FOR YEAR ENDED MARCH 31, 2025

Annual Financial Statements

THE UNIVERSITY OF BRITISH COLUMBIA

Statement of Management Responsibility

The consolidated financial statements of the University of British Columbia (the University) have been prepared by management in conformity 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 outlined in note 2(a). The consolidated financial statements present the financial position of the University as at March 31, 2025, and the results of its operations, remeasurement gains and losses, and the changes in net debt and changes in its cash flow for the year ended March 31, 2025.

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

The Board of Governors is responsible for reviewing and approving the consolidated financial statements, and overseeing management's performance of its financial reporting responsibilities.

The Board of Governors carries out its responsibility for review of the consolidated financial statements principally through its Audit Committee. The Audit Committee meets with management, the external auditors and the internal auditors to discuss the results of audit examinations and financial reporting matters. The external and internal auditors have full access to the Audit Committee, with and without the presence of management.

The consolidated financial statements for the year ended March 31, 2025 have been reported on by BDO Canada LLP. The Independent Auditors' Report outlines the scope of the audit and provides the audit opinion on the consolidated financial statements.

Benoit-Antoine Bacon	Frank Laezza
President and Vice-Chancellor	Vice-President Finance & Operations

DATE June 25, 2025

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the University of British Columbia and its controlled entities (the "Consolidated Entity"), which comprise the Consolidated Statement of Financial Position as at March 31, 2025, and the Consolidated Statements of Operations and Accumulated Surplus, Changes in Net Debt, Cash Flows and Remeasurement Gains and Losses for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Consolidated Entity as at and for the year ended March 31, 2025 are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of British Columbia, including Regulations 257/2010 and 198/2011 issued by the Province of BC Treasury Board, referred to as the financial reporting framework (the "Framework").

Basis for Opinion

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

Other Matter

The financial statements of the Consolidated Entity for the year ended March 31, 2024, were audited by another auditor who expressed a qualified opinion on those statements on July 4, 2024.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the consolidated financial statements which describes the basis of accounting. The consolidated financial statements are prepared in order for the Consolidated Entity to meet the reporting requirements of the Framework referred to above. Note 27 to the Consolidated Financial Statements discloses the impact between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the consolidated financial statements in accordance with the Framework, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Consolidated 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 Consolidated 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 consolidated financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. But not for the purpose of expressing an opinion on the effectiveness of the Consolidated 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 Consolidated 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 25, 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	Note	2025 $'000	2024 $'000
Financial Assets			
Cash and cash equivalents	3	403,707	282,075
Accounts receivable	4	278,207	276,884
Promissory notes receivable	5	15,602	72,472
Housing and other loans receivable	6	78,493	76,705
Inventories for resale		7,150	6,443
Portfolio investments	7	776,493	786,694
Endowment investments (expendable balance)	7	1,458,115	1,202,431
Investments in government business enterprises	8	25,042	33,717
Supplemental pension assets	11(a)	145,603	131,698
		3,188,412	2,869,119
Liabilities			
Accounts payable and accrued liabilities	9	381,143	350,146
Deferred revenue	10	155,762	166,166
Employee future benefits	11(c)	23,206	20,058
Supplemental pension liabilities	11(a)	145,603	131,698
Deferred contributions	12	1,851,838	1,652,545
Deferred capital contributions	13	1,923,634	1,831,609
Deferred land lease revenue	14	1,152,346	1,115,978
Debt	15	353,705	359,285
Asset retirement obligations	16	53,478	49,944
		6,040,715	5,677,429
Net debt		(2,852,303)	(2,808,310)
Non-Financial Assets			
Tangible capital assets	17	4,555,736	4,335,357
Endowment investments (non-expendable balance)	7	1,183,767	1,134,557
Inventories held for use		3,989	4,361
Prepaid expenses and advances		55,125	44,739
		5,798,617	5,519,014
Accumulated surplus		2,946,314	2,710,704
Accumulated surplus is comprised of:	18		
Investment in tangible capital assets		1,667,412	1,582,013
Externally restricted endowments		1,183,767	1,137,557
Internally restricted		439,729	395,886
Unrestricted		(478,050)	(455,394)
Accumulated operating surplus		2,812,858	2,660,062
Accumulated remeasurement gains		133,456	50,642
		2,946,314	2,710,704
Contractual obligations	22		

Approved on behalf of the Board of Governors:

Miranda Lam, K.C.
Chair, Board of Governors

Dallas Leung
Chair, Audit Committee

(See accompanying notes to the consolidated financial statements)

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED MARCH 31

	Note	Budget $'000	2025 $'000	2024 $'000
		Note 28		
Revenues				
Government grants and contributions	20	1,722,000	1,781,169	1,607,651
Tuition and student fees		1,086,000	1,057,660	1,031,039
Sales and services		548,000	536,655	500,482
Non-government grants, contributions and donations		231,000	256,531	241,000
Investment income		101,000	129,604	125,778
Income from government business enterprises	8	26,000	8,584	24,341
Amortization of deferred capital contributions	13	88,000	90,974	85,557
		3,802,000	3,861,177	3,615,848
Expenses	25			
Learning		1,911,000	1,981,229	1,846,909
Research		583,000	658,427	628,464
Facilities		460,000	393,566	378,215
Students		471,000	461,803	451,732
Community engagement		96,000	106,023	100,485
Administration		187,000	150,237	139,642
		3,708,000	3,751,285	3,545,447
Annual operating surplus		94,000	109,892	70,401
Restricted endowment donations		30,000	42,904	47,615
Annual surplus		124,000	152,796	118,016
Accumulated operating surplus, beginning of year		2,661,000	2,660,062	2,542,046
Accumulated operating surplus, end of year		2,785,000	2,812,858	2,660,062

(See accompanying notes to the consolidated financial statements)

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED MARCH 31

	Budget $'000	2025 $'000	2024 $'000
	Note 28		
Annual surplus	124,000	152,796	118,016
Exclude items not affecting net debt:			
Endowment donations and transfers received	(30,000)	(49,210)	(46,703)
	94,000	103,586	71,313
Acquisition of tangible capital assets, net of dispositions	(555,000)	(480,393)	(478,893)
Amortization of tangible capital assets	249,000	260,014	253,089
	(306,000)	(220,379)	(225,804)
Acquisition of inventories held for use	-	(7,552)	(9,759)
Acquisition of prepaid expenses and advances	-	(32,649)	(44,515)
Consumption of inventories held for use	-	7,924	9,494
Use of prepaid expenses	-	22,263	19,583
	-	(10,014)	(25,197)
	(212,000)	(126,807)	(179,688)
Net remeasurement gains (losses)	24,000	82,814	41,902
Increase in net debt	(188,000)	(43,993)	(137,786)
Net debt, beginning of year	(2,994,000)	(2,808,310)	(2,670,524)
Net debt, end of year	(3,182,000)	(2,852,303)	(2,808,310)

(See accompanying notes to the consolidated financial statements)

