THOMPSON RIVERS UNIVERSITY

Consolidated Financial Statements

For the year ended March 31, 2026

THOMPSON RIVERS UNIVERSITY

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THOMPSON RIVERS UNIVERSITY

STATEMENT OF ADMINISTRATIVE RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2026

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

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

The consolidated financial statements have been audited by KPMG LLP, Chartered Professional Accountants, the external auditors appointed by the University's Board of Governors. The Independent Auditor's Report outlines the nature of their audit and expresses an opinion on the consolidated financial statements of the University for the year ended March 31, 2026.

On behalf of the University:

____________________ Board Chair, Christine Sorensen

____________________ Vice-President, Administration and Finance, Matt Milovick

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the consolidated statement of financial position as at March 31, 2026
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2025 of the University are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

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

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

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

Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 2(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between the financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Kamloops, Canada

June 19, 2026

THOMPSON RIVERS UNIVERSITY

Consolidated Statement of Financial Position

March 31, 2026, with comparative figures for 2025
(thousands of dollars)

			2026		2025 (amended - note 20)
Financial Assets					
Cash	(note 3)	$	97,430	$	95,099
Accounts receivable	(note 4)		18,988		15,105
Inventories for resale			586		1,183
Investments	(note 5)		141,858		133,722
		$	258,862	$	245,109
Liabilities					
Accounts payable and accrued liabilities	(note 6)	$	76,631	$	70,479
Deferred contributions	(note 7)		47,641		84,921
Debt	(note 8)		31,213		31,934
Obligations under capital lease	(note 9)		31,605		32,416
Deferred capital contributions	(note 10)		204,200		155,687
Asset retirement obligations	(note 11)		3,408		3,328
		$	394,698	$	378,765
Net debt		$	(135,836)	$	(133,656)
Non-Financial Assets					
Tangible capital assets	(note 12)	$	342,657	$	333,639
Restricted endowment investments	(note 5 & 13)		19,504		14,339
Inventories held for use			28		29
Prepaid expenses			5,275		4,789
		$	367,464	$	352,796
Accumulated surplus	(note 14)	$	231,628	$	219,140
Accumulated surplus is comprised of:					
Accumulated capital & other surpluses	(note 14)	$	199,855	$	190,970
Endowments	(note 13)		19,640		14,446
Accumulated remeasurement gains			12,133		13,724
		$	231,628	$	219,140

Contractual obligations and contingent liabilities (note 17)
See accompanying notes to consolidated financial statements.

On behalf of the Board:

Board Chair

Vice-President, Administration and Finance

THOMPSON RIVERS UNIVERSITY

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2026, with comparative figures for 2025
(thousands of dollars)

	2026 Budget (Note 2(l))	2026	2025 (amended – note 20)
Revenue:			
Government and other grants	$ 122,255	$ 128,342	$ 114,163
Tuition and other student fees	131,122	123,783	145,473
Revenue recognized from deferred capital contributions	7,159	8,164	7,289
Contract and other revenue	5,788	6,790	6,550
Donations	3,980	6,321	4,480
Investment	7,103	12,958	8,484
Retail sales, parking and residence	19,060	23,563	23,963
	296,467	309,921	310,402
Expenses: (note 18)			
Academic instruction	153,414	159,601	157,159
Student support and general operations	85,854	81,031	74,995
Facility operations and maintenance	29,543	32,326	33,869
Research	9,129	8,530	8,856
Ancillary operations	18,527	19,548	21,194
	296,467	301,036	296,073
Operating surplus before endowment contributions	-	8,885	14,329
Endowment contributions	-	5,194	27
Annual surplus	$ -	$ 14,079	$ 14,356
Accumulated capital & other surpluses, beginning of year	176,641	190,970	176,641
Endowments, beginning of year	14,446	14,446	14,419
Accumulated capital & other surpluses, end of year	176,641	199,855	190,970
Endowments, end of year	14,446	19,640	14,446

See accompanying notes to consolidated financial statements.

