SIMON FRASER UNIVERSITY

Simon Fraser University

Annual Financial Report

March 31, 2026

Contents

MESSAGE FROM THE PRESIDENT

Over the past years, we have seen a large degree of change in Canada's post-secondary sector due to various factors, from shifting federal regulations to the rise of artificial intelligence. In response, SFU has evolved and demonstrated that our strength as a university community is in our ability to meet challenging moments and collaborate across teams to provide a quality learning environment for students and an excellent research, teaching and work environment for faculty and staff.

The 2025-26 Financial Report reflects these commitments and our collective efforts, guided by What's Next: The SFU Strategy and the 2025-2030 Academic Plan. With work led by Dilson Rassier, provost and vice-president academic and chief budget officer, SFU is navigating the transition to a stronger foundational structure that transforms the SFU experience and advances student outcomes for many years to come.

Thank you to the students, faculty and staff who have contributed to this work over the past year as we continue to advance an inclusive and sustainable future, together. SFU is committed to building a strong future-ready university that supports students, advances research and responds to the rapidly changing world of work.

Joy Johnson
President & Vice-Chancellor
Simon Fraser University

MESSAGE FROM THE VICE-PRESIDENT

I am pleased to present SFU's annual financial report for the 2025-26 fiscal year.

The financial pressures currently facing SFU, along with the entire Canadian post-secondary sector, are expected to continue for several years. In this environment, it is more important than ever that we make data-informed decisions, seek efficiencies and think carefully about when and where we invest our resources. SFU has responded to the challenges in the sector by strengthening our long-term planning processes, diversifying revenue streams and investing in institution-wide process improvements.

The entire SFU community has been working diligently to create a sustainable financial model for the university, and thanks to the work we have done to-date, SFU is on solid financial ground—but that work must continue in order for us to maintain our position and support future generations of students.

Thank you to all those who have contributed to our success, including past and present leadership and faculty and staff across the university.

Karamjeet Heer
Interim Vice-President, Finance and Administration
Associate Vice-President, Finance
Simon Fraser University

MANAGEMENT DISCUSSION AND ANALYSIS

(UNAUDITED)

Cautionary note on forward-looking statements

Some statements in this Management Discussion and Analysis (MD&A) are forward-looking statements, based on assumptions and addressing future events and conditions, and by their nature involve risks and uncertainties. Actual results could differ materially from those anticipated in forward-looking statements. Readers should not place undue reliance on any forward-looking statements. SFU does not undertake any obligation to update or revise these forward-looking statements to reflect events or circumstances after the date of this report, or to reflect the occurrence of unanticipated events, except as required by law.

About SFU

Simon Fraser University (the university, SFU) is a post-secondary institution with campuses in Burnaby, Vancouver and Surrey, British Columbia. The university operates under the University Act of British Columbia and in accordance with the mandate provided by the Ministry of Post-Secondary Education and Future Skills (the Ministry). SFU is governed by the Board of Governors, the majority of which are appointed by the Province of British Columbia. The academic governance of SFU is vested in the Senate.

SFU is a comprehensive university that offers a wide range of undergraduate, graduate and continuing education programs. The university has been recognized among the top universities worldwide in providing a world-class education and working with communities and partners to develop and share knowledge for deeper understanding and meaningful impact. Committed to excellence in everything we do, SFU fosters innovation to address global challenges and continues to build a welcoming, inclusive community where everyone feels a sense of belonging.

Simon Fraser University respectfully acknowledges the xʷməθkʷəy̓əm (Musqueam), Sḵwx̱wú7mesh Úxwumixw (Squamish), səl̓ilw̓ətaʔɬ (Tsleil-Waututh), q̓íc̓əy̓ (Katzie), kʷikʷəƛ̓əm (Kwikwetlem), Qayqayt, Kwantlen, Semiahmoo and Tsawwassen peoples on whose unceded traditional territories our three campuses reside.

Financial Planning and Accountability

Working within the mandates established by the Province of British Columbia, SFU's annual budget process includes revenue projections for the next several years to inform decision-making and annual workforce planning to match our finances with our guiding strategic documents, including SFU What's Next and the Academic Plan. The process culminates in the submission of the budget to the Board of Governors for approval prior to the start of the new fiscal year. The university has developed multi-year projections to assess long-term financial sustainability. This revised planning process brings enhanced financial scrutiny, stronger reporting and oversight to optimize resources including, investment in systems, ongoing savings and efficiency in support of an excellent work environment for research, teaching and learning. Additional information can be found in SFU's fiscal 2026–27 Budget and Financial Plan.

SFU is part of the Government Reporting Entity (GRE) of the Province of British Columbia, and as such, is required to present its financial statements 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 as described in Note 2 of the Consolidated Financial Statements. The Ministry requires SFU to maintain a balanced budget and the university may not take on additional debt without the approval of the Ministry. The university is committed to financial accountability and allocating and utilizing resources based on the university's strategic priorities.

Financial Resources

Annual Surplus has two components, namely the surplus or deficiency of annual revenues over expenses from all activities related to academic program delivery, research and external engagement, which is reported as the Annual Surplus/Deficit from Operations (unrestricted surplus) and Net Restricted Endowment Contributions (restricted surplus) which increase SFU's endowment fund.

Management may allocate a portion of the unrestricted surplus toward the acquisition and renewal of capital assets which is recognized in the Investment in Tangible Capital Assets portion of Accumulated Surplus. The costs of building and maintaining physical assets is significant and SFU does not generate sufficient unrestricted surplus to fund large capital projects on its own. When SFU constructs a new building, SFU will often contribute a portion of the funding along with a combination of external funding sources, including provincial and federal governments, and corporate and non-corporate donors. The Ministry also provides an annual grant, that is combined with funds from SFU, to complete deferred maintenance projects.

SFU maintains cash and liquid assets to meet short-term obligations such as operating expenses and planned capital expenditures. The university invests the remaining funds to support long-term obligations. These invested funds are managed by professional investment managers.

Highlights of Financial Health

A comprehensive perspective of the university's financial health is provided in this unaudited Management Discussion and Analysis (MD&A). SFU's financial health is based on its ability to meet statutory requirements, to save for the future, and to manage long-term obligations.

At the end of fiscal 2025/26:

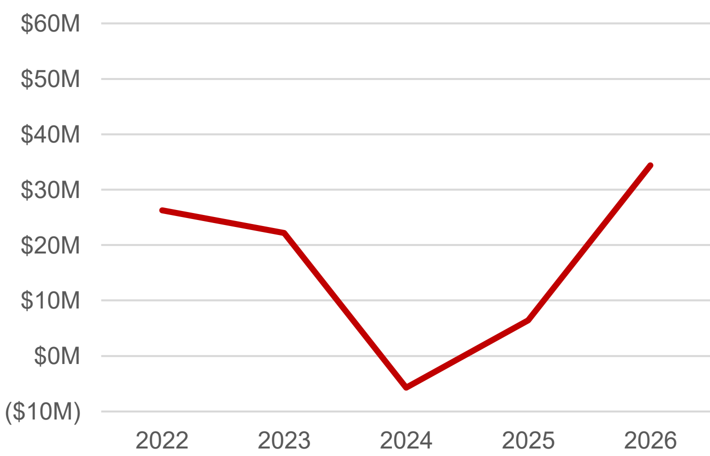
- Annual Surplus from Operations is $34.4 million;
- Net operating accumulated surplus as a % of total consolidated revenues is 3.1%;
- Spendable Cash to Debt exceeds target ratio of 2.0; and
- Endowment accumulated surplus grew by $20.9 million to reach $578.4 million.

The Financial Health Overview and Comparative Information sections of this report provide further information.

FINANCIAL HEALTH OVERVIEW

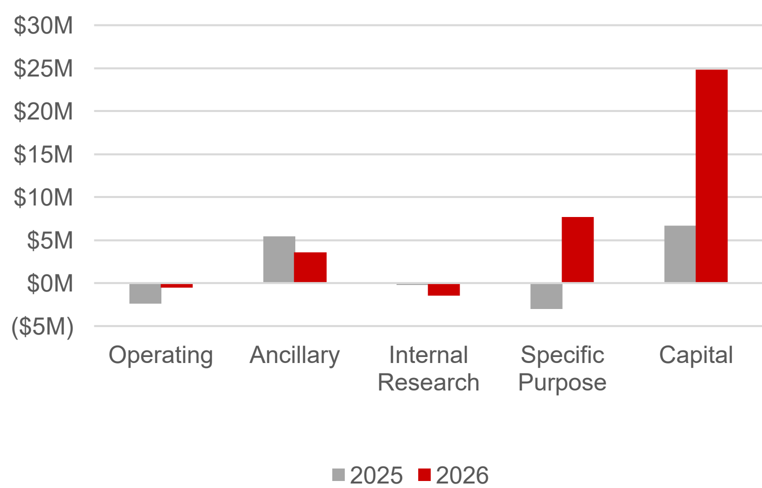
1. Annual Surplus/Deficit from Operations

Annual Surplus/Deficit from Operations



In fiscal 2025/26, the university recorded a consolidated surplus from operations of $34.4 million, compared to a surplus of $6.5 million in fiscal 2024/25. The increase was primarily driven by one-time funding received from the Ministry to purchase land for the permanent School of Medicine. The funding was recognized as revenue upon receipt, while the land acquisition was capitalized as a tangible capital asset, resulting in a net surplus reported in the Consolidated Statement of Operations.

Annual Operating Results by Fund



The Operating Fund deficit narrowed to $0.2 million, compared to a deficit of $2.4 million in 2024/25, primarily due to cost management strategies that strengthened financial stability and supported a more balanced financial outlook. Specific Purpose, Internal Research and Ancillary funds resulted in a net surplus of $9.8 million, with Specific Purpose realizing higher surplus due to increased external funding for initiatives. The surplus in the Capital fund of $24.8 million reflects the Ministry funding received to purchase land for the permanent School of Medicine offset by non-capital repairs and maintenance.

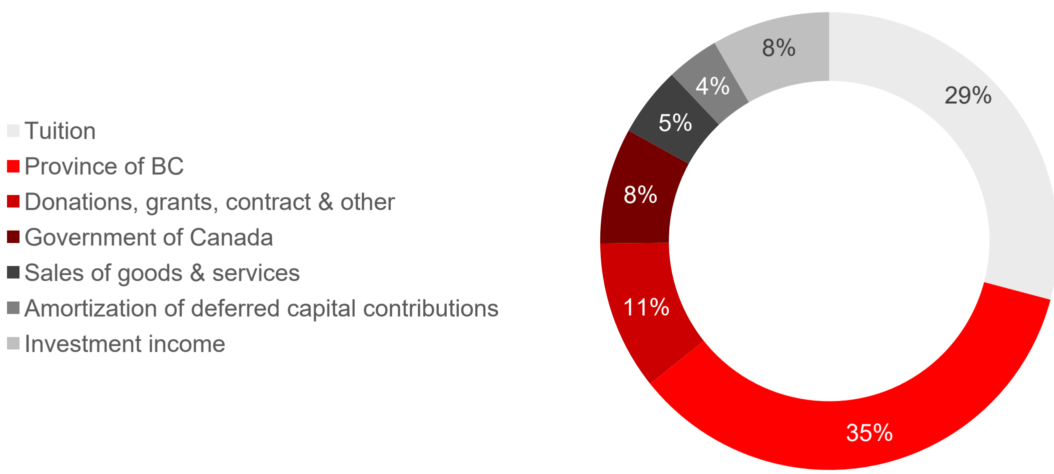
Revenue Growth and Diversification

Revenues by Fiscal Year

Dollars in Millions	2026	2025
Provincial Operating Grant	291.7	344.5
Other Grants and Government Contracts	184.8	123.3
Tuition	317.2	319.7
Sale of Goods and Services	53.7	53.3
Donations, Non-Government Grants & Contracts	80.1	76.4
Investment Income	101.4	51.6
Amortization of Deferred Capital Contributions	40.5	28.2
Other Revenue	19.7	18.0
Total	**1,089.1**	**1,015.0**
Year-over-year growth	7.3%	4.0%

Revenues increased by 7.3% in fiscal 2025/26, primarily attributable to significant realized gains in investment income resulting from divestment of fossil fuels investments, as well as higher amortization of deferred capital contributions related to three major capital projects: the Fir Supercomputer, First Peoples' Gathering House and Gibson Art Museum.

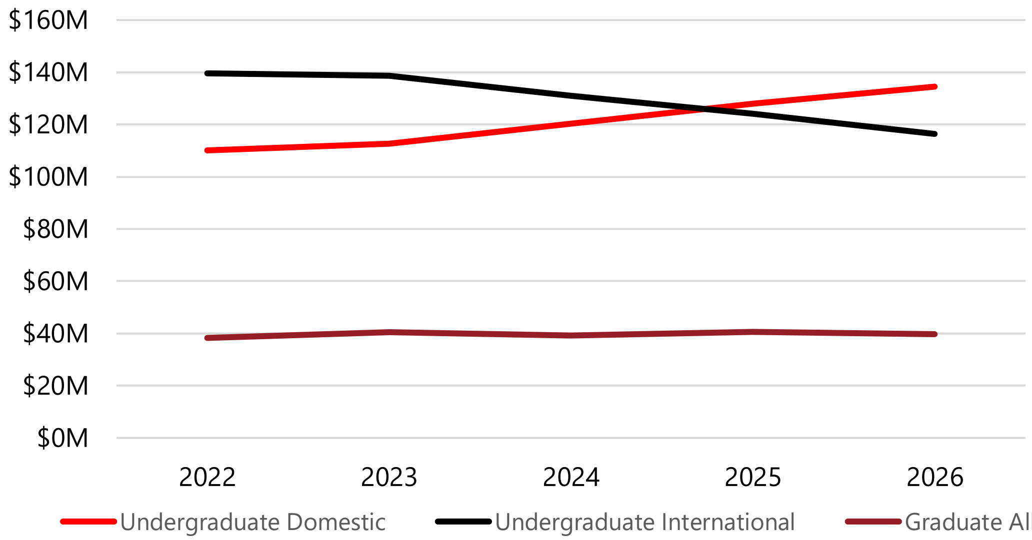
Revenue Diversity



Revenue growth and diversification is essential to ensure that the university can fund its operating expenses and generate a surplus in support of future initiatives. Tuition and the provincial operating grant are the primary sources of revenue for delivering credit courses and administration, and account for 64% of SFU's revenues in fiscal 2025/26.