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31

	2025	2024
	$'000	$'000
Cash provided by operating activities		
Annual surplus	152,796	118,016
Items not affecting cash:		
Amortization of tangible capital assets	260,014	253,089
Amortization of deferred capital contributions	(90,974)	(85,557)
Amortization of deferred land lease revenue	(12,431)	(12,050)
Income from government business enterprises	(8,584)	(24,341)
(Gain) Loss on sale of investments	(3,439)	5,443
Other	4,111	163
	301,493	254,763
Change in non-cash operating balances:		
Accounts receivable excluding government business enterprises	5,872	45,000
Inventories	(335)	(296)
Prepaid expenses less advances for construction costs	(2,653)	(2,665)
Accounts payable and accrued liabilities	30,997	(31,651)
Deferred revenue	(10,404)	19,017
Deferred contributions received less spent	22,138	23,707
	347,108	307,875
Cash used in capital activities		
Acquisition of tangible capital assets	(480,393)	(478,893)
Deferred capital contributions received	182,999	149,923
Advances for construction costs	(7,733)	(22,267)
Receipts of infrastructure development charges	8,570	9,643
Settlement of asset retirement obligation	-	(891)
	(296,557)	(342,485)
Cash provided by investing activities		
Purchase of portfolio investments	(123,540)	(59,022)
Proceeds from sale of portfolio investments	156,200	189,998
Distributions received from government business enterprises	43,000	17,000
Net receipt of endowment funds	(57,785)	(23,229)
	17,875	124,747
Cash used in financing activities		
Issuance of promissory notes	-	(57,000)
Repayment of promissory note receivables	57,000	-
Payment of long-term debt and sinking fund	(2,006)	(2,006)
Issuance of housing loans	(8,299)	(4,073)
Repayment of housing and other loans	6,511	5,651
	53,206	(57,428)
Net increase in cash and cash equivalents	121,632	32,709
Cash and cash equivalents, beginning of year	282,075	249,366
Cash and cash equivalents, end of year	403,707	282,075
Supplemental cash flow information		
Cash paid for interest	20,660	20,660
Cash receipts from interest	45,984	53,287

(See accompanying notes to the consolidated financial statements)

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
YEAR ENDED MARCH 31

	2025 $'000	2024 $'000
Accumulated remeasurement gains, beginning of year	50,642	8,740
(Gains) losses reclassified to the Consolidated Statement of Operations from:		
Equity investments quoted in active markets	(936)	8,758
Other investments designated at fair value	(2,504)	(3,315)
Unrealized gains (losses) from:		
Equity investments quoted in active markets	44,221	37,019
Other investments designated at fair value	42,033	(560)
Net remeasurement gains for the year	82,814	41,902
Accumulated remeasurement gains, end of year	133,456	50,642

(See accompanying notes to the consolidated financial statements)

Notes to the Consolidated Financial Statements

1 Authority and Purpose

The University of British Columbia ("UBC" or "the University") operates under the authority of the *University Act* of British Columbia. UBC is a comprehensive research university offering a full range of undergraduate, graduate, and continuing studies programs. The academic governance of the University is vested in the Senate. As a not-for-profit entity, UBC is governed by a Board of Governors, the majority of whom are appointed by the provincial government of British Columbia. UBC is also a registered charity and is therefore exempt from income taxes under Section 149 of the *Income Tax Act*.

2 Summary of Significant Accounting Policies

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

(a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board, referred to as the Financial Reporting Framework ("FRF").

The *Budget Transparency and Accountability Act* requires that the consolidated financial statements be prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS") except as modified by regulation 198/2011. This regulation requires that restricted contributions for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset be accounted for as deferred capital contributions as described in note 2(d)(i).

Revenue recognized in the Consolidated Statement of Operations and Accumulated Surplus and certain related deferred capital contributions are recorded differently under FRF than under PSAS. Note 27 summarizes the impact of FRF versus PSAS on the consolidated financial statements.

(b) Basis of Consolidation

(i) Consolidated Entities

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of organizations that are controlled by UBC, as well as its proportional interest in government partnerships. Government business enterprises are accounted for using the modified equity method.

The following organizations, which are 100% controlled by the University, are consolidated in these financial statements. Inter-organizational transactions, balances, and activities have been eliminated on consolidation.

- UBC Investment Management Inc., formerly UBC Investment Management Trust Inc., serves as the investment manager for the University's main endowment fund, working capital fund and the Staff Pension Plan.
- UBC Foundation was established under the University Foundations Act to encourage financial support for the University.
- American Foundation for UBC is a registered public charity that was created to develop public awareness and encourage financial support for the University in the United States.

2 Significant Accounting Policies (continued)

(b) Basis of Consolidation (continued)

(i) Consolidated Entities (continued)

- Hong Kong Foundation for UBC is a charitable institution that was created to develop public awareness and encourage financial support for the University in Hong Kong.

- UK Foundation of the University of British Columbia is a registered charity that was established to advance and promote education and research activities for the University.

- UBC Asia Pacific Regional Office Limited, a Hong-Kong based association that promotes and advances the academic and research interests of the University and its partners in the Asia Pacific region.

- UBC Ventures Management Inc., formerly entrepreneurship@UBC Management Inc., is the entity responsible for managing UBC's investment portfolio in start-up ventures.

(ii) Investment in Government Business Enterprises

Government business enterprises are accounted for using the modified equity method. Under this method, the University's investment in the business enterprise, as well as its net income and other changes in equity, are recorded as earned. No adjustment is made to conform the accounting policies of the government business enterprise to those of UBC other than if other comprehensive income exists, which is accounted for as an adjustment to the accumulated surplus (deficit) of the University. Inter-organizational transactions and balances have not been eliminated, except for any profit or loss on transactions between entities of assets remaining within the entities controlled by UBC.

The following organizations are government business enterprises and are accounted for using the modified equity method

- UBC Properties Investments Ltd. ("UBCPIL") (100% interest)
- Great Northern Way Campus Trust ("GNWCT") (25% interest)

(iii) Investment in Government Partnerships

Government partnerships are accounted for using the proportionate consolidation method. The consolidated financial statements include the University's 20% interest in Western Canadian Universities Marine Sciences Society, which operates as Bamfield Marine Sciences Centre.

(c) Cash and Cash Equivalents

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

2 Significant Accounting Policies (continued)

(d) Revenue Recognition

(i) Grants, Contributions, and Donations

Revenue recognition for grants, contributions, and donations depends on whether external restrictions exist over the use of the funds as set out by the contributor.

Unrestricted

Grants, contributions, and donations without external restrictions are recognized as revenue when received or receivable.

Restricted for Specific Purposes Other than Endowment or the Acquisition or Development of Tangible Capital Assets

Grants, contributions, and donations with external restrictions are initially recorded as deferred contributions and are recognized to revenue when the expenditures that satisfy the restrictions are incurred.

Restricted for the Acquisition or Development of Tangible Capital Assets

Grants, contributions, and donations received for the acquisition or development of tangible capital assets are initially recorded to deferred capital contributions and are recognized to revenue at the same rate that the amortization of the related tangible capital asset is recorded.

Restricted for Endowment

Donations received for restricted use endowments are recorded directly to the annual surplus in the Consolidated Statement of Operations and Accumulated Surplus when received or receivable.

