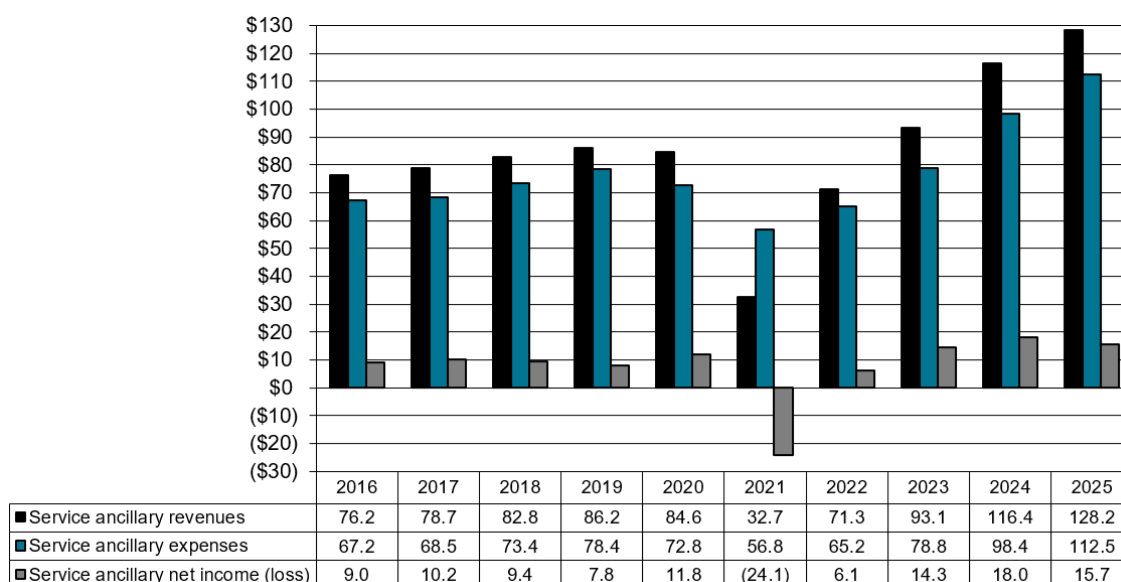
Service Ancillaries

In 2025, service ancillaries had revenues of \$128 million and expenses of \$112 million, with a net income of \$16 million for the year. Residences have returned to full occupancy, however, a period of higher inflation and changes in demand for on-campus services due to flexible work arrangements, continue to impact parking and food services. As stated in the previous section, certain operations on the St. George campus that were previously considered service ancillaries are now managed as business ancillaries (known as Spaces & Experiences) and have been excluded from this section, and included in the business ancillaries section.

In 2025, net income from residence operations decreased to \$9 million from \$13 million in 2024. Net income from parking and food services increased to \$4 million in 2025 compared to \$3 million in 2024. Hart House had a net income of \$3 million in 2025 compared to \$2 million in 2024.

Ancillary operations - Service Ancillaries Revenues and Expenses

for the year ended April 30
(millions of dollars)



Since 2016, service ancillary revenues have increased primarily due to the expansion of residences to deal with the growth in student enrolment. Residence fees over the past number of years have been increased to keep pace with increased expenses, including large, fixed rate principal and interest payments on borrowing.