In response to the softening of international enrolments, the university has advanced several initiatives including diversifying revenues through new educational offerings and expanded partnerships that strengthen research, scholarships and community impact. The university will continue to build on these gains, exploring revenue diversification opportunities aligned with the What's Next strategic plan.

Credit Tuition Revenue by Type



Tuition revenue declined slightly in 2025/2026 due to declining international enrolments, offset by strong domestic undergraduate enrollments. While SFU exceeded the Province of British Columbia's domestic enrolment targets, SFU continues to anticipate a gradual moderation in new domestic undergraduate intakes going forward to more closely align with the ministry-funded target and in alignment with sustainable provision of support services. Like other universities across Canada, international enrolment remains a key challenge. SFU will continue to assess the risks and take appropriate actions to uphold its academic mission and ensure institutional resilience. SFU is strategically directing its future growth towards programs that align with the Ministry's mandate, including the launch of the School of Medicine, which will welcome its first cohort in August 2026.

Expense Management

Expenses by Fiscal Year

Dollars in Millions	**2026**	**2025**
Salaries	579.4	545.7
Employee Benefits	122.4	121.2
Supplies and Other Operational Expense	96.6	95.1
Amortization of Tangible Capital Assets	84.3	70.4
Professional Fees and Contracted Services	63.4	69.4
Scholarships and Bursaries	61.9	59.9
Travel and Personnel	18.4	18.3
Cost of Goods Sold	2.3	2.2
Interest on Debt	11.2	11.2
Utilities	14.8	15.1
Total	**1,054.7**	**1,008.5**
Year-over-year growth	4.6%	2.8%

Expenses grew 4.6% from the previous year. Salary-related costs were higher due to the implementation of a voluntary retirement program in winter 2025, growth in staffing associated with the new School of Medicine, and a salary accrual for anticipated retroactive pay related to general wage increases aligned with the Balance Measures Mandate for university bargaining groups. The retroactivity pay is anticipated to be funded by the Ministry, and the corresponding revenue has been recognized in the fiscal year.

The increase in non-salary expenses was primarily attributable to higher amortization expense following the completion of significant major capital projects placed into productive use during the year.

To manage rising expenses, the university has continued to implement measures focused on optimizing resources, carefully managing costs, and achieving sustainable cost savings. In fiscal 2025/26, there were savings realized through reductions in professional fees.

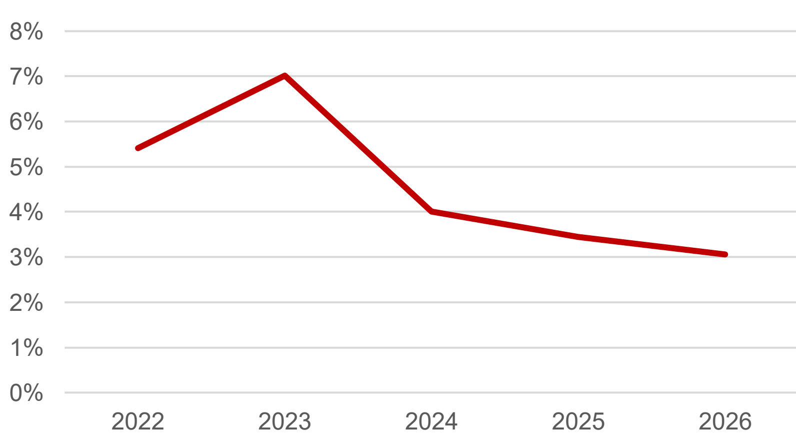
The university will continue to take a forward-looking approach in evaluating and implementing longer-term solutions to optimize resource allocation and to plan for capital investments that improve the efficiency and effectiveness of university operations, to ensure greater financial stability in the years ahead.

2. Accumulated Surplus

Most of the university's accumulated surplus is restricted and designated either for investment in tangible capital assets or for the endowment fund. Maintaining an unrestricted surplus is essential to protect operations from variability in revenue and expenses, and to fund commitments not completed by fiscal year end. At the same time, such reserves should not be excessive. The financial health of the university's reserve is measured as Net Operating Accumulated Surplus (operating reserve) as a Percentage of Total Consolidated Revenue. A positive operating reserve level of 4% to 9% of consolidated revenues is a reasonable operating reserve level for SFU.

The university's ratio is currently at 3.1%, which is below the optimum target range. However, while the net operating accumulated surplus has trended lower, the university's plans to advance a sustainable financial model are expected to support an increase in the ratio toward the desired target range of 4% to 9% in the coming years.

Net Operating Accumulated Surplus as a Percentage of Total Consolidated Revenues



3. Long-Term Obligations

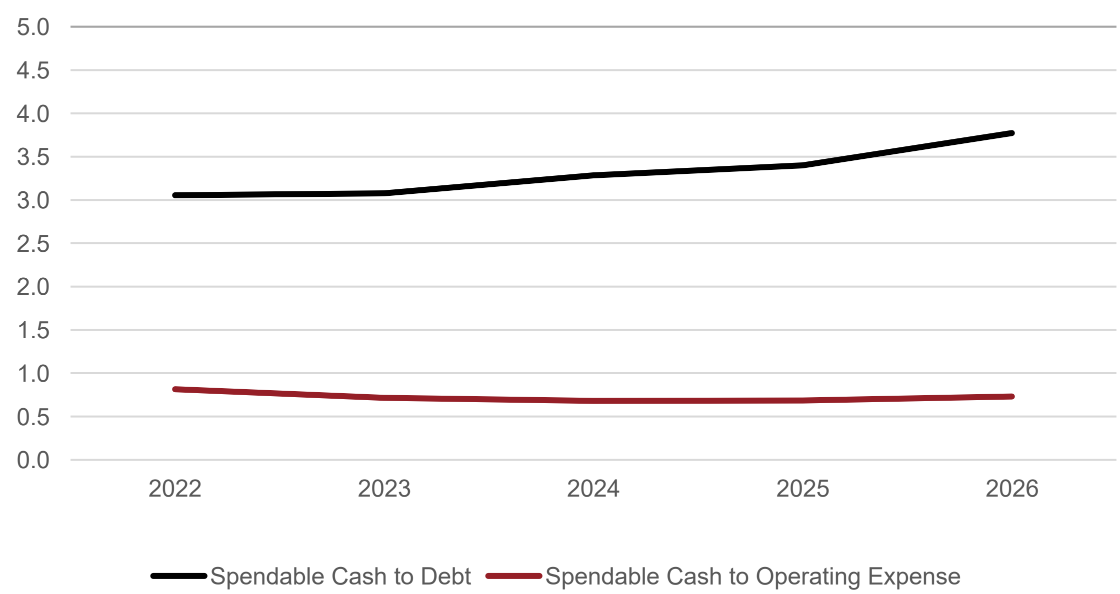
An important indication of financial health is the ability to meet long-term obligations. SFU's operations must generate sufficient cash flow to cover annual expenses and contribute to the repayment of long-term debt, to meet future employee benefit obligations and to fund deferred maintenance projects.

Capital markets utilize independent credit rating agencies to assess an organization's ability to manage debt. Moody's Investors Service has provided a credit rating of Aa2 negative. The university maintains strong wealth levels, resulting in solid leverage and coverage ratios that compare favorably relative to similarly rated peers and reflect management's continued efforts to improve liquidity, as assessed by Moody's Investors Service.

The following graph shows SFU's ratio of spendable cash and investments (excluding endowments) to total debt, and SFU's ratio of spendable cash to expense. The ratio of spendable cash to expense remained consistent at 0.7 during the year and spendable cash to debt continues to exceed the target ratio of 2.0.

The university invests its excess liquidity with a goal of achieving strong long-term returns. SFU's investment portfolio includes financial instruments whose fair values are impacted by changes in financial markets. Although financial markets have been volatile over the past several years, many asset classes experienced gains during fiscal 2025/26. The university did not incur additional debt during the current fiscal year.

Spendable Cash to Debt and Spendable Assets Coverage Ratio



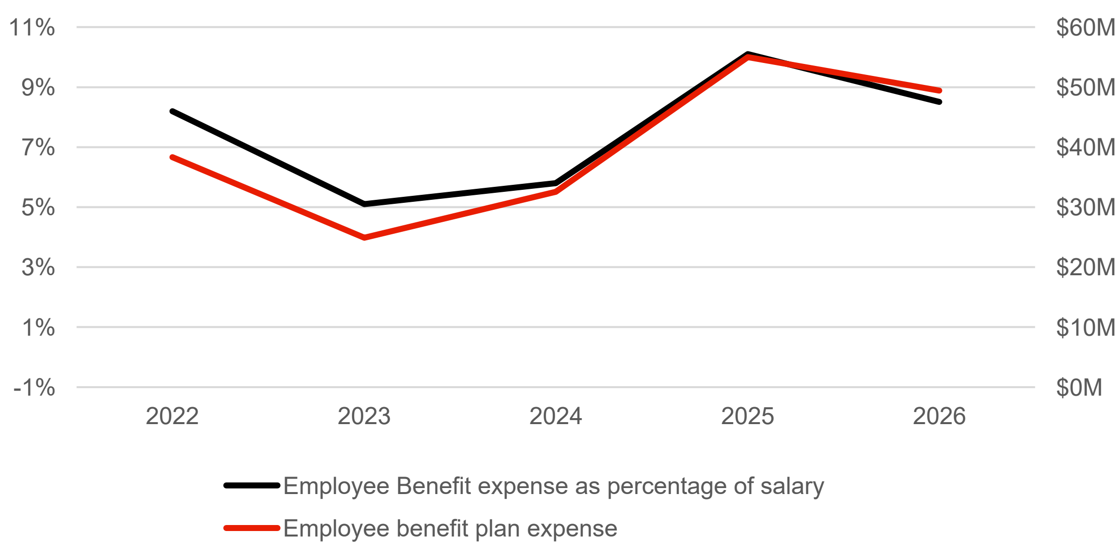
Employee Benefits

SFU offers a range of post-employment benefit plans for current faculty and staff, including pension plans for the administrative/union staff and additional non-pension retiree benefits, early retirement benefits and long-term disability benefits. These plans create obligations for the university to meet future funding commitments and are subject to financial volatility and funding challenges arising from actuarial valuations. In fiscal 2025/26, the total expenses for these plans decreased to $49.4 million from $55.0 million in the prior year, primarily due to a reduction in long-term disability claims and higher investment returns in the administrative/union staff pension plan, reflecting strong market conditions during the year.

Included in the expenses for total post-employment benefit plans is $0.2 million in net expense associated with a grandfathered formula retirement benefit plan for academic staff. In November 2025, the university entered into an agreement with a third-party insurer to purchase an irrevocable buy-out annuity. Effective March 1, 2026, the insurer assumed full responsibility for the payment of all future benefits, and as a result, the university no longer has any obligations to the retirees or beneficiaries under this plan.

Members of the academic staff participate in the College Pension Plan of British Columbia which is a multi-employer pension plan. As the investment holdings of this plan are pooled and cannot be attributed to individual sponsors, SFU accounts for this plan using defined contribution accounting and recognizes its contributions to the plan as expense. As a result, expenses recognized in the Consolidated Statement of Operations for this plan represent employer contributions totaling $21.1 million in calendar year 2025.

Post-Employment Benefit Expense



4. Endowment Growth

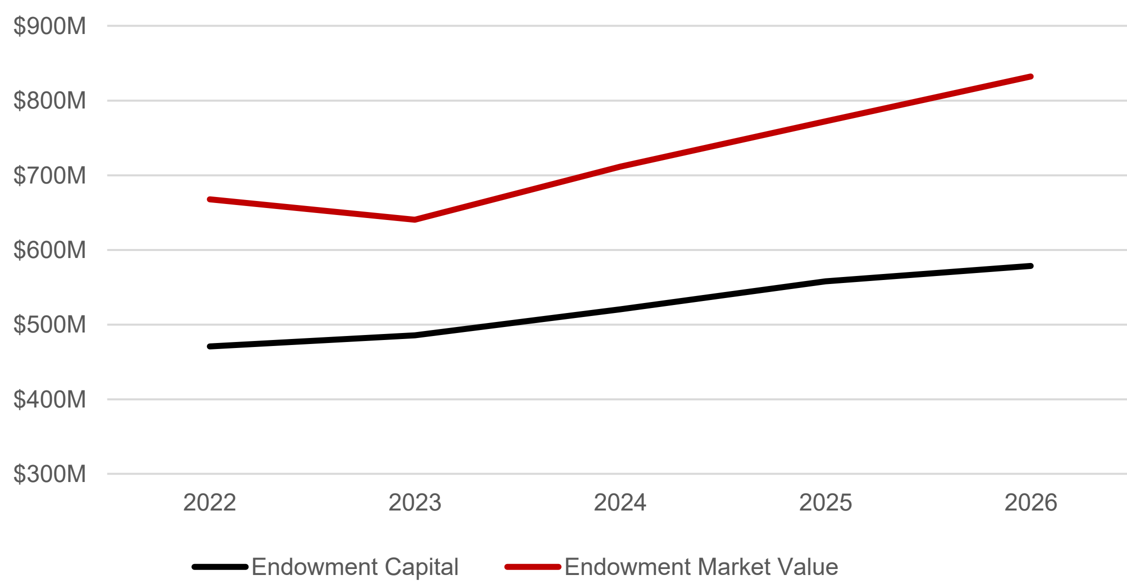
The university holds endowment and non-endowment investments. The growth of university's endowment fund is an important financial health indicator because the endowment investment portfolio assures reliable current and perpetual funding for donor-directed purposes.