(ii) Tuition and Student Fees and Sales and Services

Tuition and student fees, as well as sales and services, are recorded as revenue when the performance obligations are met. Amounts received in advance of the provision of services or goods are recorded as deferred revenue.

(iii) Land Lease Revenue

The University enters into prepaid lease agreements for residential and commercial properties for a period of 99 years. The prepaid amount is initially recognized as deferred land lease revenue when the lease contract has been entered into and then recognized as revenue over the 99-year lease term.

2 Significant Accounting Policies (continued)

(d) Revenue Recognition (continued)

(iv) Investment Income

Portfolio Investments and Unrestricted Endowment Investments

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

Unrealized gains and losses representing the change in fair value of investments are initially recorded in the Statement of Remeasurement Gains and Losses and recognized as investment income upon the sale of the investments.

Restricted Endowment Investments

The total investment earnings on restricted endowment investments are initially recorded as deferred contributions and recorded as investment income when the expenditures that satisfy the restrictions are incurred.

Total investment earnings include investment income and unrealized gains and losses representing the change in fair value of the endowment investments.

(e) Financial Instruments

Financial instruments are classified into the following two categories:

(i) Fair Value Category

Portfolio investments that are quoted in an active market, derivatives, private equity investments managed on a fair value basis, and sinking fund investments are all reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense.

The financial instruments measured at fair value held within each investment category are classified according to a hierarchy that includes three levels, reflecting the reliability of the inputs involved in the fair value determination. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

2 Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

(ii) Cost / Amortized Cost Category:

Cash and cash equivalents, and private equity investments not managed on a fair value basis are recorded at cost. Fixed income investments held for specific purposes are recorded at amortized cost. Other financial instruments including accounts receivable, promissory notes receivable, housing and other loans receivable, and accounts payables, are recorded at amortized cost. Debt is measured at amortized cost adjusted for discounts, premiums, and issue costs using the effective interest rate method. Gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Surplus upon derecognition or impairment.

(f) Inventories for Resale

Inventories held for resale are recorded at the lower of cost or net realizable value. Cost is determined using the weighted average basis. It includes invoice cost and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is estimated not to be recoverable.

(g) Non-financial Assets

Non-financial assets are unavailable 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 directly attributable to the acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at fair value at the date of contribution.

Tangible capital assets are amortized on a straight-line basis over their estimated useful life as shown below. Land is not amortized as it is deemed to have a permanent value.

Site improvements	15-80 years
Buildings and renovations	5-50 years
Furnishings, equipment and systems	3-10 years
Library books	10 years

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

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

2 Significant Accounting Policies (continued)

(g) Non-financial Assets (continued)

(ii) Leased Tangible Capital Assets

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

(iii) Unrecognized Assets

Major categories of unrecognized assets include works of art and historical collections and licenses.

(iv) Inventories Held for Use

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

(h) Employee Benefits

The pension plan for faculty members is a defined contribution plan, and the pension plan for staff is a target benefit plan. The assets and liabilities of these plans are not recognized in the University’s financial statements. The University’s contributions to these plans are recorded as an expense in the period in which they are due.

The supplemental pension arrangement is a defined contribution plan. The liabilities under this arrangement are the general liabilities of the University. The University is the sole legal and beneficial owner of the assets under this arrangement. These assets and liabilities are recognized in the University’s financial statements and are managed on a fair value basis. The University’s contributions to this arrangement are recorded as an expense in the period in which they are due.

Certain employee benefits that vest or accumulate are recognized as expenses and liabilities in the period in which the employee provides the services.

(i) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment by a chemical, organic or radioactive material or live organism that exceeds an environmental standard. Liabilities are recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the University is directly responsible or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

2 Significant Accounting Policies (continued)

(j) Asset Retirement Obligation

Asset retirement obligations are legal or statutory obligations related to future costs associated with the retirement of tangible capital assets. These costs include the removal of hazardous materials such as asbestos and the decommissioning of facilities and equipment.

Asset retirement obligations are initially measured on the estimated future cash flows required to settle the liability and discounted using the University's cost of borrowing. Subsequent to initial measurement, asset retirement obligations are adjusted to reflect the passage of time and changes in the estimated future cash flows. The increase in the obligation due to the passage of time is recognized as accretion expense in the Statement of Operations.

The increases and decreases due to changes to the estimated future cash flows are recognized to the carrying value of the underlying asset and amortized over the asset's remaining useful life. For those changes associated with fully amortized tangible capital assets (and unrecognized tangible capital assets), these are recorded to expense in the Consolidated Statement of Operations and Accumulated Surplus. Actual costs incurred upon settlement are charged against the obligation.

(k) Use of Estimates

The preparation of these consolidated financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates and assumptions relate to the determination of useful lives of tangible capital assets for amortization and the amortization of related deferred capital contributions, valuation of financial instruments, the present value of employee future benefits, provisions for contingencies, and future cash flows associated with asset retirement obligations. When actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(l) Functional Classification of Expenses

Expenses in 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) Learning - This function includes expenses related to all direct educational delivery within the institution and activities that directly support the academic functions of the institution. This includes credit and non-credit courses, diploma, certificate and degree programs, continuing education, curriculum and program development, libraries and galleries, online delivery and information technology. Costs associated with this function include contract expenses, Deans/Directors and/or Chairs, instructional administration (general and financial), support staff, and support costs directly related to these activities.

(ii) Research - This function includes research activities specifically funded by contracts and/or grants from external organizations and undertaken within the institution to produce research outcomes. Costs associated with this function include research administration, research accounting, support costs established to conduct all research projects, and research-related amortization.

(iii) Facilities - This function includes all capital asset related expenditures for the operation of the University. These include the operation and maintenance of physical plant and equipment for all institutional activities, utilities, facilities administration, custodial services; landscaping and groundskeeping, major repairs and renovations, security services, administration of infrastructure development, amortization expense (other than research related), and debt servicing costs related to the entire University.

2 Significant Accounting Policies (continued)

(l) Functional Classification of Expenses (continued)

(iv) Students - This function includes activities that directly support individual students or groups of students. These include student service administration, counseling, career services, social development and recreation, financial aid administration, scholarships and bursaries, any other centralized general and financial administration, and support costs related to these activities. It also includes ancillary operations that provide goods and services to the students, endowment award related funding, and award funds that support students. Costs associated with this function include general and financial administration and support costs directly related to these activities.

(v) Community engagement - This function includes activities that support the relationship between the University and the community. It includes campus planning, advancement and development office, alumni, public / government relations, community affairs, and any other centralized institution-wide external affairs. Costs associated with this function include general, financial administration, and support costs directly related to these activities.

(vi) Administration - This function includes activities that support the institution as a whole, such as executive management; governance committees; the Board and Senate; corporate finance; human resources; purchasing; and any other centralized institution-wide general administrative activities.