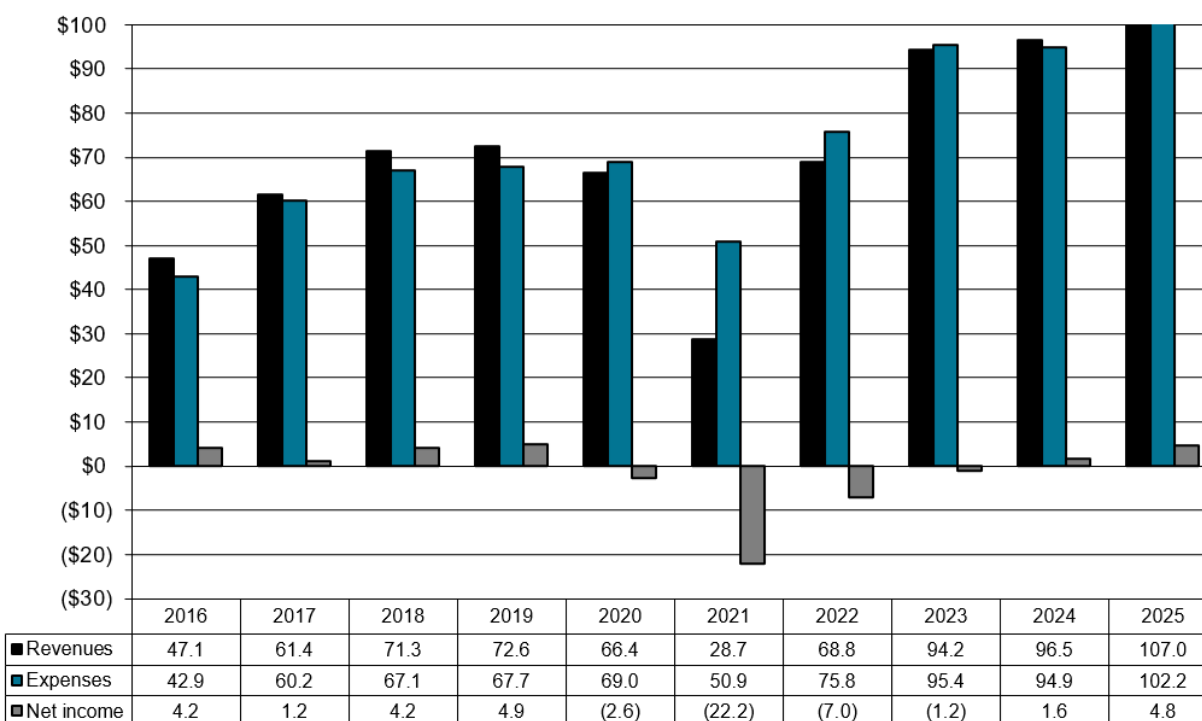
The long-term financial health of these operations is dependent upon filling the residence and parking spaces. Growth has largely been financed through long-term debt and through subsidies from their existing ancillary operations resulting in reduced operating margins.

Business Ancillaries

Business ancillaries consists of the Spaces and Experiences (formerly, University Development and Campus Services) which includes Real Estate, and operations that were previously considered service ancillaries: St. George Food and Beverage Services, University Family Housing (a merger of Student Family Housing and Residential Housing), Chestnut Residence and Conference Centre, Graduate House Residence, and St. George Transportation Services. In addition, business ancillaries includes the University of Toronto Press. Residences have returned to full occupancy, however, a period of higher inflation and changes in demand for on-campus services due to flexible work arrangements, continue to impact parking and food services. U of T Press revenues continue to lag pre-pandemic levels. These operations had combined revenues and expenses of \$144 million each, resulting in a marginal net loss in 2025. Losses were lower in 2025 as compared to 2024 (net loss of \$1 million).

As stated previously, the St. George Food and Beverage services changed its business model as of August 1, 2016 to support the new operation that combines residential, retail and catering operations from the former St. George operation, the Chestnut Residence, and New College.

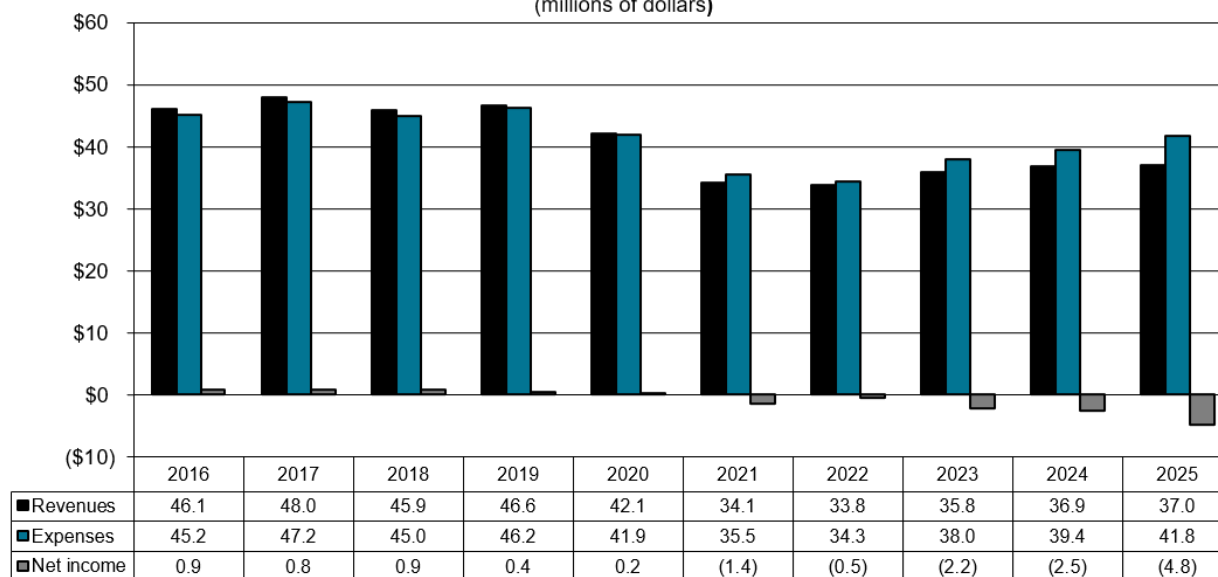
Ancillary operations - Business Ancillaries
Spaces and Experiences
Revenues and Expenses
 for the year ended April 30
 (millions of dollars)