Endowment capital increased by 3.7% to $578.4 million at end of fiscal 2025/26, continuing a strong growth in endowments over the past several years.

SFU's endowment portfolio includes financial instruments whose fair values are impacted by changes in financial markets. The combined income on the fund is composed of realized income, which includes interest and dividends on fixed income and equity investments, as well as unrealized income, which is the change in fair value of investments during the year. Endowment portfolio earnings were $73.7 million in fiscal 2025/26, compared to $60.1 million in fiscal 2024/25.

Each year, the annual spending allocation is withdrawn from the endowment portfolio and made available to endowment holders to fund their activities. During fiscal 2025/26, $31.1 million was withdrawn compared to $30.0 million in the previous year.

Endowment Growth



COMPARATIVE FINANCIAL INFORMATION

Dollars in thousands	Ref	Budget	2026	2025
Revenue				
Government grants and contracts				
Province of British Columbia	1	415,683	382,803	363,607
Government of Canada		89,440	89,169	97,949
Other governments		5,783	4,612	6,205
Tuition				
Credit courses		285,357	290,559	292,636
Non-credit courses and other student fees		25,078	26,684	27,065
Sales of goods and services		54,236	53,675	53,294
Donations, non-government grants and contracts	2	70,472	80,058	76,427
Investment income	3	56,376	90,846	50,501
Net income from government business enterprise	4		10,544	1,057
Amortization of deferred capital contributions	5	54,184	40,467	28,245
Other revenue		17,373	19,703	18,010
		1,073,982	1,089,120	1,014,996
Expense				
Salaries		562,492	579,489	545,676
Employee benefits		127,799	122,392	121,232
Supplies and other operational expense		99,552	96,628	95,062
Amortization of tangible capital assets	6	102,008	84,261	70,429
Professional and contracted services		63,031	63,359	69,425
Scholarships and bursaries		56,776	61,867	59,829
Travel and personnel		19,243	18,440	18,318
Cost of goods sold		2,131	2,304	2,181
Interest on long-term debt		11,217	11,202	11,203
Utilities		14,869	14,781	15,126
		1,059,118	1,054,723	1,008,481
Annual Surplus from Operations		**14,864**	**34,397**	**6,515**

Summary of Variances to Prior Year

Ref	Revenue/Expense Category	Year over Year Actual Variance	Description of Variance
3	Investment income	40,345	Investment income increased primarily due to one-time realized gains on fossil fuel divestment.
4	Net income from government business enterprise	9,487	The positive variance in net income from government business enterprises was primarily due to the one-time recognition of investment income from SFUCT related to prior years, which was recorded in fiscal 2025/26.
5	Amortization of deferred capital contributions	12,222	Amortization revenue increased due to several large capital projects completing in fiscal 2025/26 including the Fir Supercomputer, First Peoples' Gathering House and Gibson Art Museum.
6	Amortization of tangible capital assets	13,832	Consistent with amortization revenue, amortization expense increased due to large capital projects completing and commencing depreciation in fiscal 2025/26.

Summary of Variances to Budget

Ref	Revenue/Expense Category	2025/26 Budget to Actual Variance	Description of Variance
1	Province of British Columbia	(32,880)	Provincial grants in fiscal 2025/26 were lower as a portion of operating funding was restricted to support upcoming initiatives to mitigate future financial pressures, as well as lower-than-anticipated spending in the School of Medicine. This was partially offset by funding for anticipated retroactive payments associated with the Balanced Measures Mandate.
2	Donations, non-government grants and contracts	9,586	The favorable variance was due to larger than anticipated Sponsored Research grant revenues from increased research activities.
3	Investment income	34,470	Investment income was higher than anticipated due to strong market performance, resulting in a significant one-time gain from divestment of fossil fuel investments and higher returns on portfolio investments during the fiscal year.
4	Net income from government business enterprise	10,544	Net income from government business enterprises is not budgeted due to the unpredictability of external entities' results and distributions.
5	Amortization of deferred capital contributions	(13,717)	Amortization of deferred capital contributions was lower than budget due to several major capital projects planned for fiscal 2024/25 which were completed in 2025/26. These include the Fir Supercomputer, First Peoples' Gathering House, and Gibson Art Museum.
6	Amortization of tangible capital assets	(17,747)	Amortization of tangible capital assets was lower than budgeted due to the timing difference in depreciation for significant capital projects that were completed later than originally budgeted. These include the Fir Supercomputer, First Peoples' Gathering House, Gibson Art Museum and McTaggart-Cowan Hall.

CONSOLIDATED FINANCIAL STATEMENTS

Statement of Management Responsibility

The university is responsible for the preparation of the consolidated financial statements and has prepared them 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 as described in note 2c(iv) of the consolidated financial statements. The consolidated financial statements present the financial position of the university as at March 31, 2026 and the results of its operations, changes in net debt, remeasurement gains and losses, and its cash flows for the year then ended.

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

The Board of Governors carries out its responsibility for review of the consolidated financial statements and oversight of management's performance of its financial reporting responsibilities principally through the Board's Audit Committee. The Committee members are neither officers nor employees of the university.

The Committee meets with management, the internal auditor and the external auditors to discuss the results of the audit and other financial reporting matters. The external auditors have full access to the Audit Committee, with and without the presence of management.

The audited consolidated financial statements for the year ended March 31, 2026 have been reported on by the Office of the Auditor General of British Columbia. The Independent Auditor's Report outlines the scope of the examination and provides the audit opinion on the presentation of the consolidated financial statements.

Burnaby, BC
June 25, 2026

Dr. Joy Johnson
President and Vice-Chancellor

Karamjeet Heer
Interim Vice-President, Finance and Administration and Associate Vice-President Finance

Office of the
Auditor General
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Independent Auditor’s Report

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

Qualified opinion

I have audited the accompanying consolidated financial statements of Simon Fraser University “the University”, which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statements of operations, remeasurement gains and losses, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, except for the effects of the matter described in the Basis for qualified opinion section of my report, the consolidated financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2026, and the results of its operations, remeasurement gains and losses, change in its net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for qualified opinion

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

As described in Note 2a to the consolidated financial statements, the University’s accounting treatment for contributions received from governments and for externally restricted contributions received from non-government sources is to initially record them as deferred revenue (a liability) and then recognize revenue in the statement of operations either on the same basis as the related expenditures occur or, in the case of funds for the purchase or construction of capital assets, to recognize revenue on the same basis as the related assets are amortized. The University was required to adopt this accounting policy as prescribed by Province of British Columbia Treasury Board Regulation 198/2011.

Under Canadian public sector accounting standards, the University’s method of accounting for contributions is only appropriate in circumstances where the funding meets the definition of a liability. Otherwise, the appropriate accounting treatment is to record contributions as revenue when they are received or receivable. In my opinion, certain contributions of the entity do not meet the definition of a liability, and as such the University’s method of accounting for those contributions represents a departure from Canadian public sector accounting standards.

This departure has existed since the inception of the standard in 2012. As of March 31, 2026, the liability for deferred capital contributions is overstated by $907.9 million, the revenue, annual surplus and accumulated surplus are understated by $907.9 million. This represents the cumulative impact of this departure over time. Of this cumulative amount, $87.9 million represents the understatement of revenue and corresponding understatement of annual surplus in the current fiscal year.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of my report. I am independent of the University in accordance with the ethical requirements that are relevant to my audit of the University's consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

Other accompanying information

Management is responsible for the other information accompanying the consolidated financial statements. The other information comprises the information included in the Annual Financial Report and Management Discussion and Analysis, but does not include the consolidated financial statements and my auditor's report thereon. The Annual Financial Report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information that I have obtained prior to the date of my auditor's report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained during the audit or otherwise appears to be materially misstated.

Prior to the date of my auditor's report I obtained the Management Discussion and Analysis. If, based on the work I have performed on this other information, I conclude that there is a material misstatement therein, I am required to report that fact in this auditor's report.

As described in the Basis for qualified opinion section above, the University has inappropriately deferred certain amounts of its revenues from government transfers. I have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Management Discussion and Analysis affected by this departure from Canadian public sector accounting standards.

When I read the Annual Financial Report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

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

Those charged with governance are responsible for the oversight of the financial reporting process. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the 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 University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting when the University will continue its operations for the foreseeable future.

Auditor's responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the University's 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 my 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 aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the University to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the University audit and I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

B Parrish

Bridget Parrish, CPA, CA
Auditor General of British Columbia

Victoria, British Columbia, Canada
June 29, 2026

Consolidated Statement of Financial Position

As at March 31

Dollars in Thousands	Note	2026	2025
Financial Assets			
Cash	4	56,750	24,363
Accounts receivable	5	88,966	69,338
Inventories for resale		326	453
Due from related parties	6	21,729	32,883
Pensions	7	117,771	113,928
Portfolio investments	8	716,611	670,575
Investment in government business enterprises	9	13,031	9,826
Total Financial Assets		**1,015,184**	**921,366**
Liabilities			
Accounts payable and accrued liabilities	10	170,089	157,850
Deferred revenue	11	56,315	53,932
Asset retirement obligations	12	31,227	31,196
Employee future benefits	13	68,984	71,507
Debt	14	204,961	204,183
Deferred contributions	15	347,532	279,333
Deferred capital contributions	16	992,160	841,252
Deferred lease proceeds	17	161,672	163,304
Total Liabilities		**2,032,940**	**1,802,557**
Net Debt		**(1,017,756)**	**(881,191)**
Non-Financial Assets			
Tangible capital assets	18	1,835,252	1,703,655
Restricted investments	8	579,413	558,498
Prepaid expense		10,497	7,980
Inventories held for use		672	700
Total Non-Financial Assets		**2,425,834**	**2,270,833**
Accumulated Surplus	**19**	**1,408,078**	**1,389,642**
Accumulated surplus is comprised of			
Internally restricted for operating commitments		89,232	79,628
Investment in tangible capital assets		666,092	641,299
Endowment		578,413	557,498
Accumulated Operating Surplus		**1,333,737**	**1,278,425**
Accumulated Remeasurement Gains		**74,341**	**111,217**
Accumulated Surplus		**1,408,078**	**1,389,642**

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

Contractual rights	26
Contractual obligations	27

Approved:

Carol Herbert

Dr. Carol Herbert
Chair, Board of Governors

Neelam Sahota
Chair, Audit Committee

Consolidated Statement of Operations

For the year ended March 31

Dollars in Thousands	Note	Budget	2026	2025
Revenue				
Government grants and contracts	20			
Province of British Columbia		415,683	382,803	363,607
Government of Canada		89,440	89,169	97,949
Other governments		5,783	4,612	6,205
Tuition				
Credit courses		285,357	290,559	292,636
Non-credit courses and other student fees		25,078	26,684	27,065
Sales of goods and services		54,236	53,675	53,294
Donations, non-government grants and contracts		70,472	80,058	76,427
Investment income	21	56,376	90,846	50,501
Net income from government business enterprise			10,544	1,057
Amortization of deferred capital contributions	16	54,184	40,467	28,245
Other revenue		17,373	19,703	18,010
		1,073,982	**1,089,120**	**1,014,996**
Expense				
Instruction		585,590	578,324	548,054
Research		188,617	195,580	187,887
Students and ancillary services		179,606	178,641	172,582
Facilities		68,587	64,316	63,718
External engagement		36,718	37,862	36,240
	22	**1,059,118**	**1,054,723**	**1,008,481**
Annual Surplus from Operations		**14,864**	**34,397**	**6,515**
Net restricted endowment contributions	23	27,902	20,915	37,098
Annual Surplus		**42,766**	**55,312**	**43,613**
Accumulated Surplus, Beginning of Year		1,278,425	1,278,425	1,234,812
Accumulated Surplus, End of Year		**1,321,191**	**1,333,737**	**1,278,425**
Annual Surplus was allocated to increase (decrease) Accumulated Surplus				
Internally restricted for operating commitments		5,282	9,604	(158)
Investment in tangible capital assets		9,582	24,793	6,673
		14,864	**34,397**	**6,515**
Endowment	23	27,902	20,915	37,098
Annual Surplus		**42,766**	**55,312**	**43,613**