3 Cash and Cash Equivalents

	2025 $'000	2024 $'000
Cash	88,590	78,191
Cash equivalents	315,117	203,884
	403,707	282,075

4 Accounts Receivable

	2025 $'000	2024 $'000
Research receivables	74,850	101,544
Distribution receivable from UBCPIL	96,884	80,884
Receivables from the Province of British Columbia	22,497	20,696
Other receivables	96,116	84,182
Total accounts receivable	290,347	287,306
Allowance for doubtful accounts	(12,140)	(10,422)
Net accounts receivable	278,207	276,884

5 Promissory notes receivable

	2025 $'000	2024 $'000
UBCPIL	-	57,000
GNWCT	15,602	15,472
	15,602	72,472

During the prior year (year ending March 31, 2024), UBCPIL issued unsecured promissory notes to the University bearing an annual interest which is the greater of 2.5% or the Royal Bank of Canada prime rate less 1% and maturing on September 30, 2025. During the year ended March 31, 2025, UBCPIL settled the promissory notes in full.

During the prior year (year ending March 31, 2024), GNWCT issued a $15.2 million promissory note to the University, payable on demand and bearing interest at the CRA prescribed rate for shareholder loans. During the year ended March 31, 2025, GNWCT amended the interest-bearing promissory note to non-interest bearing, as well as issued additional $0.3 million promissory notes to the University, which are payable on demand and bear no interest (Note 8(b)).

6 Housing and Other Loans Receivable

	2025 $'000	2024 $'000
Loans receivable	26,164	27,797
Housing and other loans receivable	52,329	48,908
	78,493	76,705

(a) Loans receivable are issued for building construction and improvements in accordance with loan agreements between the University and student societies or student union, and are paid by student fees. The loans have terms ranging from 20 to 35 years at an interest rate of 5.75% per annum, are repayable at any time, and are unsecured.

(b) Housing loans are issued in accordance with the University's Housing Action Plan. These loans include first and second mortgages with maturities of up to 30 years and are either interest-free or at the CRA prescribed interest rate. Payment terms involve interest only payments, with the principal becoming payable at the earliest occurrence of the following events: borrower's option, sale of the residence, termination of employment, or maturity of the loan.

7 Investments

(a) Investments are presented in the consolidated financial statements as follows:

	2025 $'000	2024 $'000
Portfolio investments	776,493	786,694
Endowment (expendable balance)	1,458,115	1,202,431
Endowment (non-expendable balance)	1,183,767	1,134,557
	3,418,375	3,123,682

(b) The composition of investments is as follows:

March 31, 2025	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Investments carried at fair value				
Portfolio investments:				
Fixed income and pooled mortgage	725,587	724,587	-	1,000
Canadian equities	5,921	5,921	-	-
United States equities	8,354	8,354	-	-
Private equity	5,163	-	-	5,163
International equities	1,068	1,068		-
Total portfolio investments recorded at fair value	746,093	739,930	-	6,163
Endowment investments:				
Cash and short-term notes	51,630	51,630	-	-
Fixed income mutual funds	76,870	76,870	-	-
Canadian equities	76,991	76,991	-	-
Canadian equities mutual funds	1,702	1,702	-	-
International equities mutual funds	1,147,252	1,147,252	-	-
Real estate	212,658	-	-	212,658
Private equity	302,458	-	-	302,458
Hedge fund	109,924	-	-	109,924
Infrastructure equity	322,462	-	-	322,462
Private debt	317,369	-	-	317,369
Other	22,566	-	22,476	90
Total endowment investments recorded at fair value	2,641,882	1,354,445	22,476	1,264,961
Total investments at fair value	3,387,975	2,094,375	22,476	1,271,124
Portfolio investments at amortized cost	30,400	-	-	-
Total	3,418,375	2,094,375	22,476	1,271,124

7 Investments (continued)

(b) The composition of investments is as follows (continued):

March 31, 2024	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Investments carried at fair value				
Portfolio investments:				
Fixed income and pooled mortgage	733,217	732,217	-	1,000
Canadian equities	2,449	2,449	-	-
United States equities	14,658	14,658	-	-
Private equity	4,770	-	-	4,770
Total portfolio investments recorded at fair value	755,094	749,324	-	5,770
Endowment investments:				
Cash and short-term notes	73,210	73,210	-	-
Fixed income mutual funds	47,929	47,929	-	-
Canadian equities	74,862	74,862	-	-
Canadian equities mutual funds	1,602	1,602	-	-
International equities mutual funds	1,054,854	1,054,854	-	-
Real estate	176,693	-	-	176,693
Private equity	241,028	-	-	241,028
Hedge fund	124,474	-	-	124,474
Infrastructure equity	269,135	-	-	269,135
Private debt	252,193	-	-	252,193
Other	21,008	-	20,967	41
Total endowment investments recorded at fair value	2,336,988	1,252,457	20,967	1,063,564
Total investments at fair value	3,092,082	2,001,781	20,967	1,069,334
Portfolio investments at amortized cost	31,600			
Total	3,123,682	2,001,781	20,967	1,069,334

(c) The following table reconciles the changes in fair value of financial instruments classified as Level 3 during the year:

	2025 $'000	2024 $'000
Balance, beginning of year	1,069,334	984,941
Unrealized gains	118,105	13,013
Purchases	245,393	209,418
Dispositions	(161,708)	(138,038)
Balance, end of year	1,271,124	1,069,334

7 Investments (continued)

(d) Endowment Investments

(i) Endowment investments are recorded as financial assets (expendable) and non-financial assets (non-expendable). The non-expendable component represents the original donation that is held in perpetuity and its use is restricted by the donors. The expendable portion represents the accumulated net investment earnings less the accumulated spend.

The University's policy sets out an objective to maintain the purchasing power of the original contributions. Accordingly, on an annual basis, an amount based on inflation is internally allocated within the expendable portion of the endowment assets. However, in the event that net investment income is insufficient to fund the spending amount, this amount is available to fund the spending amount.

	2025 $'000			2024 $'000		
	Non-expendable	Expendable	Total	Non-expendable	Expendable	Total
Balance, beginning of year	1,134,557	1,202,431	2,336,988	1,087,854	1,035,628	2,123,482
Donations received	45,904	-	45,904	44,615	-	44,615
Internal transfers	3,306	24,000	27,306	2,088	-	2,088
Transfers to/from cash	-	1,787	1,787	-	1,686	1,686
Investment income (loss)	-	332,564	332,564	-	265,039	265,039
Expenses	-	(102,667)	(102,667)	-	(99,922)	(99,922)
Balance, end of year	1,183,767	1,458,115	2,641,882	1,134,557	1,202,431	2,336,988

(ii) Endowments Held by Vancouver Foundation

Endowments with a fair value of $20.9 million (March 31, 2024 - $19.4 million) are held and managed by Vancouver Foundation and are included in the University's consolidated financial statements. The University has the discretion to direct Vancouver Foundation to transfer the whole or any part of the capital of these endowment funds to the University. During the year ended March 31, 2025, $nil transfers were made to the University's endowment (March 31, 2024 - $nil) from these funds.