U of T Press revenues continue to lag pre-pandemic levels, incurring net losses in each of the last five years.

Ancillary operations - Business Ancillaries University of Toronto Press Revenues and Expenses

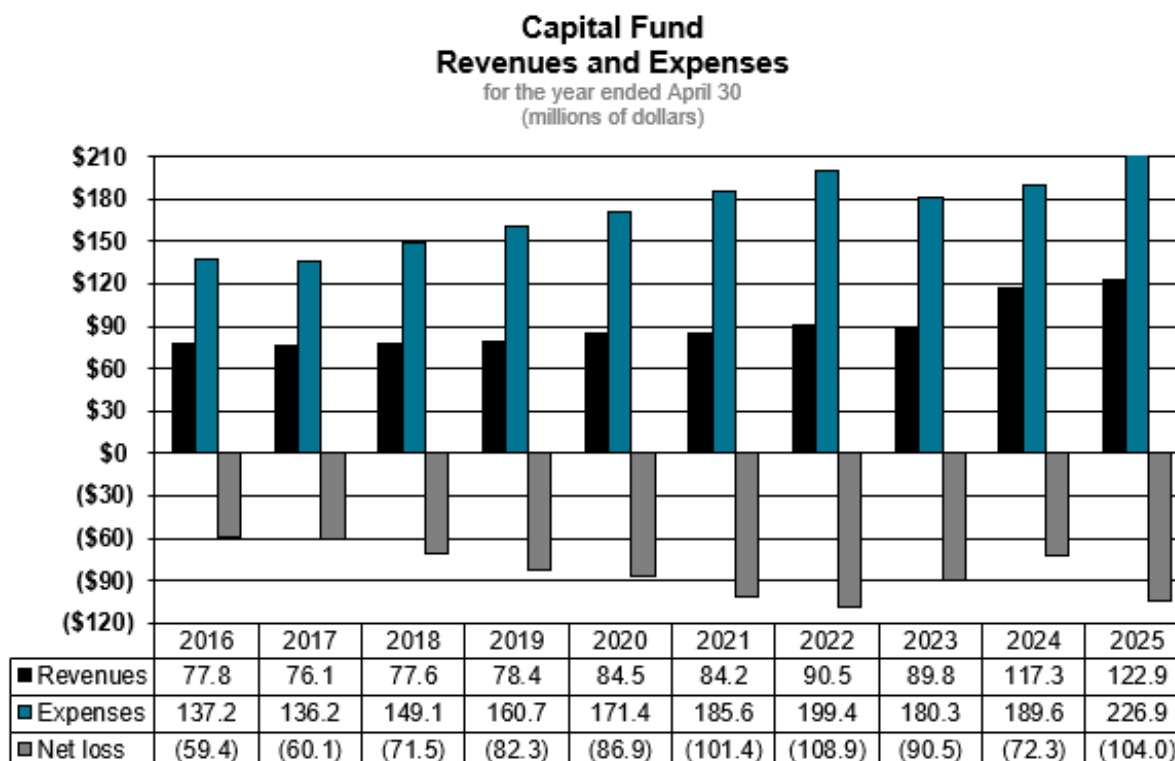
for the year ended April 30
(millions of dollars)



Capital Fund

The capital fund includes all capital assets – land, land improvements, buildings, furnishings, computers, etc. - except for those of the ancillary operations. Contributions to the University for capital assets other than ancillaries are recorded in this fund. This fund also holds the vast majority of the University's debt and in turn lends it out for capital construction and other projects to departments or operations that have the responsibility to repay the loan.