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

Consolidated Statement of Remeasurement Gains and Losses

For the year ended March 31

Dollars in Thousands	2026	2025
Accumulated Remeasurement Gains, Beginning of Year	**111,217**	**95,772**
Unrealized Gains (Losses) Attributable to		
Portfolio investments	19,888	16,700
Designated fair value financial instruments	(6,736)	8,580
Foreign currency translation	154	114
Realized (Gains) Losses Reclassified to Consolidated Statement of Operations		
Portfolio investments	(50,029)	(9,650)
Designated fair value financial instruments	(397)	(524)
Foreign currency translation	244	225
(Decrease) Increase in Accumulated Remeasurement Gains for the Year	**(36,876)**	**15,445**
Accumulated Remeasurement Gains, End of Year	**74,341**	**111,217**

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

Consolidated Statement of Changes in Net Debt

For the year ended March 31

Dollars in Thousands	Note	Budget	2026	2025
Annual Surplus		42,766	55,312	43,613
Net restricted endowment contributions	23	(27,902)	(20,915)	(37,098)
Net effect of remeasurement (losses) gains		(12,645)	(36,876)	15,445
		(40,547)	**(57,791)**	**(21,653)**
Acquisition of tangible capital assets	18	(175,258)	(215,858)	(215,393)
Amortization of tangible capital assets	18	102,008	84,261	70,429
		(73,250)	**(131,597)**	**(144,964)**
Net effect of prepaid expense		563	(2,517)	(417)
Net effect of inventories held for use		(12)	28	23
		551	**(2,489)**	**(394)**
Increase in Net Debt in the Year		**(70,480)**	**(136,565)**	**(123,398)**
Net Debt, Beginning of Year		(881,191)	(881,191)	(757,793)
Net Debt, End of Year		**(951,671)**	**(1,017,756)**	**(881,191)**

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

Consolidated Statement of Cash Flows

For the year ended March 31

Dollars in Thousands	**2026**	**2025**
Operating Transactions		
Annual surplus	55,312	43,613
Items not involving cash		
Amortization of tangible capital assets	84,261	70,429
Amortization of deferred capital contributions	(40,467)	(28,245)
Employee future benefits	(2,523)	973
Gain on sale of tangible capital asset	(176)	(25)
Gain on investments	(140,026)	(84,265)
Net income from government business enterprises	(8,856)	(1,868)
Amortization of deferred lease proceeds	(2,108)	(2,174)
Accretion of asset retirement obligations	1,194	98
Amortization of debt discount	778	779
	(52,611)	**(685)**
Changes in non-cash operating balances Accounts receivable		
Accounts receivable	(19,628)	(4,971)
Due from related parties		228
Pensions	(3,843)	(1,720)
Inventories for resale and held for use	155	25
Prepaid expense	(2,517)	(417)
Accounts payable and accrued liabilities	12,239	6,148
Deferred contributions	68,199	25,913
Deferred revenue	2,383	(2,747)
Asset retirement obligations	(639)	7,176
Cash (Used in) Provided by Operating Transactions	**3,738**	**28,950**
Investing Transactions		
Purchases of investments	(307,876)	(47,325)
Proceeds on sale of investments	344,075	58,537
Distribution proceeds received from government business enterprises	17,281	
Cash Provided by Investing Transactions	**53,480**	**11,212**
Capital Transactions		
Acquisition of tangible capital assets	(215,858)	(215,393)
Deferred capital contributions received	191,375	152,428
Settlement of asset retirement obligations	(524)	(2,026)
Proceeds on sale of tangible capital assets	176	25
Cash Used in Capital Transactions	**(24,831)**	**(64,966)**
Net Increase (Decrease) in Cash and Cash Equivalents	**32,387**	**(24,804)**
Cash and Cash Equivalents, Beginning of Year	24,363	49,167
Cash and Cash Equivalents, End of Year	**56,750**	**24,363**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31

1. Authority and purpose

Simon Fraser University (the university) operates under the authority of the University Act of British Columbia. It is a comprehensive research university engaged in research and delivering a full range of Undergraduate, Graduate and Lifelong Learning programs from campuses in Burnaby, Vancouver and Surrey, BC. Simon Fraser University is a not-for-profit entity governed by a Board of Governors, the majority of whom are appointed by the Province of British Columbia. The academic governance of the university is vested in its Senate. The university is a registered charity and is exempt from income taxes under section 149 of the Income Tax Act.

2. Summary of significant accounting policies

a. Basis of accounting

Financial Reporting Framework

The consolidated financial statements have been prepared in accordance with section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and the Restricted Contribution Regulation 198/2011 issued pursuant to it; 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 regulations 257/2010 and 198/2011. The regulation requires that contributions received or receivable by the university for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are to be accounted for as deferred capital contributions as described in note 2c(iv).

Revenue recognized in the Consolidated Statement of Operations and certain related deferred capital contributions are recorded differently under FRF as described herein than under PSAS. Note 16c summarizes the impact of FRF versus PSAS on the consolidated financial statements.

b. Basis of consolidation

Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of organizations that are controlled by the university, as well as its proportional interest in government partnerships.

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

- SFU Foundation
- SFU Community Corporation
- SF Univentures Corporation
- Friends of Simon Fraser University

Investment in government business enterprise

Government business enterprises are accounted for by the modified equity method. Under this method, the university's investment in the business enterprise and its net income and other changes in equity are recorded as earned. No adjustment is made to conform the accounting policies of the government business enterprise to those of the university. Other comprehensive income is accounted for as an adjustment to accumulated surplus of the university. Inter-organizational transactions and balances have not been eliminated, except for any profit or loss on transactions involving assets that continue to be controlled by the university.

The following organizations are government business enterprises and are accounted for by the modified equity method. These entities have fiscal years ending December 31 and adjustments are made to recognize any significant transactions between their fiscal year end and the university's March 31 fiscal year end.

- SFU Community Trust (SFUCT) (100% interest)
- Great Northern Way Campus Trust (GNWCT) (25% interest)

Investment in government partnerships

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

The consolidated financial statements include:

- Western Canadian Universities Marine Sciences Society (20% interest)
- I-INC Foundation (25% interest)
- Civic Innovation Lab (50% interest)
- Unincorporated Joint Venture with City of Surrey (70.68%) (note 29)

c. Revenue recognition

(i) Tuition and sales of goods and services, is reported as revenue at the time the service or product is provided. Amounts received in advance of services provided or products delivered are recorded and included in deferred revenue.

(ii) Unrestricted government grants, non-government grants and donations are recognized as revenue when received or receivable.

(iii) Gifts-in-kind are recorded at fair market value on the date of their donation or at nominal value if the fair market value cannot be reasonably determined.

(iv) Externally restricted government grants, non-government grants and donations are recorded as deferred contributions and then recognized as revenue when the restrictions specified by the contributors are satisfied.

- Contributions for specific purposes other than endowment or the acquisition of tangible capital assets are recorded as deferred contributions and recognized as revenue in the year in which the related expenses are incurred.

- Contributions restricted for capital purposes by external restrictions or the Restricted Contribution Regulation described in note 2a are recorded as deferred until the amount is spent:
    - If the tangible capital asset acquired is land or property rights, the amount is recorded as revenue in the period of acquisition and as an increase to tangible capital assets.
    - If the tangible capital asset has a limited life, the amount invested is recorded as a deferred capital contribution and amortized on a straight-line basis over the useful life of the asset. Amortization commences once the asset is put into use.
- Endowment contributions and associated investment income allocated for preservation of endowment capital purchasing power are recognized in the Consolidated Statement of Operations in the period in which they are received or earned.

(v) Investment income includes interest recorded on an accrual basis, declared dividends, realized gains and losses on the sale of investments, and write-downs on investments where the loss in value is determined to be other than temporary. For operating investments recorded at fair value, unrealized gains and losses are recorded in the Consolidated Statement of Remeasurement Gains and Losses until realized when they are reclassified to the Consolidated Statement of Operations.

(vi) Income earned on externally restricted investments is deferred and recognized when the related expenditure is made or stipulations are met.

d. Financial Instruments

Financial instruments are classified into two categories:

(i) fair value and (ii) cost/amortized cost.

(i) Fair value category: portfolio instruments that are quoted in an active market and derivative financial instruments are reflected at fair value as at the reporting date. Other investments held by the university that are managed on a fair value basis have been designated to be recorded at fair value, with the exception of the residual interest in real property. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are immediately recorded as an expense. Unrealized gains and losses on unrestricted financial assets are recognized in the Consolidated Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to sale or impairment. At the time of derecognition, the related realized gains and losses are reversed from the Consolidated Statement of Remeasurement Gains and Losses.

Financial instruments are classified as level 1, 2 or 3 for the purposes of describing the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category, as described below:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

(ii) Cost/amortized cost category: cash is recorded at cost. Other financial instruments including residual interest in real property, accounts receivable, due from related parties, accounts payable and accrued liabilities 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 upon derecognition or impairment.

e. Inventories for resale

Inventories for resale are recorded at the lower of cost and net realizable value.

f. Non-financial assets

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

(i) Tangible capital assets are initially recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Contributed tangible capital assets are recorded at fair market value at the date of contribution. Amortization is recorded on a straight-line basis over the estimated useful life of the asset.

Estimated useful life of tangible capital assets

Life in Years	
Buildings	20-50
Premises leased to others	60
Site services	50
Leasehold improvements	9-13
Computer equipment	3-5
Computer software	8
Equipment & furnishings	8
Library books	10

Land is not amortized as it is considered to have an unlimited useful life. Assets under construction are not amortized until the asset is put into productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the university's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. During the year, the university recognized a write down of $nil (2025: $3,558,000).

Works of art and cultural assets, which include the university's art collection and the SFU Bill Reid Gallery collection, are not recognized as assets in the Consolidated Financial Statements. In 2026, additional donated works of art with an appraised value of $48,000 (2025: $243,000) were received.

Buildings owned by the university that have been leased to a third party under a long-term operating lease agreement are reported as Buildings - leased to others and amortized over the term of the lease. Related prepaid lease proceeds are recorded as deferred lease proceeds and amortized over the lease term.

g. Pensions

The university accounts for the Administrative/Union Plan and the FRB portion of the Academic Plan using defined benefit method of accounting. The non-FRB portion of the Academic Plan and SFU's participation in the College Pension Plan are accounted for using the defined contribution method of accounting. The College Pension Plan is multi-employer joint trustee pension plan, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. As the assets of the plan are not segregated by institution, the plan is accounted for as defined contribution plan and any contributions of the university are expensed as incurred.

For the plans accounted for as defined benefit plans, the defined benefit FRB pension obligations and cost of pension benefits earned by employees in the plans are recognized using annual accounting valuations from each of the plans' tri-annual actuarial funding valuations. A variety of assumptions factor into the results including expected investment performance, inflation rates, compensation levels, retirement age and life expectancy. The resulting actuarial gains and losses arising from changes in assumptions are amortized over the Expected Average Remaining Service Lifetime (EARSL) of active employees for the Administrative/Union Plan and Average Remaining Pension Payment Period for the Academic FRB plan.

h. Employee future benefits

The university provides retirement and compensated absence benefits to employees.

For accounting purposes, the university measures the accrued benefit obligation, liability and expense of the fiscal period through actuarial and accounting valuations. Adjustments arising from changes in actuarial assumptions and actuarial gains and losses are amortized over the Expected Average Remaining Service Lifetime (EARSL) of active employees, except for long-term disability which, as an event driven compensated absence benefit, is recognized immediately.

The university does not segregate assets to specifically offset this liability.

i. Deferred capital contributions

Funding received or contributed for the acquisition of depreciable tangible capital assets is recorded as deferred capital contributions and is amortized to income at the same rate that the related tangible capital assets are amortized to expense. This is not consistent with the requirements of Canadian Public Sector Accounting Standards which require that government transfers be recognized when approved and eligibility criteria have been met, unless the transfer contains a stipulation that creates a liability, in which case the transfer is recognized over the period that the liability is extinguished. Note 16c quantifies the impact of this difference.

This accounting for deferred capital contributions is in compliance with the requirements of the Budget Transparency and Accountability Act of the Province of British Columbia and the Restricted Contribution Regulation 198/2011 issued pursuant to it.

As described in notes 2a and 2c(iv), contributions restricted for capital purposes are deferred and amortized to revenue over the estimated life of the related assets.

j. Asset retirement obligations

Liabilities are recognized for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the assets. The liability is initially recorded at fair value, which is an amount that is the best estimate of the expenditure required to retire a tangible capital asset. It is determined using present value methodology, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset. In subsequent periods, this liability is reviewed and adjusted for the passage of time and for any revisions to the timing and the amount required to settle the obligation or the discount rate. The changes in the liability for the passage of time are recorded as accretion expense in the Statement of Operations, and all other changes are adjusted to the tangible capital asset. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is fully amortized, unrecognized or no longer in productive use, the asset retirement costs are expensed.

k. Liability for contaminated sites

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

(i) an environmental standard exists;
(ii) contamination exceeds the environmental standard;
(iii) the university is directly responsible or accepts responsibility;
(iv) a reasonable estimate of the amount can be made; and
(v) it is expected that future economic benefits will be given up.

l. Foreign currency translation

The university’s functional currency is the Canadian dollar. Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities that were designated in the fair value category under the financial instrument standard are reflected in the consolidated financial statements in equivalent Canadian dollars at the exchange rate in effect on the date of the consolidated financial statements. Any gain or loss resulting from a change in rates between the transaction date and the consolidated financial statement date is recognized in the Consolidated Statement of Remeasurement Gains and Losses. In the period of settlement, the related cumulative remeasurement gain/loss is reversed in the Consolidated Statement of Remeasurement Gains and Losses, and is recognized in the Consolidated Statement of Operations.

m. Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements, and that affect the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include: the useful life of tangible capital assets and related deferred capital contributions, financial instruments, asset retirement obligations, estimated pension, employee future benefits and restructuring liabilities, vacation and compensated leave liabilities, liabilities for contaminated sites, and impairment of assets.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available.

Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

n. Financial reporting framework budget

Budget figures have been provided for comparative purposes and were approved by the Board of Governors on March 27, 2025.

o. Future changes in accounting standards

The university will adopt the following changes approved by the Public Sector Accounting Board effective April 1, 2026:

(i) The Conceptual Framework for Financial Reporting in the Public Sector. The Conceptual Framework is the foundation for public sector financial reporting standards. It replaces the conceptual aspects of PS 1000 Financial Statement Concepts, and PS 1100 Financial Statement Objectives. The Conceptual Framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

(ii) PS 1202 Financial Statement Presentation. PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on concepts within the Conceptual Framework.

The university is currently assessing the impact of these changes on the consolidated financial statements.

3. Financial instruments risks

The fair value of a financial instrument is the estimated amount that the university would receive or pay to settle a financial asset or liability at the reporting date.

The financial instruments of the university and the nature of risks that they may be subject to are as follows:

			Market Risk		
Financial Instrument	**Credit Risk**	**Liquidity Risk**	**Foreign Exchange**	**Interest Rate**	**Other Price**
Cash and cash equivalents	X		X	X	
Accounts receivable	X	X	X		
Due from related parties	X	X			
Investments - portfolio and restricted	X	X	X	X	X
Accounts payable and accrued liabilities			X		
Debt				X	

Credit risk

The university is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The university does not directly hold any collateral as security for financial obligations receivable.

Cash and cash equivalents

Credit risk associated with cash and cash equivalents is minimized by ensuring that these assets are invested in Schedule 1 Canadian chartered banks.

Accounts receivable

The university maintains allowances for potential credit losses and such losses to date have been within the university's expectations. In making estimates in respect of the allowance for doubtful accounts, current economic conditions, historical information, reasons for the accounts being past due and line of business from which the receivable arose are all considered in the determination of when to allow for past due accounts. The same factors are considered when determining whether to write off amounts charged to the allowance account against the accounts receivable.

- Student accounts receivable is made up of a large population of limited amounts. The university has leverage to stop further enrolment and the granting of transcripts until payment is made. Additionally, the university personnel manage the collection of overdue accounts proactively.
- Accounts receivable for university employee members of the College Pension Plan are anticipated future recoveries from employees to offset SFU's costs of joining the College Pension Plan. These employees are to reimburse those costs through either provisions in the applicable collective agreements or provisions in their employment agreements.
- Other receivables, advances and tax recoveries are generally with governments, major institutions and other credit-worthy institutions.

Due from related parties

The university believes its receivables from SFU Community Trust and Great Northern Way Campus Trust are collectible based on its understanding of the business plans of the Trusts and monitoring of their business activities and results.

Investments – portfolio and restricted

The university has investment policies to ensure investments are managed appropriately in order to balance preservation of capital, liquidity requirements and investment returns. The university retains several external investment management firms to invest funds in accordance with its investment policies, utilizing diverse agreed upon investment strategies primarily in active trading markets. The fair value hierarchy for fair value measurements provides an indication of the overall types of investments held at March 31, 2026: 64% quoted prices in active markets for identical investments (level 1), 31% market-based inputs other than quoted prices that are observable (level 2) and 5% inputs that are not observable market data (level 3).

Derivatives

The university may enter into interest rate and foreign currency derivative contracts that expose the university to the risk of default by swap counter parties. This risk is mitigated by limiting exposure to derivative counter parties to highly rated financial institutions. There are no derivatives at March 31, 2026.

Liquidity risk

Liquidity risk is the risk that the university will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the university not being able to liquidate assets in a timely manner at a reasonable price.

The university meets its liquidity requirements by holding assets that can be readily converted into cash and preparing annual operating and capital expenditure budgets, which are monitored and updated as required. In addition, the university requires that funding for significant capital projects be secured before expenditures are incurred.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices and whether those changes are caused by factors specific to the individual financial instrument or factors affecting financial instruments traded in the market. The significant market risks to which the university is exposed are foreign exchange risk, interest rate risk and other price risk.

Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate in Canadian dollar value due to changes in foreign exchange rates.

The functional currency of the university is the Canadian dollar. The university transacts some revenue and expenditure activity in US dollars and other currencies due to certain operating costs being denominated in US dollars and other currencies. These transactions represent a small value of total transactions, resulting in minimal risk.

The university uses foreign exchange forward contracts only as a defensive strategy for any significant known future obligations to manage foreign exchange transaction exposures. There were no forward contracts outstanding at March 31, 2026 and March 31, 2025.

Interest rate risk

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

The interest rate exposure of the university arises from its fixed income investments, including bonds and debentures.

The university's cash and cash equivalents include amounts on deposits that earn interest at market rates. The university manages its exposure to interest rate risk on cash in order to maximize the interest income earned on funds available for investment while maintaining the liquidity at levels necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the university's results of operations.

The primary objective of the university with respect to its investments in fixed income investments is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory investment return.

The university is not exposed to changes in its cash flow due to changes in interest rates on its debt as these borrowings have fixed rates of interest.

Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate risk). The university is exposed to price risk through its investment in equities, hedge funds and real estate. The price risk associated with bonds is considered as part of interest rate risk for these purposes.

4. Cash

Cash is demand deposits in Schedule 1 Canadian chartered banks, held primarily in Canadian currency, and are presented net of outstanding items including cheques written but not cleared by the bank as at the date of the Consolidated Statement of Financial Position.

5. Accounts receivable

Dollars in Thousands	**2026**	**2025**
SFU employee members of the College Pension Plan	36,656	36,735
Revenue receivable	41,355	22,173
SFSS receivable	6,533	6,225
GST receivable	1,916	2,338
Other receivables	3,620	3,377
Provision for doubtful accounts	(1,114)	(1,510)
Accounts receivable	**88,966**	**69,338**

The SFU employee members of the College Pension Plan receivable is related to the costs to be recovered from SFU Faculty Association (SFUFA) employees to fund SFU's obligation upon joining the College Pension Plan.

Revenue receivable relates to services to students, ancillary services, research contracts and government grants and funding. Other receivables relate to employee travel advances and third-party billings.

The SFSS receivable represents an agreement by the Simon Fraser Student Society to fund a portion of the stadium renovation completed in 2022. The receivable will be fully repaid in November 2031.

6. Due from related parties

Dollars in Thousands	**2026**	**2025**
SFU Community Trust receivable		
Distribution receivable, non-interest bearing, to be settled within one year	2,934	13,158
Base rent receivable	2,741	4,123
Due from SFU Community Trust	**5,675**	**17,281**
Great Northern Way Campus Trust receivable		
Promissory note, non-interest bearing, due on demand	16,054	15,602
Due from Great Northern Way Campus Trust	**16,054**	**15,602**
Due from Related Parties	**21,729**	**32,883**

In the current fiscal year SFUCT paid $17,281,000 in distributions and base rent, and declared a distribution of $2,934,000 that is reported as a distribution receivable, non-interest bearing, to be settled within one year. In addition, the university has a receivable for $2,741,000 for base rent pursuant to an agreement with SFUCT.

During the year, GNWCT declared a distribution of $452,000 that is reported as a promissory note, non-interest bearing, due on demand.

7. Pensions

Description of pension plans

The university participates in three registered pension plans on behalf of its employees.

Members of the administrative staff are enrolled in the Pension Plan for Administrative/Union Staff (Administration/Union Plan), a defined benefit, formula retirement benefits (FRB) plan. The Board of Trustees represents both the plan members and the university. The trustees are responsible for the management of the plan including the investment of assets and administration of benefits. The university administers the plan and is responsible for funding the plan. Members of the plan are not required to make regular contributions. The plan rules stipulate that the university has no formal claim to any plan surplus or asset.

Members of the academic staff are enrolled in the College Pension Plan of British Columbia (College Pension Plan), a multi-employer defined benefit FRB plan. Under the terms of the College Pension Plan, employees and employers must both make regular contributions to the plan as determined by the Plan’s actuary. The College Pension Board of Trustees is comprised of ten individuals appointed by the Plan’s partners: British Columbia General Employees' Union, the Federation of Post-Secondary Educators of BC, the Post-Secondary Employers' Association and the Province of British Columbia. The plan is administered by the BC Pension Corporation and its investments are managed by the BC Investment Management Corporation.

As a condition of joining the College Pension Plan, the university is required to pay transition costs as determined by the College Pension Plan's actuaries. At the time of joining, the actuarially determined present value of future cash flows was $44.1 million.

The university recognized the liability in its accounts payable and accrued liabilities (note 10). Under the terms of a collective agreement, SFUFA members are required to reimburse the university for SFU's portion of the transition costs attributed to SFUFA members through a cost sharing arrangement which is recognized as a receivable. Non-SFUFA members reimburse the university for SFU's portion of transition costs attributable to them directly.

Prior to July 1, 2021, members of the academic staff were enrolled in the Pension Plan for Members of the Academic Staff (Academic Plan), which includes a defined benefit plan and a grandfathered FRB plan. The Board of Trustees represents both plan members and the university. The trustees are responsible for the management of the plan including investment of assets and administration of benefits.

In November 2025, the university entered into an agreement with a third-party insurer to purchase an irrevocable buy-out annuity covering all retirees and beneficiaries. The annuity was purchased on November 20, 2025, for a premium of $21,385,000, funded entirely from the Academic Plan's existing assets. Effective March 1, 2026, the insurer is fully responsible for the payment of all future benefits, and the Academic Plan and the university retain no further legal or constructive obligation in respect of these benefits. The university recognized a loss of $2,383,000 and an unamortized actuarial gain of $3,734,000 on settlement.

During the current fiscal year, the university initiated the wind-up of the Academic Plan. Members will have the option to select from available investment vehicles or transfer their balances to another registered retirement arrangement, subject to regulatory requirements. The university will transfer all remaining balances by March 31, 2027.

Surplus remaining in the plan, is subject to applicable legislation and regulatory approvals.

Actuarial valuations are required by the B.C. Pension Benefits Standards Act (PBSA) for each of the defined benefit FRB Plans at intervals of not more than three years. Such valuations determine the employer contribution rate necessary to provide adequate funding of the plan liabilities. The valuations are prepared using the projected unit cost method, pro-rated on service. The Plans' actuaries prepare both going concern and solvency valuations for each plan. The most recent actuarial valuation for the Academic FRB Plan was prepared as at December 31, 2024, while the Administrative/Union Plan was prepared as at December 31, 2023.

Annual accounting valuations are prepared for the purposes of determining the present value of the accrued pension benefit obligation and pension expense to be recorded in the financial statements. An extrapolation is performed from the most recent actuarial valuation of each FRB plan, using assumptions determined by management in consultation with the Plans' actuaries and in accordance with PSAS. Accounting valuations are prepared on a going concern basis that assumes the plans will continue indefinitely. Assets are measured at market value, and liabilities measured using an appropriate discount rate. Accounting valuations were performed for both FRB plans as at December 31, 2025 using data from each of their most recent actuarial valuations.

Defined benefit pension plan liability and expense

The liabilities of the FRB pension plans and current service costs for the year have been based on accounting valuations performed from the most recent actuarial valuation of each plan.

Pension expense is allocated to the appropriate function, within the Consolidated Statement of Operations, while the accrued pension asset is reported on the Consolidated Statement of Financial Position.

Pension plan for administrative/union staff (Administrative/Union Plan)

The Administrative/Union Plan is a defined benefit FRB plan based on a combination of years of service and the average of the plan member's highest sixty consecutive months' salary. Pensions are indexed to the Consumer Price Index up to a maximum of 3% per annum. Additional voluntary contributions to the Administrative/Union Plan may be made to an employee's Money Purchase Accounts (MPA). Pursuant to an agreement between the university and the employee organizations, in certain circumstances, a portion of assets in excess of liabilities may be payable to plan members. If applicable, these payments would be directed to the individual MPA. No contributions were directed to the Administrative/Union MPA Plan by the university in the current or prior year. A summary of changes in net pension asset is included in note 7a and contributions to the plan are summarized in note 7b.

Contributions to the Administrative/Union Pension Plan made by the university during the 2025 calendar year were at a rate of 14.00% (2024 calendar year: 14.00%) of pensionable earnings, totaling $28,223,000 (2024 calendar year: $29,098,000). In addition, contributions of $588,000 (2024 calendar year: $1,319,000) were made in respect of commuted value solvency holdbacks.

The gains and losses are recognized by the university over EARSL, currently 10 years.