8 Investments in Government Business Enterprises

The University's investment in government business enterprises is as follows:

	Note	2025 $'000	2024 $'000
UBCPIL	8(a)	25,261	34,713
GNWCT	8(b)	(219)	(996)
Total		25,042	33,717

The University's income from government business enterprises is as follows:

	Note	2025 $'000	2024 $'000
UBCPIL	8(a)	7,530	23,728
GNWCT	8(b)	1,054	613
Total		8,584	24,341

(a) UBCPIL

UBCPIL was created on January 20, 1999, under the Business Corporations Act of British Columbia, and is the corporate trustee of UBC Properties Trust ("UBCPT"). The University is the sole shareholder of UBCPIL and the sole beneficiary of UBCPT. UBCPT develops, owns and operates a diversified portfolio of residential, mixed use and commercial properties for the sole benefit of the University.

The continuity of the University's investment in UBCPIL is as follows:

	2025 $'000	2024 $'000
Investment, beginning of year	34,713	43,126
Net income	46,312	51,808
Other comprehensive loss	(7,017)	(6,733)
Distributions declared	(48,747)	(53,488)
Investment, end of year	25,261	34,713

Condensed financial information of UBCPIL is as follows:

Consolidated Statement of Financial Position	2025 $'000	2024 $'000
Financial assets	168,352	175,171
Liabilities	1,107,302	949,083
Net liabilities	(938,950)	(773,912)
Non-financial assets	964,211	808,625
Accumulated surplus	25,261	34,713

8 Investments in Government Business Enterprises (continued)

(a) UBCPIL (continued)

Consolidated Statement of Operations	**2025 $'000**	**2024 $'000**
Revenue	143,342	115,566
Expenses	97,030	63,758
Surplus for the year	46,312	51,808
Adjustment to defer land sales	(38,782)	(28,080)
Surplus	7,530	23,728

UBCPIL recognizes revenue from sales of 99-year leases when the contract has been entered into and all performance obligations have been met, including the transfer of control of the prepaid lease. The University defers these revenues in its Consolidated Statement of Financial Position and amortizes the balance to its Consolidated Statement of Operations and Accumulated Surplus over the duration of the leases (Note 14).

During the year ended March 31, 2025, UBCPIL declared $48.7 million in distributions to the University (March 31, 2024 - $53.5 million). UBCPIL invoiced the University $4.7 million (March 31, 2024 - $6.9 million) for project management fees. The University collected $8.7 million in infrastructure development charges from UBCPIL (March 31, 2024 - $11.7 million).

(b) GNWCT

GNWCT was formed on September 15, 2002 for the benefit of the University, Simon Fraser University, the British Columbia Institute of Technology, and the Emily Carr University of Art + Design. GNWCT manages and operates real estate and property management, financial and endowment management and supports the academic programs at the Centre for Digital Media, including the Master of Digital Media graduate degree program. The University has a 25% interest in GNWCT.

The continuity of the University's investment in GNWCT is as follows:

	2025 $'000	**2024 $'000**
Investment, beginning of year	(996)	13,634
Share of net income	1,054	613
Distributions declared	(277)	(15,243)
Investment, end of year	(219)	(996)

Condensed financial information of GNWCT is as follows:

Consolidated Statement of Financial Position	**2025 $'000**	**2024 $'000**
Financial assets	54,254	50,428
Liabilities	69,194	69,321
Net assets	(14,940)	(18,893)
Non-financial assets	14,066	14,908
Accumulated surplus	(874)	(3,985)
UBC's proportionate share of accumulated surplus (25%)	(219)	(996)

8 Investments in Government Business Enterprises (continued)

(b) GNWCT (continued)

Consolidated Statement of Operations	**2025 $'000**	**2024 $'000**
Revenue	10,023	10,215
Expenses	5,806	7,765
Net income	4,217	2,450
UBC's proportionate share of net income (25%)	1,054	613

During the year ended March 31, 2025, GNWCT declared $0.3 million in distributions to the University (March 31, 2024- $15.2 million).

9 Accounts Payable and Accrued Liabilities

	2025 $'000	**2024 $'000**
Accounts payable and accrued liabilities	243,565	205,938
Salaries and benefits payable	71,239	67,304
Accrued vacation pay	49,108	50,831
Amounts payable to UBCPIL	17,231	26,073
	381,143	350,146

10 Deferred Revenue

	2025 $'000	**2024 $'000**
Tuition and fees	79,003	92,565
Student housing	32,985	29,762
Infrastructure funding	19,488	20,001
Other	24,286	23,838
	155,762	166,166

11 Employee Future Benefits

(a) Description of the Pension Plans

The University has two pension plans and a supplemental arrangement providing pension and other benefits to its employees.

Faculty Pension Plan

The Faculty Pension Plan is a defined contribution plan that provides benefits on a money purchase basis. The cost of pension benefits includes the current service cost based on 10% of salary (2024 - 10.0%), less a fixed offsetting amount related to Canada Pension Plan contributory earnings. The University recognizes its contributions as expenses when the related service is provided.

Staff Pension Plan

The Staff Pension Plan is a target benefit plan that provides benefits based on 1.8% (March 31, 2024 - 1.8%) of the average best three years' basic salary multiplied by the number of years of contributory service. The University's contribution for the Staff Pension Plan is 9.4% of salary (March 31, 2024 - 9.4%). In the event of funding deficiencies, the University's contributions remain fixed and benefits for members may be reduced. The University accounts for this as a defined contribution plan and expenses its contributions when the related service is provided. Benefits security for employees is improved by the plan maintaining a contingency reserve. The contingency reserve ceiling recommended by the plan's actuary and approved by the pension board and Canada Revenue Agency is 40% of liabilities.

Supplemental Arrangement

The Supplemental Arrangement was established for employees whose aggregate annual pension contributions exceed the contribution limit allowed under the Income Tax Act for registered plans. The University contributes the excess amounts to each member's supplemental account. These supplemental accounts under this arrangement are the general liability of the University. The University invests these funds and retains the sole legal and beneficial ownership of the assets.

The Supplemental Arrangement is a money purchase plan, and the amount in the member's supplemental account will be adjusted for investment experience. No payments are made out of the Supplemental Arrangement account before the earliest of the member's termination, retirement, or death.

(b) Contributions to Pension Plans

The University's contributions to each of the pension plans were as follows:

	2025 $'000	2024 $'000
Faculty Pension Plan	58,770	57,128
Staff Pension Plan	83,557	80,282
Supplemental Arrangement	7,139	6,306
	149,466	143,716

11 Employee Future Benefits (continued)

(c) Income Replacement Plan ("IRP") / Disability Benefit Plan ("DBP") and Accumulated Sick Leave Benefit

(i) IRP / DBP

The IRP for faculty and the DBP for all other employees provides income for disabled employees. The costs of these plans are employee funded. The University is not required to contribute to the plans or responsible for any deficit that the plans may incur. These plans commence after a qualifying period of four months for CUPE 2950 employees and six months for all other employees. When an employee receives income replacement or disability benefits, the University continues to cover the costs of certain employee benefits. An actuarial valuation of these benefits was carried out as at March 31, 2024.

(ii) Sick Leave Benefits

The University's employees are entitled to sick leave in accordance with the terms and conditions of their employment contracts. The costs of these benefits which vest or accumulate, are actuarially determined based on service, estimates of retirement ages, and expected future salary or wage increases. The obligation is accrued based on projected benefits as employees render services necessary to earn the future benefits. Actuarial gains and losses from event-driven benefits that do not vest or accumulate are recognized immediately in the Consolidated Statement of Operations and Accumulated Surplus. An actuarial valuation of these benefits was carried out as at March 31, 2025.