Capital fund revenues for the year were \$123 million and expenses were \$227 million, for a net loss of \$104 million. Revenues include an amount equal to the amortization of capital assets that were financed by grants and donations, while expenses include the amortization of capital assets.



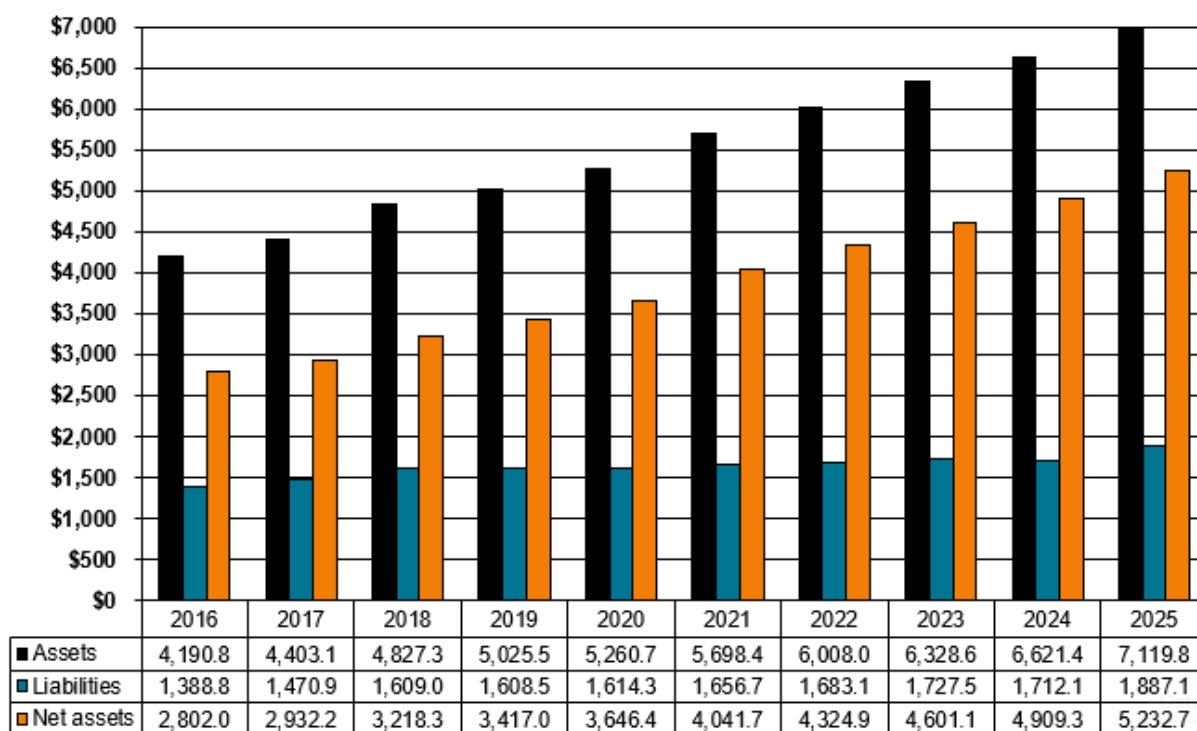
The reason for annual net losses in the capital fund is that a significant share of the revenue funding the amortization of capital assets and funding capital projects is recorded as revenue in the operating fund and transferred to the capital fund as an interfund transfer, and therefore is not reported in revenues of the capital fund.

In 2025, a total of \$427 million was transferred to the capital fund. This was made up of \$120 million in capital asset funding from the operating fund that must be transferred to the capital fund (where the assets are capitalized), combined with net transfers of \$307 million, mainly from the operating fund, in support of various capital projects.

In 2025, capital fund assets were \$7.1 billion, liabilities were \$1.9 billion and net assets were \$5.2 billion. Net assets comprised \$4.8 billion investment in capital assets, \$931 million internally restricted funds offset by \$453 million in deficit.