THOMPSON RIVERS UNIVERSITY

Consolidated Statement of Changes in Net Debt

Year ended March 31, 2026, with comparative figures for 2025
(thousands of dollars)

		2026 Budget (Note 2(l))	2026	2025
Annual surplus		$ -	$ 14,079	$ 14,356
Capital activities:				
Acquisition of tangible capital assets	(note 12)	(38,885)	(31,626)	(22,496)
Loss on disposal of tangible capital assets		-	-	9
Loss on impairment of tangible capital assets		-	3,493	-
Amortization of tangible capital assets	(notes 12 & 18)	17,429	19,115	18,043
		(21,456)	(9,018)	(4,444)
Changes in non-financial assets:				
Investment in endowments		-	(5,165)	(12)
Prepaid expenses		-	(486)	(853)
Inventories held for use		-	1	11
		-	(5,650)	(854)
Net remeasurement gains (losses)		-	(1,591)	6,215
Decrease (increase) in net debt		(21,456)	(2,180)	15,273
Net debt, beginning of year		(133,656)	(133,656)	(148,929)
Net debt, end of year		$ (155,112)	$ (135,836)	$ (133,656)

See accompanying notes to consolidated financial statements.

THOMPSON RIVERS UNIVERSITY

Consolidated Statement of Cash Flows

Year ended March 31, 2026, with comparative figures for 2025
(thousands of dollars)

		2026	2025
Cash provided by (used in):			
Operating activities:			
Annual surplus		$ 14,079	$ 14,356
Items not involving cash:			
Amortization of tangible capital assets	(notes 12 & 18)	19,115	18,043
Revenue recognized from deferred capital contributions	(note 10)	(8,164)	(7,289)
Accretion of asset retirement obligations	(notes 11 & 18)	113	114
Loss on disposal of tangible capital assets		-	9
Loss on impairment of tangible capital assets		3,493	-
Change in non-cash operating working capital:			
Accounts receivable		(3,883)	(317)
Inventories for resale		597	141
Accounts payable and accrued liabilities		6,152	(431)
Deferred contributions		8,384	11,481
Inventories held for use		1	11
Prepaid expenses		(486)	(853)
Net change in cash from operating activities		39,401	35,265
Capital activities:			
Abatement of asset retirement obligations	(note 11)	(33)	(31)
Deferred capital contributions received	(note 10)	11,013	11,641
Acquisition of tangible capital assets	(note 12)	(31,626)	(22,496)
Net change in cash from capital activities		(20,646)	(10,886)
Investing activities:			
Increase in investments, net of remeasurement gains		(9,727)	(4,029)
Investment in endowments		(5,165)	(12)
Net change in cash from investing activities		(14,892)	(4,041)
Financing activities:			
Debt repayment		(721)	(616)
Obligations under capital lease repayment		(811)	(772)
Net change in cash from financing activities		(1,532)	(1,388)
Net change in cash		2,331	18,950
Cash, beginning of year		95,099	76,149
Cash, end of year		$ 97,430	$ 95,099

See accompanying notes to consolidated financial statements.

THOMPSON RIVERS UNIVERSITY

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2026, with comparative figures for 2025
(thousands of dollars)

	2026	2025 (amended – note 20)
Accumulated remeasurement gains, beginning of the year	$ 13,724	$ 7,509
Unrealized gains during the year on portfolio investments	1,760	6,290
Realized gains reclassified to investment revenue	(3,351)	(75)
Net remeasurement gains (losses)	(1,591)	6,215
Accumulated remeasurement gains, end of year	$ 12,133	$ 13,724

See accompanying notes to consolidated financial statements

1. Authority and purpose

Thompson Rivers University (the "University") operates under the authority of the Thompson Rivers University Act of British Columbia. The University is a not-for-profit entity governed by a Board of Governors, the majority of which are appointed by the provincial government of British Columbia. The University is a registered charity and is therefore exempt from income taxes under section 149 of the Income Tax Act. The University offers a broad range of program options including graduate and undergraduate degrees, career diplomas, and trades training at its Kamloops and Williams Lake campuses through on campus and distance learning opportunities.

2. Summary of significant accounting policies

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

(a) Basis of accounting

These consolidated financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

The Budget Transparency and Accountability Act requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all taxpayer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS 4200 elections for government not-for-profit organizations.