(iii) The accrued benefit obligations of these benefits are as follows:

	Sick Leave $'000	IRP and DBP $'000	2025 $'000	2024 $'000
Balance, beginning of year	3,027	17,031	20,058	15,681
Current service and interest cost	1,166	4,555	5,721	3,564
Benefits paid	(1,280)	(1,822)	(3,102)	(3,112)
Actuarial loss	529	-	529	3,925
Balance, end of year	3,442	19,764	23,206	20,058

Components of net benefit expense:	2025 $'000	2024 $'000
Service cost	4,705	3,099
Interest cost	1,016	465
Net benefit expense	5,721	3,564

(iv) The actuarial assumptions are as follows:

	Sick Leave $'000		IRP and DBP $'000	
	2025	2024	2025	2024
Discount rate	3.10%	3.10%	4.60%	4.60%
Expected wage and salary increases	2.50%	2.50%	2.00%	2.00%

12 Deferred Contributions

Deferred contributions represent unspent externally restricted grants, contributions, and donations. The deferred contributions for endowments represent the remaining unspent accumulated investment return, which includes an amount for the preservation of capital purchasing power.

	2025 $'000	2024 $'000
Research	542,435	552,321
Trust	245,741	212,741
Endowment	1,063,662	887,483
Balance, end of year	1,851,838	1,652,545

Changes in deferred contributions are as follows:

2025 $'000	Research	Trust	Endowment	Total
Balance, beginning of year	552,321	212,741	887,483	1,652,545
Grants, donations and endowment investment income	545,219	419,222	256,254	1,220,695
Recognized to revenue	(555,105)	(386,222)	(80,075)	(1,021,402)
Balance, end of year	542,435	245,741	1,063,662	1,851,838

2024 $'000	Research	Trust	Endowment	Total
Balance, beginning of year	561,292	181,819	749,706	1,492,817
Grants, donations and endowment investment income	532,733	383,978	214,823	1,131,534
Recognized to revenue	(541,704)	(353,056)	(77,046)	(971,806)
Balance, end of year	552,321	212,741	887,483	1,652,545

13 Deferred Capital Contributions

Contributions that are restricted for the purpose of acquiring or developing a tangible capital asset are recorded as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the related tangible capital asset and at the same rate that amortization of the tangible capital asset is recorded.

Changes in deferred capital contributions are as follows:

	2025 $'000	2024 $'000
Balance, beginning of year	1,831,609	1,753,943
Grants, contributions and donations	182,999	163,223
Current year amortization	(90,974)	(85,557)
Balance, end of year	1,923,634	1,831,609

Deferred capital contributions are comprised of the following:

Contributions used to acquire tangible capital assets	1,822,568	1,718,463
Unspent capital contributions	101,066	113,146
	1,923,634	1,831,609

14 Deferred Land Lease Revenue

Deferred land lease revenue represents the unamortized balance of the 99-year prepaid land leases:

	2025 $'000	2024 $'000
Balance, beginning of year	1,115,978	1,090,305
Additions	48,799	37,723
Current year amortization	(12,431)	(12,050)
Balance, end of year	1,152,346	1,115,978

15 Debt

Debt is measured at amortized cost as follows:

	Maturity Date	Interest Rate	2025 $'000	2024 $'000
Debentures, Series A, unsecured	2031	6.65%	127,145	127,093
Debentures, Series B, unsecured	2035	4.82%	125,700	125,687
Debentures, Province of BC, unsecured	2037	4.70%	126,641	126,655
Debentures, Province of BC, unsecured	2050	2.95%	18,365	18,452
Demand loan	Demand	3.49% - 5.15%	233	233
			398,084	398,120
Less sinking fund investments			(44,379)	(38,835)
Total			353,705	359,285

The principal portion of debt repayments over the next five years and thereafter are as follows:

	2026 $'000	2027 $'000	2028 $'000	2029 $'000	2030 $'000	Thereafter $'000
Debentures, Series A	-	-	-	-	-	125,000
Debentures, Series B	-	-	-	-	-	125,000
Debentures Province of BC	-	-	-	-	-	140,282
Demand loan	233	-	-	-	-	-
Total	233	-	-	-	-	390,282

Interest expense for the year on outstanding debt was $20.6 million (March 31, 2024 - $20.7 million) and is recorded on the Consolidated Statement of Operations and Accumulated Surplus.

Sinking fund payments are made annually and are invested in fixed income securities as directed by the Province of BC. The cumulative balance will be applied towards the repayment of the Province of BC debenture maturing in 2037. The market value of sinking fund investments as at March 31, 2025 was $44.4 million (March 31, 2024 - $38.8 million).

The University will make sinking fund payments over the next five years and thereafter as follows:

	2026 $'000	2027 $'000	2028 $'000	2029 $'000	2030 $'000	Thereafter $'000
Sinking fund investments	2,006	2,006	2,006	2,006	2,006	16,046

The University has a seasonal revolving line of credit. From September 1 to May 31, the line of credit is CAD $40 million, and from June 1 to August 31, the line of credit is increased to CAD $60 million. This operating facility includes, as a sub-limit, a US dollar current account overdraft facility of up to US $5 million (March 31, 2024 - $5 million). As at March 31, 2025 and 2024, there were no amounts outstanding on the line of credit.

16 Asset Retirement Obligations

	2025 $'000	2024 $'000
Balance, beginning of year	49,944	53,974
Accretion expense	1,700	1,673
Change in estimates	1,834	(4,812)
Liabilities settled	-	(891)
Balance, end of year	53,478	49,944

During the year ended March 31, 2025, the University recorded $1.8 million in Facilities expense (March 31, 2024 - $4.8 million as a recovery to Facilities expense) in the Consolidated Statement of Operations and Accumulated Surplus related to the change in the estimates.

Estimated undiscounted cash flows required to settle asset retirement obligations are $96.1 million (March 31, 2024 - $91.9 million), which are expected to be paid during the years ending March 31, 2025 to 2069. As at March 31, 2025, the estimated future cash flows were discounted using the University's estimated long-term borrowing rate of 4.54% (March 31, 2024 – 4.52%).