7a/ Net pension asset (liability)

Dollars in Thousands	**Administrative /Union**	**Academic FRB**	**2026**	**2025**
Accrued benefit obligation, beginning of year	498,002	20,361	518,363	488,224
Current period benefit cost (net of employee contributions)	31,219		31,219	30,421
Employee contributions / transfer from MPA	150		150	136
Interest cost	30,649	1,177	31,826	30,071
Benefit payments	(30,656)	(2,616)	(33,272)	(29,427)
Actuarial loss (gain)	23,124	296	23,420	(1,062)
Settlement of buy-out		(19,002)	(19,002)	
Accrued Benefit Obligation, End of Year	**552,488**	**216**	**552,704**	**518,363**
Fair value of plan assets, beginning of year	619,905	25,396	645,301	554,411
Employer contributions	28,811	170	28,981	28,803
Employee contributions / transfer from MPA	150		150	136
Actual return on plan assets	69,221	2,539	71,760	91,378
Benefit payments	(30,656)	(2,616)	(33,272)	(29,427)
Settlement of buy-out		(21,385)	(21,385)	
Fair Value Plan Assets, End of Year(*)	**687,431**	**4,104**	**691,535**	**645,301**
Funded Status, Pension Plan Surplus	**134,943**	**3,888**	**138,831**	**126,938**
Unamortized net actuarial gain (loss), beginning of year	7,975	2,978	10,953	(48,002)
Actuarial gain on pension plan assets	31,149	1,052	32,201	57,285
Actuarial (loss) gain on pension plan obligation	(23,124)	(296)	(23,420)	1,062
Amortization of net actuarial loss	1,172		1,172	608
Settlement of buy-out		(3,734)	(3,734)	
Unamortized Net Actuarial Gain, End of Year	**17,172**		**17,172**	**10,953**
Net Pension Asset before Valuation Allowance	**117,771**	**3,888**	**121,659**	**115,985**
Valuation allowance		(3,888)	(3,888)	(2,057)
Net Pension Asset	**117,771**		**117,771**	**113,928**

* Defined benefit pension plan consists of:

	Administrative/ Union		**Academic FRB**	
	2026	**2025**	**2026**	**2025**
Equity securities	65%	64%	0%	65%
Debt securities	35%	36%	0%	35%
Cash			100%	
	100%	**100%**	**100%**	**100%**

7b/ Defined benefit pension expense

Dollars in Thousands	**Administrative/ Union**	**Academic FRB**	**2026**	**2025**
Current period benefit cost (including employee contributions)	31,370		31,370	30,557
Less: employee contributions	(150)		(150)	(136)
Amortization of net actuarial loss	1,172		1,172	608
Expected interest cost on pension obligation	30,649	1,177	31,826	30,071
Expected earnings on average pension assets	(38,072)	(1,487)	(39,559)	(34,092)
Change in valuation allowance		1,831	1,831	76
Unamortized actuarial gain/loss at settlement date		(3,734)	(3,734)	
Settlement loss		2,383	2,383	
Pension Expense	**24,969**	**170**	**25,139**	**27,084**

7c/ Significant actuarial assumptions

	Administrative /Union		**Academic FRB**	
	2026	**2025**	**2026**	**2025**
Effective date of most recent actuarial valuation report for funding purposes	31-Dec-23	31-Dec-23	31-Dec-24	31-Dec-21
Measurement date of plan assets / accrued benefit obligation	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
Expected future inflation rate	2.25%	2.25%	2.25%	2.25%
Expected Average Remaining Service Lifetime of active employees (EARSL)	10 yrs	10 yrs	n/a	n/a
Average remaining pension payment period	n/a	n/a	n/a	9 yrs
Beginning of period				
Discount rate	6.15%	6.15%	6.15%	6.20%
Expected long-term rate of return on plan assets	6.15%	6.15%	6.15%	6.20%
Rate of compensation increase	2.50%	2.50%	n/a	n/a
End of period				
Discount rate	6.20%	6.15%	6.20%	6.15%
Expected long-term rate of return on plan assets	6.20%	6.15%	6.20%	6.15%
Rate of compensation increase	2.75%	2.50%	n/a	n/a

Actual return on plan assets

	December 31, 2025	***December 31, 2024***
Administrative / Union	10.07%	14.14%
Academic FRB	9.96%	14.56%

7d/ Life expectancy assumptions

	December 31, 2025				*December 31, 2024*			
	Life expectancy at 65 for a member currently				**Life expectancy at 65 for a member currently**			
	Age 65		Age 45		Age 65		Age 45	
Years	Male	Female	Male	Female	Male	Female	Male	Female
Administrative/Union and Academic (FRB)								
CPM 2014 Private Sector Mortality Table*	23.3	25.9	25.4	27.8	22.1	24.4	23.1	25.3

*CPM-B mortality improvement scale used for December 31, 2024 and MI-CAN-2024 used for December 31, 2025.

Defined benefit pension plan solvency

Pursuant to the BC Pension Benefits Standards Act, if the pension solvency deficiency ratio does not meet required levels, the university must arrange Letters of Credit (LOC) or make solvency special payments.

Recent valuation reports disclosed the university solvency deficiency ratio exceeded required levels. As a result, a Letter of Credit is not required.

7e/ Sensitivity to actuarial assumptions, as at December 31, 2025

	Administrative/Union Obligation	
Dollars in Thousands	**$**	**%**
Estimated increase		
0.5% decrease in discount rate	49,776	9.0
0.5% increase in inflation on post retirement	31,911	5.8
0.5% increase in compensation	10,920	2.0
10% reduction to mortality rates (0.9 years for a 65-year old)	11,230	2.0

The amounts above have been determined assuming all other assumptions remain unchanged.

College Pension Plan

The university and its employees contribute to the College Pension Plan (jointly trusteed pension plan). The board of trustees for this plan, representing plan members and employers, is responsible for administering the pension plan, including investing assets and administering benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at August 31, 2025, the College Pension Plan has about 17,500 active members, and approximately 11,800 retired members.

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

The most recent actuarial valuation from the College Pension Plan as at August 31, 2024, indicated a $3.8 million deficit for basic pension benefits. This was covered by a transfer from the rate stabilization account leaving the basic pension account balanced at the valuation date on a going concern basis.

The university paid $21,092,000 for employer contributions to the plan in calendar year 2025 (2024: $22,081,000).

The next valuation for the College Pension Plan will be scheduled and completed as at August 31, 2027.

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

As a condition of joining the College Pension Plan, the university and its employees who are members of the College Pension Plan must contribute additional amounts equal to 1.68% of pensionable earnings until June 30, 2041. Both the university and the members of the College Pension Plan are required to submit 0.84% of pensionable earnings to the College Pension Plan in addition to their regular employer contributions and employee contributions respectively. Pursuant to its collective agreement, SFUFA members reimburse the university for their share of SFU's incremental employer contributions through a cost sharing arrangement. Non-SFUFA members, who are not governed by the collective agreement, are responsible for their share of the transitional costs and must reimburse the University for SFU's portion of those costs through payroll deductions.

Non-FRB portion of the Academic Plan

The Academic Plan provides pension benefits primarily on a defined contribution basis whereby funding is directed to MPA. Benefit payments are based upon the asset value within the individual MPA at the time of retirement. While all required contributions to the Plan are made by the university, voluntary contributions may also be made by employees to their individual MPA. As the Academic MPA Plan is not an FRB plan, an actuarial valuation is not required.

Some members of the Academic Plan were not eligible or did not choose to transition to College Pension Plan. The university continues to make contributions to the plan on their behalf.

During the 2025 calendar year, contributions made by the university to the Academic MPA Pension Plan were 9.7% (2024 calendar year: 9.9%) of pensionable earnings, totaling $178,000 (2024 calendar year: $245,000).

8. Investments

8a/ Consolidated Statement of Financial Position presentation of investments

Dollars in Thousands	**2026**	**2025**
Financial assets presentation category		
Portfolio investments	**716,611**	**670,575**
Non-financial assets presentation category		
Endowment investments (note 19)	578,413	557,498
Non-endowment investment	1,000	1,000
Restricted investments	**579,413**	**558,498**
Total Investments	**1,296,024**	**1,229,073**

8b/ Investments 2026

Dollars in Thousands	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments Recorded at Fair Value				
Canadian equities	177,199	144,865		322,064
Foreign equities	507,521			507,521
Fixed income		380,832		380,832
Private equity			13,452	13,452
Real estate and mortgages			45,728	45,728
Other investments		2,215	10,373	12,588
Term deposits		10,003		10,003
Total Investments Recorded at Fair Value	**684,720**	**537,915**	**69,553**	**1,292,188**
Investments Valued at Cost/Amortized Cost				
Cash and short-term notes				2,836
Residual interest in real property				1,000
Total Investments Valued at Cost/Amortized Cost				**3,836**
Total	**684,720**	**537,915**	**69,553**	**1,296,024**

8c/ Investments 2025

Dollars in Thousands	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments Recorded at Fair Value				
Canadian equities	299,386			299,386
Foreign equities	466,739			466,739
Fixed income		375,071		375,071
Private equity			17,845	17,845
Real estate and mortgages			44,268	44,268
Other investments		1,170	9,915	11,085
Term deposits		10,003		10,003
Total Investments Recorded at Fair Value	**766,125**	**386,244**	**72,028**	**1,224,397**
Investments Valued at Cost/Amortized Cost				
Cash and short-term notes				3,676
Residual interest in real property				1,000
Total Investments Valued at Cost/Amortized Cost				**4,676**
Total	**766,125**	**386,244**	**72,028**	**1,229,073**

The fixed income investments are benchmarked to the FTSE Canada Universe Bond Index. Bonds held in the portfolio mature between 2026 and 2060 and the yields to maturity range between 2.1% and 5.3% (2025: 2.4% and 7.6%).

The university has two term deposits. One is $10,000,000 invested with the Vancity Community Investment Bank, is non-redeemable, paying 3.30% per annum, maturing on November 25, 2026. The other $2,800 matures July 31, 2027 and pays 3.15%.

Private equities consist of five pooled private equity funds in which the university participates.

Other investments consist of real estate, multi-strategy funds and mortgages. There are two multi-strategy funds: one follows a Canada-focused diversified strategy, and the other is a globally diversified fixed income portfolio. Real estate and mortgages consist of pooled real estate funds and direct mortgages secured by real estate.

Investments valued at cost/amortized cost include the residual interest in a charitable gift of real property valued at $1,000,000.

8d/ Changes in fair value of level 3 investments

Dollars in Thousands	**2026**	**2025**
Balance, beginning of year	72,028	69,436
Unrealized (losses) gains	(1,610)	2,186
Purchases	29	3,041
Dispositions	(1,180)	(2,330)
Reclassification	286	(305)
Balance, End of Year	**69,553**	**72,028**

8e/ Reconciliation of investment cost to reported value

Dollars in Thousands	**2026**	**2025**
Investments at cost	**1,046,153**	**916,550**
Unrealized gains reported in the Consolidated Statement of Remeasurement Gains and Losses		
Balance, beginning of year	106,764	91,657
Fair value (loss) gain in the year	(37,274)	15,107
Balance, End of Year	**69,490**	**106,764**
Deferred contributions related to restricted endowments		
Balance, beginning of year	205,759	186,947
Fair value (loss) gain in the year	(25,378)	18,812
Balance, End of Year	**180,381**	**205,759**
Total Investments at Reported Value	**1,296,024**	**1,229,073**

9. Investment in government business enterprises

9a/ Investment in government business enterprises

Dollars in Thousands	**2026**	**2025**
Great Northern Way Campus Trust	545	(455)
SFU Community Trust	12,486	10,281
Total Investment in Government Business Enterprises	**13,031**	**9,826**

Great Northern Way Campus Trust

GNWCT was established under the laws of the Province of British Columbia for the benefit of the British Columbia Institute of Technology, Emily Carr University of Art + Design, Simon Fraser University and the University of British Columbia. GNWCT offers a Masters of Digital Media degree program. Additionally, GNWCT is engaged in short-term property management and site development of land in the City of Vancouver that was 80% gifted by Finning International Inc. to the partner institutions in 2001.

Great Northern Way Campus Ltd., a company 25% proportionately owned by the four beneficiaries of GNWCT, has the sole purpose of being the Trustee of GNWCT and has no business operations.

The university's proportionate interest in GNWCT is accounted for on the modified equity basis utilizing the annual audited financial statements of GNWCT prepared as at December 31. As the fiscal periods of GNWCT and the university are not coterminous, any significant financial transactions that occur between December 31 and March 31 are recorded in these consolidated financial statements.

SFU Community Trust

SFUCT was established in 2002 to develop land adjacent to the Burnaby campus. This development is known as UniverCity. The university granted SFUCT the ability to sell to real estate developers rights to enter into 99-year leases on land that is owned by the university.

SFU Community Corporation, a company wholly owned by the university, has the sole purpose of being Trustee of SFUCT and has no business operations.

The university's 100% interest in SFUCT is accounted for on the modified equity basis utilizing the annual unaudited financial statements of SFUCT prepared as at December 31. As the fiscal periods of SFUCT and the university are not coterminous, any significant financial transactions that occur during the intervening period are recorded in these consolidated financial statements based on the fiscal year of the university.

In applying the modified equity basis of accounting to its interest in SFUCT, the university makes adjustments for related party transactions where the underlying assets remain under the university's control. The inter-entity rights to grant 99-year leases that were recorded by the SFUCT at fair market values are eliminated from equity/investment in SFUCT until realized by third party transactions. The ultimate sale to developers of these 99-year lease rights represents the culmination of the transaction for SFUCT who then report such amounts as sales. The university, as the grantor of the 99-year leases, adjusts these sales to amortize the net sales revenue on a straight-line basis over a 99-year lease period.