The assets of the capital fund have grown from \$4.2 billion in 2016 to \$7.1 billion in 2025 primarily as a result of the University's large capital construction program over this period. Liabilities have grown from \$1.4 billion in 2016 to \$1.9 billion in 2025. This growth in liabilities reflects the growth in deferred capital contributions to \$1.2 billion and includes long-term borrowings of \$734 million and accounts payable of \$102 million. These liabilities are offset by loans to other funds of \$167 million. All external borrowing of long-term debt is recorded in the capital fund. Loans are provided to departments or operations who have the responsibility to repay the loans. These loans are recorded as a liability in the operating fund or ancillary operations, as appropriate, and are recorded as a receivable in the capital fund.

**Capital Fund
Balance Sheet**
as at April 30
(millions of dollars)



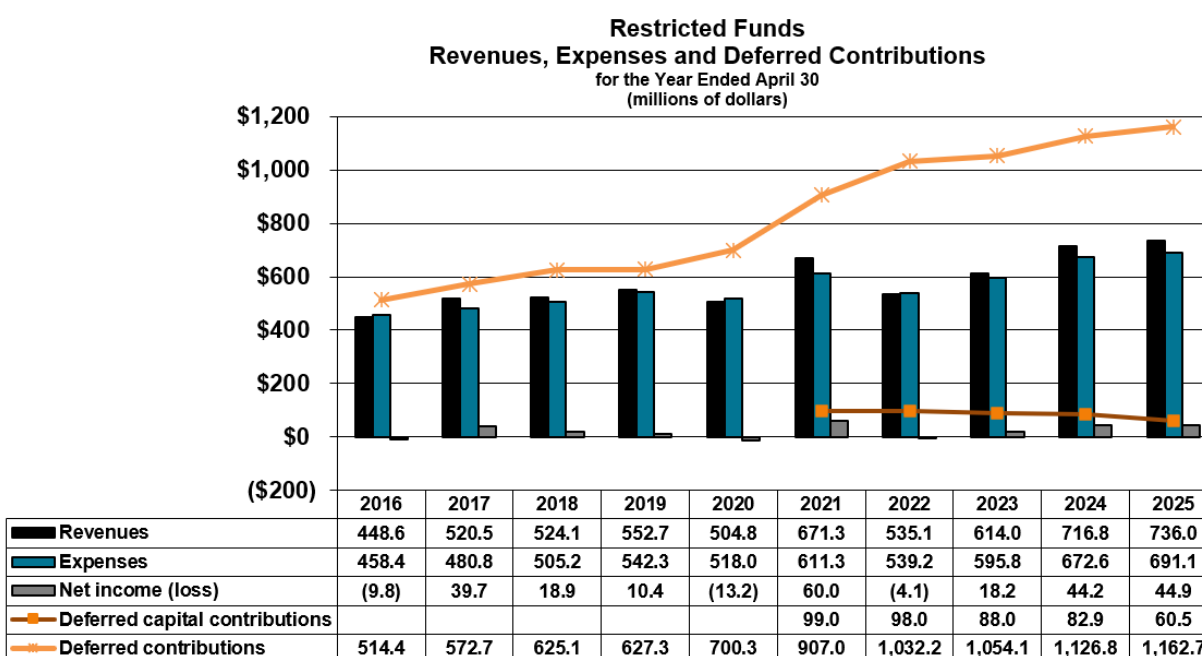
Restricted Funds

Restricted funds include donations (including endowments), research grants and contracts. Each donation, usually supported by an agreement between the University and the donor, or a collection of small donations with similar purpose, is recorded in its own fund, and managed according to agreed upon terms and conditions. Each research grant or contract is also recorded in its own fund and managed in accordance with the terms and conditions required by the sponsor of the fund. There are over 24,900 individual restricted funds.

Restricted funds exclude research grants for capital assets and donations designated for capital assets, both of which are recorded in the capital fund. When restricted funds are provided for, or spent on, capital assets, they are recorded in the capital fund.