17 Tangible Capital Assets

Cost	2024 $'000	Additions and Transfers $'000	Change in Assets Under Construction $'000	Disposals $'000	2025 $'000
Land	18,094	-	-	-	18,094
Site improvements	294,743	78	5,535	1,253	299,103
Buildings and renovations	4,726,133	7,095	340,697	41,249	5,032,676
Furnishings, equipment and systems	748,267	27,728	43,376	83,067	736,304
Library books	159,989	15,468	-	16,680	158,777
Assets under construction	641,043	430,016	(389,688)	-	681,371
Leasehold improvements	9,564	8	80	-	9,652
Total	6,597,833	480,393	-	142,249	6,935,977

Accumulated Amortization	2024 $'000	Amortization $'000	Disposals $'000	2025 $'000
Site improvements	79,999	7,720	1,253	86,466
Buildings and renovations	1,718,317	130,782	41,249	1,807,850
Furnishings, equipment and systems	379,308	104,712	83,067	400,953
Library books	82,369	15,770	16,680	81,459
Leasehold improvements	2,483	1,030	-	3,513
Total	2,262,476	260,014	142,249	2,380,241

17 Tangible Capital Assets (continued)

Cost	2023 $'000	Additions and Transfers $'000	Change in Assets Under Construction $'000	Disposals $'000	2024 $'000
Land	18,094	-	-	-	18,094
Site improvements	292,477	2,111	1,690	1,535	294,743
Buildings and renovations	4,631,464	18,512	121,104	44,947	4,726,133
Furnishings, equipment and systems	722,685	48,469	55,887	78,774	748,267
Library books	158,219	14,161	-	12,391	159,989
Assets under construction	424,779	395,022	(178,758)	-	641,043
Leasehold improvements	8,871	618	77	2	9,564
Total	6,256,589	478,893	-	137,649	6,597,833

Accumulated Amortization	2023 $'000	Amortization $'000	Disposals $'000	2024 $'000
Site improvements	74,278	7,256	1,535	79,999
Buildings and renovations	1,636,797	126,467	44,947	1,718,317
Furnishings, equipment and systems	355,683	102,399	78,774	379,308
Library books	79,047	15,713	12,391	82,369
Leasehold improvements	1,231	1,254	2	2,483
Total	2,147,036	253,089	137,649	2,262,476

Net Book Value	2025 $'000	2024 $'000
Land	18,094	18,094
Site improvements	212,637	214,744
Buildings and renovations	3,224,826	3,007,816
Furnishings, equipment and systems	335,351	368,959
Library books	77,318	77,620
Assets under construction	681,371	641,043
Leasehold improvements	6,139	7,081
Total	4,555,736	4,335,357

18 Accumulated Surplus

Accumulated surplus is comprised of the following:	2025 $'000	2024 $'000
Investment in tangible capital assets	1,667,412	1,582,013
Externally restricted endowments	1,183,767	1,137,557
Internally restricted	439,729	395,886
Unrestricted	(478,050)	(455,394)
Accumulated remeasurement gains	133,456	50,642
Total	2,946,314	2,710,704

Investment in tangible capital assets represents the cost of capital assets acquired by the University, net of funding from restricted capital contributions, debt, amounts received from land development activities, and asset retirement obligations.

Externally restricted endowments represent donor funding held in perpetuity.

Internally restricted represents amounts set aside by the University's Board of Governors for research, academic support, student financial aid, and the University's Liquidity Fund.

Unrestricted represents amounts generated from the University's operating and ancillary activities less internally restricted balances and investments in tangible capital assets.

19 Financial Risk Management

The University is exposed to financial risks from its financial instruments.

Market Risk

Market risk is the risk of fluctuations in the value of financial instruments due to changes in market prices, whether caused by factors specific to the individual financial instrument or factors affecting financial instruments traded in the market.

The University's primary exposure to market risk is through its financial instruments that are held in cash and cash equivalents, and portfolio and endowment investments. The market risks that the University is exposed to include interest rate risk, foreign exchange risk, and price risk.

The University manages these risks by establishing investment policies and frameworks for these investments. These policies set out the return and risk objectives of each fund and establish parameters for asset mix, investment managers, credit quality, and foreign exchange exposure. These policies are approved by the University's Board of Governors which also reviews and monitors the financial performance against these frameworks and policies.

Liquidity Fund and Working Capital Fund ("WCF")

The University's cash and cash equivalents and portfolio investments are primarily held within the Liquidity Fund and WCF.

The Liquidity Fund represents $100 million of the University's working capital held to meet short-term operating requirements and is invested to preserve capital and maintain liquidity. Investments are limited to bank deposits, high quality money market securities, and senior government deposits. The Liquidity Fund is not exposed to foreign exchange risk as it does not hold any foreign currency investments.

19 Financial Risk Management (continued)

The primary objective of the WCF is to preserve capital and provide additional liquidity to the University beyond the $100 million in the Liquidity Fund. The WCF is invested in pooled institutional fixed income and mortgage funds, and the Province of British Columbia’s Provincial Central Deposit Program. Foreign currency risk is managed by limiting foreign currency exposure to 10% of the investment portfolio.

Main Endowment Pool (“MEP”)

The MEP holds 95% of the carrying value of the endowment funds and is governed by a Statement of Investment Policy (“SIP”) approved by the University’s Board of Governors. The SIP defines the investment governance structure, return objective and tolerance for investment risk. The objective of the MEP is to earn investment returns to support a long-term sustainable spend rate and maintain the inflation-adjusted value of the capital to preserve intergenerational equity within the stated risk tolerance level.

The UBC Board of Governors has approved a reference portfolio for the MEP that represents the University’s risk tolerance and serves as a benchmark to measure the investment risk in the actual investment portfolio. Market risk is managed by setting parameters and constraints for the weighting of various investment asset classes and with careful evaluation and due diligence in the selection of investment managers. The University reviews the investment portfolio returns, asset mix weightings and the forward-looking volatility of the investment portfolio compared to the reference portfolio on a quarterly basis to ensure it is in alignment with the University’s selected risk tolerance. The University also considers Environmental, Social and Governance (“ESG”) factors as potential investment risks in the MEP and integrates monitoring of ESG risks into its assessment and monitoring of investment managers as well as climate risk analysis into the evaluation of the MEP’s future returns.

The remaining endowment assets are held in investment funds as per the agreements with the respective donors.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument fails to meet its contractual obligations. The University is exposed to credit risk through its accounts receivable balances, which includes receivables from the Province of British Columbia and the Government of Canada, tuition receivables, the distribution receivable from UBCPIL, and promissory notes receivable from GNWCT. The risk from remaining receivables from other sources are limited.

Credit risk from receivables from senior governments is low. Credit risk from tuition receivables is managed by restricting enrollment activities for students with delinquent balances and through collection management. The University manages credit risk for the distribution receivable from UBCPIL by monitoring its real estate development activities and has representation on the Board of Directors of UBCPIL. The University manages credit risk for the promissory note receivable from GNWCT by monitoring activities through its representation on GNWCT’s Board of Directors and Advisory Committees. Counterparties to derivative instruments must have a long-term credit rating of A or higher.

Foreign Exchange Risk

The functional currency of the University is the Canadian dollar. The University conducts some transactions in foreign currencies, particularly the U.S. dollar (“USD”).

Foreign exchange risk is the risk that the fair value of financial instruments or future cash flows associated with those instruments will fluctuate due to changes in foreign exchange rates. The University is exposed to foreign exchange risk on financial instruments denominated in foreign currencies, including foreign currency bank accounts and currency forward contracts. The foreign exchange risk of these instruments has an insignificant impact on the University’s results of operations.

19 Financial Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the University may not be able to meet its financial obligations as they become due.

The University manages liquidity risk through active cash management utilizing the Liquidity Fund and the WCF. The University maintains a short-term liquidity target of 45 days of operating expenses, and an intermediate liquidity target of 90 days of operating expenses. In addition, the University maintains a seasonal line of credit ranging from $40 to $60 million and a $5 million USD current account overdraft facility.