Regulation 198/2011 requires that restricted contributions received or receivable for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are to be deferred and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded.

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

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

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS 3410; and
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS 3100.

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

2. Summary of significant accounting policies (continued)

(b) Basis of consolidation

(i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of organizations which are controlled by the University. Controlled organizations are consolidated except for Government Business Enterprises (GBEs) which are accounted for using the modified equity method. TRU Community Corporation (TRUCC) and the TRU Legal Clinic Society (TRULCS), both 100% owned subsidiaries, are fully consolidated into these statements. The inter-organizational transactions and balances have been eliminated on consolidation.

(ii) Investment in Government Business Enterprises

Investments in Government Business Enterprises (GBEs) are accounted for using the modified equity method. Under this method, the University records only the investment in the business enterprise, net income or loss of the GBE and other adjustments to equity but does not consolidate all transactions and balances. Under the modified equity method, no adjustment is made to conform to the accounting policies of government, with the exception that if other comprehensive income exists, it is accounted for as an adjustment to accumulated surplus. GBEs report using the International Financial Reporting Standards framework. Inter-organizational transactions and balances are not eliminated, except for any profit or loss on transactions between entities that involve assets that remain within the entities controlled by the University.

Currently the only GBE of the University is Thompson Rivers University Community Trust (TRUCT) (Note 5b). The trustee of the TRUCT is TRUCC. The fiscal year-end of the Trust is December 31, 2025. Significant transactions between the Trust's year-end and March 31, 2026 are recognized where applicable.

(c) Cash

Cash includes cash on hand and short-term deposits.

(d) Financial instruments

Financial instruments are classified into two categories: (i) fair value and (ii) cost.

(i) Fair value category: Portfolio investments that are quoted in an active market are reflected at fair value as at the reporting date. Other financial instruments which the University has designated to be recorded at fair value include derivative instruments, cash and cash equivalents and portfolio investments not quoted in an active market. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Consolidated Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Consolidated Statement of Operations and related balances reversed from the Consolidated Statement of Remeasurement Gains and Losses.

2. Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

(i) Fair value category (continued)

Financial instruments measured at fair value are classified according to a hierarchy which includes three levels, reflecting the reliability of the inputs involved in the fair value determination.

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

(ii) Cost category: Realized gains, losses and transaction costs are recognized in the Consolidated Statement of Operations when the financial asset is derecognized due to disposal or impairment. Accounts receivable, accounts payable and accrued liabilities, and debt are measured at cost. Any gains, losses or transaction costs are recorded in the annual surplus (deficit) depending on the nature of the financial asset or liability that gave rise to the gains, losses or expenses. Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt. Interest is accrued on loans receivable to the extent it is deemed collectible.

(e) Inventories for resale

Inventories held for resale, such as books, office and paper supplies, clothing and food are recorded at the lower of cost or net realizable value. Net realizable value is the estimated selling price.

(f) Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset. The obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

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

The liability for the removal of asbestos in certain buildings owned by the University has been recognized based on estimated future expenses upon closure of the site and determined by discounting the expected future cash flows.

The carrying amount of the obligation is reassessed at each financial reporting date. Increases in the obligation related to the passage of time are recognized as accretion expense. Changes related to the timing or amount of the undiscounted cash flows are adjusted against the cost of the related tangible capital asset. The liability is derecognized as abatement of asbestos is performed.
Amounts capitalized as a result of an asset retirement obligation are amortized with the related building in accordance with the policy outlined in note 2(g)(i).

2. Summary of significant accounting policies (continued)

(g) Non-financial assets

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

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Donated assets are recorded at fair value at the date of donation. Interest is not capitalized whenever external debt is issued to finance the construction of tangible capital assets. The cost of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives shown below, land is not amortized as it is deemed to have a permanent value:

Tangible capital assets	Amortization period
Land improvements	10 - 30 years
Buildings, renovations and buildings under capital lease	15 - 50 years
Furniture, equipment, equipment under lease and library acquisitions	3 - 10 years
Leasehold improvements	Term of the lease

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

Tangible capital assets are written down when conditions indicate that they no longer contribute to the University's ability to provide goods and services.