Financial reporting for restricted funds follows specific rules with respect to revenue recognition that differ from the rules for unrestricted receipts. They are:

- Restricted grants and expendable donations are recorded as revenue when spent, while unrestricted grants and expendable donations are recorded as revenue when received.
- Unspent restricted grants and donations are recorded as liabilities known as deferred contributions.
- Endowed donations are not recorded as revenue. They are added directly to the balance sheet as net assets.
- Investment earnings on externally restricted endowments that are made available for spending are recorded as revenue and the amount for preservation of capital is added directly to the balance sheet as net assets. In years where earnings are below the amount made available for spending, a drawdown is made from previously re-invested earnings. The amount made available for spending is recorded as revenue, and net assets on the balance sheet are reduced directly by the drawdown. Investment earnings or loss on internally restricted endowments are recorded in the income statement and the amount for preservation of capital or drawdown is recorded as a transfer to or from the endowment balance.



In 2025, restricted funds revenues for the year were \$736 million and expenses were \$691 million, resulting in net income of \$45 million.

Net income in any particular year mainly reflects the recording of unrestricted donations and investment income as revenue that has not yet been offset by expenses. A net loss in any particular year mainly reflects the recording of investment losses on internally restricted endowments funded by a transfer from endowed capital and/or expenses funded by internally restricted net assets.

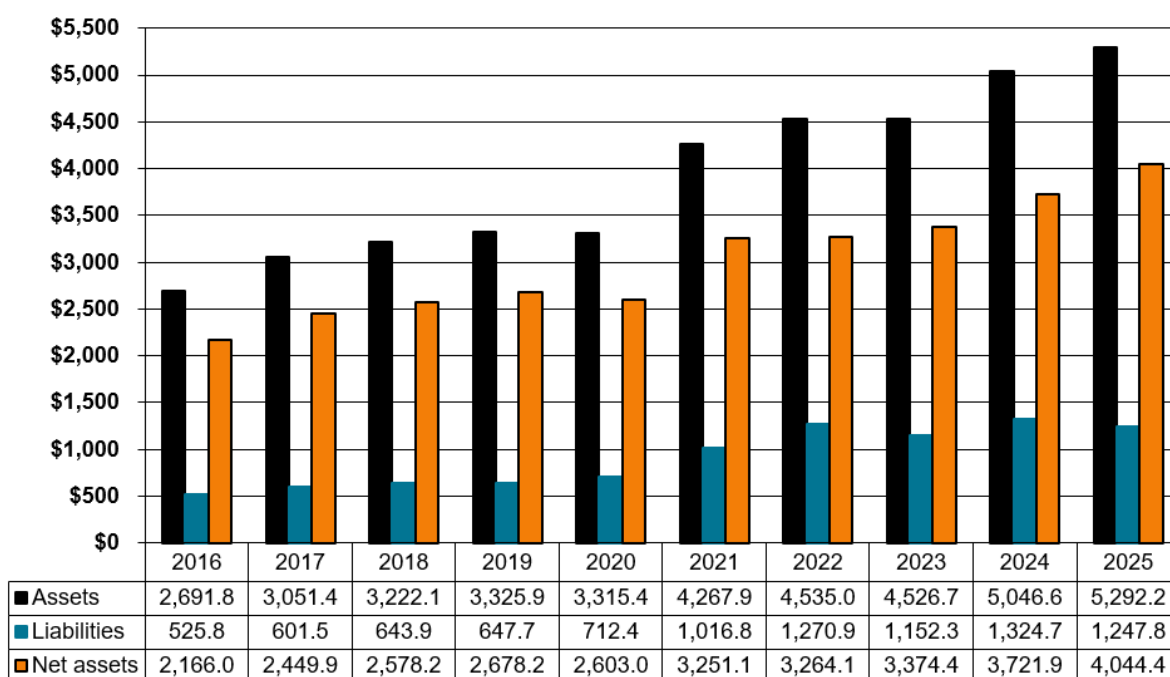
Restricted funds' assets were \$5.3 billion, liabilities were \$1.3 billion, and net assets were \$4.0 billion. Net assets comprised \$3.9 billion in endowments and \$111 million in internally restricted funds.

Restricted funds' net assets increased by \$323 million between April 30, 2024 and April 30, 2025 as a result of net income of \$45 million and a further \$278 million as follows:

- a) transfers of \$22 million mainly from the operating fund,
- b) endowed contributions and investment gains on externally restricted endowments, which are not recorded as revenue, but are added directly to net assets:
 - o \$95 million in endowed donations.
 - o \$161 million increase of externally restricted endowments, consisting of an investment income of \$278 million less \$117 million withdrawn for payout.