The University prepares an annual operating budget to ensure that the University does not allocate any funding beyond its expected earnings. The operating budget, including capital expenditures, is monitored and updated as necessary. Significant capital projects require approval by the Board of Governors before commencement.

Interest Rate Risk

Interest rate risk is the risk that the fair value of financial instruments or future cash flows associated with those instruments will fluctuate due to changes in market interest rates.

The University is not exposed to changes in its cash flow due to changes in interest rates on its long-term debt as these borrowings are at fixed rates of interest. The University is exposed to interest rate risk through its sinking fund which is invested in fixed income funds

20 Government Grants and Contributions

	2025 $'000			2024 $'000		
	Operating	Restricted	Total	Operating	Restricted	Total
Province of BC	1,021,671	335,689	1,357,360	891,676	305,758	1,197,434
Government of Canada	34,395	356,583	390,978	34,565	345,882	380,447
Other governments	525	32,306	32,831	193	29,577	29,770
	1,056,591	724,578	1,781,169	926,434	681,217	1,607,651

During the current year, the University received restricted and unrestricted funding from the Province of British Columbia in the amount of $1,440 million (March 31, 2024 - $1,329 million). The amount recognized as revenue from funding received in the current year and prior years was $1,357 million (March 31, 2024 - $1,197 million). Unspent funding represents restricted contributions and is deferred in the Consolidated Statement of Financial Position.

21 Contractual Rights

The University has entered into multi-year research funding agreements whereby it has the opportunity to earn revenue of up to $71.1 million to March 31, 2031. The timing of revenue is uncertain as it is dependent on the University incurring eligible expenditures as defined within the funding agreements.

22 Contractual Obligations

The University has entered into multi-year contracts for construction, property leases, delivery of goods and services, and the purchase of private equity investments. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Amounts related to the unperformed portion of the contracts are shown in the tables below.

a) Commitments related to property leases and delivery of services are as follows:

	2026 $'000	2027 $'000	2028 $'000	2029 $'000	2030 $'000	Thereafter $'000
Construction contracts	316,161	151,106	34,397	662	7	7
Property leases	6,326	5,617	5,154	3,922	2,990	30,898
Services contracts	7,886	7,886	-	-	-	-
Student awards	17,695	-	-	-	-	-
Other	131,360	11,773	3,245	1,938	1,712	1,775
Total	479,428	176,382	42,796	6,522	4,709	32,680

Construction contracts include $244.5 million (March 31, 2024 - $310.7 million) in construction commitments of UBCPIL. Other contracts include contractually obligated purchase orders for goods and services which have not yet been received as of March 31, 2025.

b) Commitments related to the purchase of private equity investments are as follows:

	2026 $'000	2027 $'000	2028 $'000	2029 $'000	2030 $'000	Thereafter $'000
Private equity investments	159,716	66,135	39,212	10,158	4,022	3,307

23 Contingent Liabilities

The University is involved in litigation from time to time, which arises in the normal course of operations. Liabilities related to litigation are recognized in the consolidated financial statements when the outcome becomes reasonably determinable. In management's judgement, there is currently no significant negative exposure from existing litigation.

24 Related Party Transactions

Entities Under Common Control

The University is related through common control to the Province of British Columbia's ministries, agencies, school districts, health authorities, colleges, universities, and crown corporations. Transactions with these related parties, unless disclosed otherwise, are considered to be in the normal course of operations and are recorded at their exchange amounts, which is the amount of consideration established and agreed upon between the University and the related parties.

During the current year, the University recorded expenses in the Statement of Operations of $243.5 million (March 31, 2024 - $228.9 million), mostly related to medical education programs and research activities with health authorities and other post-secondary institutions.

Grants received from the Province of British Columbia are discussed in Note 20.

24 Related Party Transactions (continued)

The University has entered into operating leases and licensing agreements with entities under common control and non-business government partnerships in which the University charges nominal rates. Due to the nature and exchange of benefits between the University and the related parties, the fair values of these leases and licensing transactions are currently not determinable. All properties are located at either the Vancouver or Okanagan campus. The related parties are responsible for their operational and other applicable costs as defined in the agreements.

	Type	Term	Expiry
Vancouver Coastal Health Authority	Building lease	Monthly	-
Vancouver Coastal Health Authority	Building lease	25 years	2038
BC Transit	License	15 years	2032

UBCPIL

During the year ended March 31, 2024, the University agreed to advance UBCPIL up to $30 million related to construction costs for tenant improvements. During the current year, the University paid $7.7 million (March 31, 2024 - $22.3 million). Advances are recorded as Prepaid expenses and advances in the Statement of Financial Position.

Other transactions and balances between the University and UBCPIL have been reported separately in Notes 4, 5, 8 and 9.

25 Expenses by Object

	2025 $'000	2024 $'000
Salaries	2,042,575	1,907,128
Employee benefits	391,951	365,231
Supplies and sundries	369,682	358,022
Amortization of tangible capital assets	260,014	253,089
Grants and reimbursements to other agencies	207,047	178,787
Scholarships, fellowships and bursaries	188,186	182,176
Professional and consulting fees	129,296	138,601
Travel and field trips	56,547	57,053
Cost of goods sold	50,707	48,970
Utilities	34,645	35,658
Interest on long-term debt	20,635	20,732
	3,751,285	3,545,447

26 Grants and Reimbursements to Other Agencies

During the year ended March 31, 2025, the University distributed research and other funds to agencies totalling $207 million (March 31, 2024 - $178.8 million). These funds were distributed under agreements where the University acts as the administrative head and a portion of the activities are carried out at other agencies.

Reimbursements amounting to $145.2 million (March 31, 2024 - $132.7 million) were made to BC health authorities for payments made on behalf of the University for the Postgraduate Medical Education program.

27 Difference between FRF and PSAS

	2025 $'000		
	FRF	PSAS	Difference
Liabilities			
Deferred capital contributions	1,923,634	-	1,923,634
Accumulated surplus	2,946,314	4,869,948	(1,923,634)
Revenues			
Government grants and contributions	1,781,169	1,949,592	(168,423)
Non-government grants, contributions and donations	256,531	271,108	(14,577)
Amortization of deferred capital contributions	90,974	-	90,974
Annual surplus	152,796	244,821	(92,025)

	2024 $'000		
	FRF	PSAS	Difference
Liabilities			
Deferred capital contributions	1,831,609	-	1,831,609
Accumulated surplus	2,710,704	4,542,313	(1,831,609)
Revenues			
Government grants and contributions	1,607,651	1,753,767	(146,116)
Non-government grants, contributions and donations	241,000	258,107	(17,107)
Amortization of deferred capital contributions	85,557	-	85,557
Annual surplus	118,016	195,682	(77,666)

28 Budget Figures

The budget was approved by the Board of Governors on March 27, 2024. These figures have been provided for comparative purposes.

29 Comparative Information

Certain comparative figures have been reclassified in order to provide presentational consistency with the current year.

THE UNIVERSITY OF BRITISH COLUMBIA