9b/ Change in government business enterprises

Great Northern Way Campus Trust

	2026		2025	
Dollars in Thousands	100%	25%	100%	25%
Investment, beginning of the year	(1,823)	(455)	(4,946)	(1,236)
Net income reported by GNWCT	5,812	1,452	4,227	1,057
Net distribution from GNWCT to institutions	(1,808)	(452)	(1,104)	(276)
Investment in GNWCT, End of Year	**2,181**	**545**	**(1,823)**	**(455)**

SFU Community Trust

Dollars in Thousands	2026	2025
Investment in SFUCT, beginning of year	10,281	9,891
Income reported by SFUCT	5,139	3,319
Distributions from SFUCT in the year	(2,934)	(2,929)
Investment in SFUCT, End of Year	**12,486**	**10,281**

9c/ Trust equity reconciled to investment in SFU Community Trust

SFU Community Trust

Dollars in Thousands	2026	2025
Trust equity as reported by SFUCT	21,650	19,445
Less: adjustment to eliminate the inter-entity gain on the 99- year lease rights		
First rights settlement	(9,418)	(9,418)
Second rights settlement	(8,126)	(8,126)
Lease rights recognized through sales to third parties	17,288	17,288
Less: inter-entity gains	(8,908)	(8,908)
Investment in SFUCT, End of Year	**12,486**	**10,281**

9d/ Financial summary of government business enterprises

Great Northern Way Campus Trust

Dollars in Thousands	**December 31,2025**	**December 31,2024**
Financial Position		
Total assets	72,613	68,301
Total liabilities	70,432	70,124
Trust Balance, End of Year	**2,181**	**(1,823)**
Results of Operations & Trust Balance		
Revenue	12,618	10,727
Expense	6,806	6,500
Net Income for the Year	**5,812**	**4,227**
Distributions to beneficiaries	(1,808)	(1,104)
Trust balance, beginning of year	(1,823)	(4,946)
Trust Balance, End of Year	**2,181**	**(1,823)**
Cash Flows		
Operating transactions	1,535	2,613
Investing transactions	(2,596)	(2,143)
(Decrease) Increase in Cash During the Year	**(1,061)**	**470**

SFU Community Trust

Dollars in Thousands	**December 31,2025**	**December 31,2024**
Financial Position		
Total assets	58,534	70,869
Total liabilities	36,884	51,424
Trust Balance	**21,650**	**19,445**
Results of Operations & Trust Balance		
Revenue	12,492	8,566
Expense	7,353	5,247
Net Income for the Year	**5,139**	**3,319**
Distributions to beneficiaries	(2,934)	(2,929)
Trust balance, beginning of year	19,445	19,055
Trust Balance, End of Year	**21,650**	**19,445**
Cash Flows		
Operating transactions	(2,431)	1,793
Investing transactions	(146)	(162)
Financing transactions	(1,441)	(980)
(Decrease) Increase in Cash During the Year	**(4,018)**	**651**

10. Accounts payable and accrued liabilities

Dollars in Thousands	**2026**	**2025**
Trade payables and accruals	50,096	56,778
College Pension Plan transition liability	37,250	37,970
Salaries and benefits payable	63,028	42,617
Accrued vacation pay	16,588	17,358
Other	3,127	3,127
Accounts Payable and Accrued Liabilities	**170,089**	**157,850**

11. Deferred revenue

Dollars in Thousands	**2026**	**2025**
Deferred tuition and fees	30,878	30,828
Ancillary services	9,191	10,244
Student account prepayments	13,066	10,709
Other	3,180	2,151
Deferred Revenue	**56,315**	**53,932**

12. Asset retirement obligations

The university's financial statements include an asset retirement obligation for remediation of asbestos and lead related to wood and concrete building assets.

Dollars in Thousands	**2026**	**2025**
Asset retirement obligations, beginning of year	31,196	25,948
Accretion expense	1,194	98
Settled in the year	(524)	(2,026)
Change in estimate	(639)	7,176
Asset Retirement Obligations, End of Year	**31,227**	**31,196**

The liability has been estimated using a net present value technique with discount rate range of 3.15% and 4.86% (2025: 3.80%) and inflation rate range of 2.37% and 4.82% (2025: 4.58%). The estimated total undiscounted future expenditures are $48,654,000 (2025: $49,868,000), which are to be incurred from 2027 to 2055.

13. Employee future benefits

Description of benefit plans

The university operates three employee future benefit plans providing: non-pension retiree medical, extended health and dental benefits; early retirement benefits; and provisions for long-term disability.

Actuarial valuations are performed for both of the retirement benefit plans at least every three years, while the event driven compensated absence benefit plan is performed annually. Such valuations determine the employer contribution rate necessary to provide adequate funding of the plan liabilities and are prepared using the projected benefit method, pro-rated on services. The most recent actuarial valuation for the retirement plans and compensated absence benefit plan was at December 31, 2025.

Annual accounting valuations have the primary purpose of determining the liability and expense to be recorded in the financial statements. Assumptions are determined congruent with relevant PSAS on a best estimate basis and are reviewed on an annual basis. This valuation assumes the plan will continue indefinitely and extrapolates the present value of accrued liabilities and benefit expenses from the most recent actuarial valuations. Given the absence of plan assets, the discount rate applied is equal to the relevant cost of borrowing.

Retirement benefits

Retirement benefits represent the liabilities of the university to provide non-pension retiree benefits and early retirement benefits to the employees in return for their services. As employees render services, the value of the retirement benefits are attributed to those services and recorded as liabilities and expenses. Gains or losses resulting from accounting valuations are amortized over EARSL using the straight-line method, commencing the following fiscal year.

Non-pension retiree benefits

Non-pension retiree benefits represent the liabilities for portions of future premiums payable on behalf of eligible current employees and retirees for medical, extended health and dental benefits. Only employees hired before dates between July 1, 2001 and May 1, 2003, depending on employee group, are eligible for this benefit. The most recent accounting valuation reported an actuarial loss of $968,000 (2025 actuarial loss: $2,815,000) to be amortized over EARSL.

Early retirement benefits

Early retirement benefits represent the liabilities to employees who took early retirement in the mid 1990’s and other employees who receive supplementary pensions. The most recent accounting valuation reported an actuarial gain of $445,000 (2025 actuarial gain of $158,000) to be amortized over EARSL.

Event driven liabilities

Compensated absence and long-term disability benefits represent liabilities that are created when events that obligate the university occur. Actuarial valuations are performed each year for these event driven liabilities. The expected costs of providing the benefits are recognized immediately in the period when such events occur. An insurance company administers the long-term disability plans and is reimbursed for disability claim payments plus service fees.

Dollars in Thousands	**Non-Pension Retiree**	**Early Retirement**	**Long-Term Disability**	**2026**	**2025**
Accrued benefit obligation, beginning of year	44,199	1,584	21,665	67,448	60,055
Current period benefit cost	103	52	2,137	2,292	5,751
Interest cost	2,033	73	988	3,094	2,792
Benefit payments	(1,999)	(128)	(3,419)	(5,546)	(4,457)
Actuarial loss (gain)	968	(445)	1,168	1,691	3,307
Accrued Benefit Obligation, End of Year	**45,304**	**1,136**	**22,539**	**68,979**	**67,448**
Unamortized net actuarial gain on liability, beginning of year	3,231	828		4,059	10,479
Actuarial (loss) gain on liability	(968)	445	(1,168)	(1,691)	(3,307)
Amortization of net actuarial (gain) loss	(3,436)	(95)	1,168	(2,363)	(3,113)
Unamortized Net Actuarial Gain on Obligation, End of Year	**(1,173)**	**1,178**		**5**	**4,059**
Liability for Employee Future Benefits, End of Year	**44, 131**	**2,314**	**22,539**	**68,984**	**71,507**

13b/ Employee future benefits expense

	Retirement Benefits		Compensated Absence Benefit		
Dollars in Thousands	**Non-Pension Retiree**	**Early Retirement**	**Long-Term Disability**	**2026**	**2025**
Current period benefit cost	103	52	2,137	2,292	5,751
Amortization of net actuarial (gain) loss	(3,436)	(95)	1,168	(2,363)	(3,113)
Interest cost on unfunded benefit obligation	2,033	73	988	3,094	2,792
Employee Future Benefits (Income) Expense	**(1,300)**	**30**	**4,293**	**3,023**	**5,430**

13c/ Significant actuarial assumptions

	Retirement Benefits				Compensated Absence Benefit	
	Non-Pension Retiree		**Early Retirement**		**Long-Term Disability**	
	2026	**2025**	**2026**	**2025**	**2026**	**2025**
Measurement date of accrued benefit obligation	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
Expected future inflation rate	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Expected Average Remaining Service Lifetime of active employees (EARSL)	4 yrs	4 yrs	8 yrs	9 yrs	n/a	n/a
Weighted average remaining years until last payment	n/a	n/a	n/a	n/a	5 yrs	5 yrs
Beginning of period discount rate	4.70%	4.60%	4.70%	4.60%	4.70%	4.60%
End of period discount rate	4.90%	4.70%	4.90%	4.70%	4.90%	4.70%
Assumed health care cost trend						
Dental	4.00%	4.00%	n/a	n/a	4.00%	4.00%
Extended Health Benefits	5.40%	5.60%	n/a	n/a	5.40%	5.60%

13/d Sensitivity to actuarial assumptions, as at December 31, 2025

	Retirement Benefits				Compensated Absence Benefit	
	Non-Pension Retiree		**Early Retirement**		**Long-Term Disability**	
Dollars in Thousands	**$**	**%**	**$**	**%**	**$**	**%**
Estimated increase in accrued benefit obligation 0.5% decrease in discount rate	2,985	6.6	61	5.4	713	3.2
0.5% increase in MSP, Dental and EHB cost trend rates	3,090	6.8				
10% reduction to mortality rates (0.8 years for a 65 year old)	1,935	4.3	56	5.0		
0.5% increase in inflation rate			41	3.6	662	2.9
0.5% increase in compensation			59	5.2		

The amounts above have been determined assuming all other assumptions remain unchanged.

14. Debt

Debt reported on the Consolidated Statement of Financial Position is recorded at amortized cost and is comprised of the following:

14a/ Debt

Dollars in Thousands	**2026**	**2025**
Debentures, senior unsecured	145,219	144,941
Debentures, Province of British Columbia unsecured	59,742	59,242
Total Debt	**204,961**	**204,183**
Less: sinking fund investment	(2,215)	(1,170)
Debt, Net of Sinking Fund	**202,746**	**203,013**

Senior unsecured debentures were issued at a discount by the university in 2003 for $150,000,000 with a coupon rate of 5.613%, interest paid semi-annually, due June 10, 2043, and are recorded using the effective interest method. Net proceeds of the issue were used to finance capital projects. The debentures are neither obligations of, nor guaranteed by, the Province of British Columbia.

The Province of British Columbia unsecured debenture for $73,000,000 was issued in 2023 at a discount, with a coupon rate of 2.75%, interest paid semi-annually, due June 18, 2052. The university is contributing to a sinking fund investment held and invested by the Province of British Columbia. These funds totaling $2,215,000 (2025: $1,170,000) will provide for the retirement of the debt at maturity. The balance is reported in portfolio investments on the Consolidated Statement of Financial Position.

2026 interest expense on outstanding debt was $11,202,000 (2025: $11,203,000) (note 22). Interest paid on outstanding debt for the year was $10,427,000 (2025: $10,427,000).

Annual payments of principal and interest due, and sinking fund over the next five years and thereafter are as follows:

14b/ Annual payments on debt

Dollars in Thousands	Principal	Sinking Fund	Interest	Total Payments
2027		1,171	10,427	11,598
2028		1,171	10,427	11,598
2029		1,171	10,427	11,598
2030		1,171	10,427	11,598
2031		1,171	10,427	11,598
Thereafter	223,000	24,591	145,273	392,864
	223,000	**30,446**	**197,408**	**450,854**
Estimated sinking fund investment	(73,000)			(73,000)
Total Payments	**150,000**	**30,446**	**197,408**	**377,854**

15. Deferred contributions

Contributions subject to external restrictions pursuant to legislation, regulation or agreement, are deferred and recognized as revenue in the period in which the stipulations are met.

The nature of such contributions, restrictions and recognition criteria varies, and include:

- Sponsored research and specific purpose amounts received are restricted to specific expenditures or class of expenditure.
- Endowment investment earnings are restricted until expended per donor terms of reference.

15a/ Change in deferred contributions

Dollars in Thousands	Sponsored Research	Endowment	Specific Purpose	2026	2025
Balance, beginning of year	94,721	138,643	45,969	279,333	253,420
Donations, grants and endowment income	143,016	73,745	102,880	319,641	321,420
Recognized as revenue	(121,093)	(27,928)	(85,172)	(234,193)	(201,151)
Recognized as net endowment contributions (note 23)		(11,667)		(11,667)	(19,460)
Transferred to deferred capital contributions (note 16a)	(14,234)		8,652	(5,582)	(74,896)
Balance, End of Year	**102,410**	**172,793**	**72,329**	**347,532**	**279,333**

15b/ Source of deferred contributions, end of year

Dollars in Thousands	Sponsored Research	Endowment	Specific Purpose	2026	2025
Province of British Columbia	6,298		24,713	31,011	32,191
Government of Canada	84,832		2,550	87,382	85,862
Endowment income stabilization account		160,647		160,647	130,038
Other	11,280	12,146	45,066	68,492	31,242
Balance, End of Year	**102,410**	**172,793**	**72,329**	**347,532**	**279,333**

Endowment deferred contributions

Endowment contributions are recorded in the Consolidated Statement of Operations as net restricted endowment contributions (note 23). The related accumulated surplus is separately accounted for (note 19). The endowment investments related to donor contributions and recapitalized amounts are non-financial in nature, not available for use in operations, and are reported as restricted investments on the Consolidated Statement of Financial Position.

Endowment investment returns are initially recorded as deferred contributions in the endowment income stabilization account. Allocations are then made to individual endowment spending accounts for expenditure pursuant to the donor terms. When expenditures occur, the related investment income is recognized in the Consolidated Statement of Operations (note 21).