As noted above, the majority of unspent expendable restricted funds are *not* recorded as net assets, but rather are recorded as deferred contributions in the liabilities section of the balance sheet. Total liabilities have grown from \$526 million in 2016 to \$1.2 billion in 2025 mainly as a result of the growth in research activity and restricted expendable donations that are reflected in deferred contributions until they are spent.

**Restricted Funds
Balance Sheet**
as at April 30
(millions of dollars)



Net assets in restricted funds have grown from \$2.2 billion in 2016 to \$4.0 billion in 2025.

Schedule 6 reflects the change in endowment funds from April 30, 2024 to April 30, 2025 with the related expendable funds.

Schedule 6
(Unaudited)
UNIVERSITY OF TORONTO
RESTRICTED FUNDS
ENDOWMENT AND EXPENDABLE FUNDS AT FAIR VALUES AT APRIL 30, 2025
(thousands of dollars)

	Endowment funds					Expendable funds					April 30, 2025
	April 30, 2024	Donations, and other additions	Preservation of capital (note 1)	Transfers	April 30, 2025	April 30, 2024	Donations, grants and other additions	Distributed investment income/(loss) (note 1)	Transfers	Disbursements	
	\$	\$		\$	\$	\$	\$	\$	\$	\$	\$
Student aid (note 2)	912,685	48,784	46,388	6,057	1,013,914	95,670	13,230	(12,533)	4,467	-	100,834
Ontario Student Opportunity Trust Fund - Phase I (note 2)	476,257	113	24,820	735	501,925	34,223	-	3,296	(1,673)	-	35,846
Ontario Student Opportunity Trust Fund - Phase 2 (note 2)	56,823	50	2,962	-	59,835	4,291	-	470	(133)	-	4,628
Ontario Trust for Student Support (note 2)	109,733	653	5,777	1	116,164	6,690	1	570	(254)	-	7,007
Research funds	209,081	624	10,863	-	220,568	509,916	654,296	9,644	(7,962)	634,532	531,362
Departmental funds	589,047	18,760	31,241	2,697	641,745	563,524	49,766	85,158	(18,187)	134,856	545,405
Advancement Investment Model	-	-	-	-	-	2,235	5		8,822	7,004	4,058
Faculty endowment funds (note 2)	1,047,338	30,396	54,662	13,031	1,145,427	39,906	158	11,161	(1,681)	6,841	42,703
Connaught fund	170,675	-	8,684	11,000	190,359	10,499	-	6,799	(2,996)	269	14,033
I'Anson fund	4,173	-	218	-	4,391	666	-	180	55	(6)	907
Miscellaneous funds	40,520	-	1,128	(2,506)	39,142	47,684	23,791	1,425	10,255	35,918	47,237
	<u>3,616,332</u>	<u>99,380</u>	<u>186,743</u>	<u>31,015</u>	<u>3,933,470</u>	<u>1,315,304</u>	<u>741,247</u>	<u>106,170</u>	<u>(9,287)</u>	<u>819,414</u>	<u>1,334,020</u>
Comprising:											
Externally designated	3,103,959	94,697	161,128	19,424	3,379,208						
Internally designated	512,373	4,683	25,615	11,591	554,262						
	<u>3,616,332</u>	<u>99,380</u>	<u>186,743</u>	<u>31,015</u>	<u>3,933,470</u>						
Restricted						1,209,710	686,315	93,153	5,631	771,644	1,223,165
Unrestricted						105,594	54,932	13,017	(14,918)	47,770	110,855
						<u>1,315,304</u>	<u>741,247</u>	<u>106,170</u>	<u>(9,287)</u>	<u>819,414</u>	<u>1,334,020</u>

Notes:

(1) Consisting of investment income (loss) on:

Endowment funds	271,503
Expendable funds	21,410
	<u>292,913</u>

(2) Disbursements and corresponding distributed investment income for Student aid (\$48,052), Ontario Student Opportunity Trust Funds (\$16,339), Ontario Trust for Student Support (\$3,564) and Faculty Endowments (\$29,378) are reported in the Operating Fund.



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