16. Deferred capital contributions

Contributions restricted for the purpose of acquiring or developing a tangible capital asset are recorded as deferred capital contributions. Amounts are amortized to revenue over the estimated life of the related assets as described in notes 2a and 2c(iv).

16a/ Change in deferred capital contributions

Dollars in Thousands	**2026**	**2025**
Balance, beginning of year	841,252	717,069
Capital contributions received	185,793	77,532
Transfer from deferred contributions for contributions spent (note 15a)	5,582	74,896
Amortized to revenue	(40,467)	(28,245)
Balance, End of Year	**992,160**	**841,252**

16b/ Source of deferred capital contributions, end of year

Dollars in Thousands	**2026**	**2025**
Province of British Columbia	777,487	633,432
Government of Canada	94,825	88,169
Other	119,848	119,651
Balance, End of Year	**992,160**	**841,252**

The impact of the difference between FRF and PSAS on the consolidated financial statements of the university would be as follows:

16c/ Difference between FRF and PSAS

	FRF	PSAS	FRF	PSAS
Dollars in Thousands	**2026**		**2025**	
Non-financial assets				
Deferred capital contributions	992,160	84,237	841,252	21,275
Accumulated Surplus				
Accumulated Surplus	1,408,078	2,316,001	1,389,642	2,209,619
Revenue				
Government grants and contracts	476,584	604,997	467,761	600,831
Amortization of deferred capital contributions	40,467		28,245	
Annual Surplus				
Annual surplus	55,312	143,258	43,613	148,438

17. Deferred lease proceeds

Dollars in Thousands	**SFU Community Trust**	**Student Housing**	**2026**	**2025**
Deferred lease proceeds, beginning of year	107,478	55,826	163,304	162,598
Additions	476		476	2,880
Amortization	(1,121)	(987)	(2,108)	(2,174)
Deferred Lease Proceeds, End of Year	**106,833**	**54,839**	**161,672**	**163,304**

SFU Community Trust

SFUCT deferred land lease revenue represents the unamortized gains from transfer of lease rights to SFUCT and revenues from 99-year land leases in relation to UniverCity.

Student Housing

In September 2021, the university entered into a lease agreement with a third party and received an upfront lease payment of $59,256,000. This payment will be amortized over the expected 60-year term of the agreement.

18. Tangible capital assets

18a/ Tangible capital assets – net book value

Dollars in Thousands	**Cost**	**Accumulated Amortization**	**2026**	**2025**
Buildings	1,687,218	442,083	1,245,135	1,162,285
Premises leased to others	68,301	5,577	62,724	63,862
Site services	107,985	30,975	77,010	79,170
Leasehold improvements	16,165	8,493	7,672	8,656
Computer equipment	96,457	20,680	75,777	13,465
Computer software	565	65	500	224
Equipment & furnishings	150,440	70,273	80,167	78,991
Library books	91,888	45,678	46,210	46,753
Land	68,290		68,290	33,080
Assets under construction	171,767		171,767	217,169
Total	**2,459,076**	**623,824**	**1,835,252**	**1,703,655**

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. Where an estimate of value could not be made, contributed tangible capital assets are recognized at a nominal value. The value of contributed assets received during the year is approximately $660,000 (2025: $1,501,000).

18b/ 2026 Tangible capital asset cost – opening and closing balances

Dollars in Thousands	**Opening**	**Additions (Transfers)**	**Disposals**	**2026**
Buildings	1,569,579	117,954	(315)	1,687,218
Premises leased to others	68,301			68,301
Site services	107,985			107,985
Leasehold improvements	15,562	603		16,165
Computer equipment	30,591	78,975	(13,109)	96,457
Computer software	239	326		565
Equipment & furnishings	143,860	19,458	(12,878)	150,440
Library books	93,654	8,734	(10,500)	91,888
Land	33,080	35,210		68,290
Assets under construction	217,169	(45,402)		171,767
Total	**2,280,020**	**215,858**	**(36,802)**	**2,459,076**

18c/ 2026 Tangible capital asset accumulated amortization – opening and closing balances

Dollars in Thousands	Opening	Amortization	Disposals	2026
Buildings	407,294	35,104	(315)	442,083
Premises leased to others	4,439	1,138		5,577
Site services	28,815	2,160		30,975
Leasehold improvements	6,906	1,587		8,493
Computer equipment	17,126	16,663	(13,109)	20,680
Computer software	15	50		65
Equipment & furnishings	64,869	18,282	(12,878)	70,273
Library books	46,901	9,277	(10,500)	45,678
Total	**576,365**	**84,261**	**(36,802)**	**623,824**

18d/ 2025 Tangible capital asset cost opening and closing balances

Dollars in Thousands	Opening	(Transfers)	Disposals	Restated
Buildings	1,552,699	17,195	(315)	1,569,579
Premises leased to others	68,301			68,301
Site services	107,985			107,985
Leasehold improvements	15,140	422		15,562
Computer equipment	35,838	7,842	(13,089)	30,591
Computer software		239		239
Equipment & furnishings	148,475	19,003	(23,618)	143,860
Library books	96,592	9,001	(11,939)	93,654
Land	33,080			33,080
Assets under construction	55,478	161,691		217,169
Total	**2,113,588**	**215,393**	**(48,961)**	**2,280,020**

18e/ 2025 Tangible capital asset accumulated amortization - opening and closing balances

Dollars in Thousands	Opening	Amortization	Disposals	2025
Buildings	375,063	32,546	(315)	407,294
Premises leased to others	3,301	1,138		4,439
Site services	26,649	2,166		28,815
Leasehold improvements	5,373	1,533		6,906
Computer equipment	18,901	11,314	(13,089)	17,126
Computer software		15		15
Equipment & furnishings	76,282	12,205	(23,618)	64,869
Library books	49,328	9,512	(11,939)	46,901
Total	**554,897**	**70,429**	**(48,961)**	**576,365**

18f/ Assets under construction by asset class

Dollars in Thousands	**2026**	**2025**
Buildings	138,307	133,292
Site services	6,646	8,056
Leasehold improvements	6,448	1,309
Computer equipment	8,947	71,299
Computer software	1,990	131
Equipment & furnishings	9,429	3,082
Assets Under Construction	**171,767**	**217,169**

19. Accumulated surplus

Dollars in Thousands	**2026**	**2025**
Internally restricted for operating commitments		
Departmental operating budget carryover	7,618	8,779
Internal advance for tangible capital assets	(21,000)	(22,000)
	(13,382)	**(13,221)**
Internally funded research	46,684	48,193
Net operating	**33,302**	**34,972**
Ancillary operations	16,676	13,074
Specific purpose	39,254	31,582
Internally Restricted for Operating Commitments	**89,232**	**79,628**
Investment in tangible capital assets, before internal advance	645,092	619,299
Internal advance for tangible capital assets	21,000	22,000
Investment in tangible capital assets	**666,092**	**641,299**
Endowment (note 8a)	**578,413**	**557,498**
Accumulated Operating Surplus, End of Year	**1,333,737**	**1,278,425**
Accumulated remeasurement gains	**74,341**	**111,217**
Accumulated Surplus, End of Year	**1,408,078**	**1,389,642**

Internally restricted for operating commitments represents amounts from the university's operating and ancillary services, and amounts set aside for research and specific purpose.

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.

Endowment represents restricted donations and capitalized investment income to be held in perpetuity.

20. Government grants and contract revenue

Dollars in Thousands	2026	2025
Province of British Columbia		
Operating	291,747	344,534
Sponsored research	7,523	31,684
Specific purpose	40,547	18,665
Capital	46,121	980
Net deferred contributions	(3,135)	(32,256)
Province of British Columbia	**382,803**	**363,607**
Government of Canada		
Operating	9,689	8,910
Sponsored research	72,531	87,902
Specific purpose	13,671	13,855
Net deferred contributions	(6,722)	(12,718)
Government of Canada	**89,169**	**97,949**
Other governments		
Operating	82	53
Sponsored research	3,802	8,284
Specific purpose	274	960
Net deferred contributions	454	(3,092)
Other Governments	**4,612**	**6,205**

21. Investment income

Dollars in Thousands	Operating	Endowment	2026	2025
Interest and dividend income	12,736		12,736	12,781
Realized gains transferred from Consolidated Statement of Remeasurement Gains and Losses	50,182		50,182	9,949
Income from deferred contributions (note 15a)		27,928	27,928	27,771
Investment Income	**62,918**	**27,928**	**90,846**	**50,501**

22. Expense by object

Dollars in Thousands	Budget	2026	2025
Salaries	562,492	579,489	545,676
Employee benefits	127,799	122,392	121,232
Supplies and other operational expenses	99,552	96,628	95,062
Amortization of tangible capital assets (note 18c)	102,008	84,261	70,429
Professional and contracted services	63,031	63,359	69,425
Scholarships and bursaries	56,776	61,867	59,829
Travel and personnel	19,243	18,440	18,318
Cost of goods sold	2,131	2,304	2,181
Interest on debt	11,217	11,202	11,203
Utilities	14,869	14,781	15,126
Expense	**1,059,118**	**1,054,723**	**1,008,481**

23. Net restricted endowment contributions

Endowment consists of restricted donations to the university. The investment income generated from endowments must be used in accordance with purposes established by donors. Donors, as well as university policy, stipulate that the economic value of the endowments must be protected by limiting the amount of income that may be expended and endowing a portion of investment income in order to maintain purchasing power.

Dollars in Thousands	**2026**	**2025**
Donations	10,014	16,540
Recapitalized investment income (note 15a)		
Endowment principal addition	1,104	3,789
Preserve purchasing power	10,563	15,671
Equity (loss) gain for the year from SFU Community Trust	(766)	1,098
Net Restricted Endowment Contributions	**20,915**	**37,098**
Endowment Accumulated Surplus, Beginning of Year	557,498	520,400
Endowment Accumulated Surplus, End of Year (note 19)	**578,413**	**557,498**

24. Contingent liabilities

From time to time, the university is involved in litigation or proceedings relating to claims arising out of its operations in the ordinary course of business. It is expected that the ultimate outcome of these claims will not have a material effect on the financial position of the university. The majority of these claims are covered by the university's insurance coverage. Any university payouts that may result from these claims will be recorded in the period when it becomes likely and determinable.

The university is a member in a self-insurance cooperative, in association with other Canadian universities, to provide property and general liability insurance coverage. Under the Canadian Universities Reciprocal Insurance Exchange (CURIE), the university is required to share in any net losses experienced by CURIE beyond the reserves that CURIE has accumulated from member premiums. Members of CURIE have exposure to retroactive premium assessments should the premiums be insufficient to cover losses and expenses. No provision has been made for this potential liability.

At March 31, 2026 the university is liable for Letters of Credit in the amount of $189,000 (2025 $263,000). The 2026 amount includes Letters of Credit related to development and custom arrangements.

25. Liability for contaminated sites

The university recognized an estimated liability of $5,000,000 (2025: $5,000,000) for the remediation of a contaminated site resulting from salt leaking from a salt shed into nearby groundwater and surface water. The estimated total future expenditures are $5,000,000. The balance is recorded in accounts payable and accrued liabilities.

26. Contractual rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future.

The university has entered into multi-year research funding agreements whereby it has the opportunity to draw on these agreements and contracts to earn revenue as the university incurs eligible expenditures as defined within funding agreements: 2027 $10,769,000 and 2028 to 2031 $18,330,000.

27. Contractual obligations

The university has entered into multi-year contracts for property leases, the delivery of services and construction projects. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure in the table below relates to the unperformed portion of the contracts.

Dollars in Thousands	**2027**	**2028**	**2029**	**2030**	**2031**	**Thereafter**
Long-term lease	6,986	6,047	5,253	5,148	4,635	29,429
Service contracts	1,566	768				
Construction contracts	53,691	32,717	2,099	2,099	2,099	
Total	**62,243**	**39,532**	**7,352**	**7,247**	**6,734**	**29,429**

28. Related party transactions

Entities Under Common Control

The university is part of the Government Reporting Entity, along with the Province of British Columbia's ministries, agencies, school districts, health authorities, colleges, crown corporations, and other universities (the "GRE Organizations"). Transactions with these GRE Organizations, 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 GRE Organizations.

Grant revenues received from the Province of BC and other GRE Organizations are discussed in note 20. Transactions with government business enterprises are discussed in notes 6, 9 and 17. Note 2b explains how GRE Organizations and government business enterprises are accounted for in the consolidated financial statements.

29. Interest in Joint Venture

Simon Fraser University participates in an unincorporated joint venture with the City of Surrey to jointly develop, fund, and construct a building, including the core and shell structure, common areas, and site servicing. The arrangement is governed by a Joint Venture Agreement entered into on October 2, 2025 and reflects shared control between the parties. The purpose of the joint venture is to provide shared infrastructure for SFU's School of Medicine and the City's civic objectives.

	2026	
Dollars in Thousands	**100%**	**70.68%**
Joint venture costs	1,768	1,250
Total	**1,768**	**1,250**

30 Financial Reporting Framework Budget

The university has made changes to the expense functions presented in the Statement of Operations for the current fiscal year end. The total expense value did not change from the consolidated budget approved by the Board of Governors, but has been restated to align with the revised functions.

31. Comparative amounts

Certain amounts on the consolidated financial statements for the year ended March 31, 2025 have been reclassified in order to conform to the presentation adopted in the current year.

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