(ii) Works of art and historic assets

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

(iii) Leased tangible capital assets

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

(iv) Inventories held for use

Inventories held for use are recorded at cost and consist of office supplies.

2. Summary of significant accounting policies (continued)

(h) Employee future benefits

The University and its employees make contributions to the College Pension Plan and Municipal Pension Plan which are multi-employer joint trustee plans. These plans are defined benefit plans, 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 and liabilities of the plans are not segregated by institution, the plans are accounted for as defined contribution plans and any contributions by the University to the plans are expensed as incurred.

The University offers an employee future benefits plan providing accumulated sick leave. For accounting purposes, the University measures the accrued benefit obligations and determines the expense of the fiscal period through actuarial valuations and extrapolations. 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.

Vacation benefits for the University's unionized and exempt employees are accrued as earned. The obligations under these benefits are based on the applicable collective agreements for the faculty and support employees, and the employment contracts for exempt employees.

Employee future benefits are included in accounts payable and accrued liabilities.

(i) Revenue recognition

Tuition and student fees are recorded as revenue over time, as educational services are provided. Amounts received in advance of the provision of services are recorded in deferred contributions.

Revenue from sales of goods and services are recorded as revenue at the time the services are provided, or the products are delivered.

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

Restricted donations and grants are reported as revenue depending on the nature of the restrictions placed on the use of the funds by the contributors as follows:

(i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or in the form of a depreciable tangible capital asset, in each case for use in providing services are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.

(ii) Contributions restricted for specific purposes other than for those to be held in perpetuity or the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contribution have been met.

(iii) Contributions required to be retained in perpetuity, allowing only the investment income earned thereon to be spent are recorded as revenue for the portion to be held in perpetuity and as deferred contributions for the investment income earned thereon.

2. Summary of significant accounting policies (continued)

(i) Revenue recognition (continued)

(iv) The University leases land to third parties as described in Note 9. Cash received from land leases is recognized in revenue in the period to which it applies.

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

(j) 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 which were designated in the fair value category under the financial instrument standards are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the statement date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or balance sheet date is recognized in the 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 the exchange gain/loss in relation to the exchange rate at the date of the item's initial recognition is recognized in the Consolidated Statement of Operations.

(k) Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosures. Key areas where management has made estimates and assumptions include those related to the determination of useful lives of tangible capital assets for amortization and the amortization of related deferred capital contributions. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(l) Budget figures

Budget figures have been provided for comparative purposes and have been compiled from the Annual Budget Report approved by the University's Board of Governors on March 28, 2025. The budget is reflected in the Consolidated Statement of Operations, Consolidated Statement of Changes in Net Debt and Note 18, Expenses by object.

3. Cash

In thousands	2026	2025
Restricted cash	$ 1,029	$ 1,022
Unrestricted cash	92,824	79,295
Unrestricted cash – held in trust for the University	3,577	14,782
	$ 97,430	$ 95,099

Restricted cash consists of $1.0 million for monthly capital lease payments.

4. Accounts receivable

In thousands	2026	2025
Trade	$ 5,128	$ 4,607
Student and sponsor	5,190	4,962
Related parties	9,009	6,065
Allowance for doubtful accounts	(339)	(529)
	$ 18,988	$ 15,105

Trade consists of amounts receivable from customers, various government agencies and universities not related to the Province of BC, and government tax credits and rebates.

Student and sponsor consists of amounts due from individual students and businesses or agencies paying tuition and/or fees on behalf of students.

Related parties consist of amounts due from various provincial government entities, consolidated entities, the Thompson Rivers University ("TRU") Foundation and employees of the University.

5. Financial instruments

(a) Investments

Investments are comprised of Canadian and foreign equities, government and corporate bonds with various maturity dates, an investment in private equities and an investment in a Government Business Enterprise. The weighted average rate of return for bonds is 3.87% (2025 – 4.37%).

		In thousands 2026	2025
Equities at cost (Level 1, 2 and 3)		$ 60,598	$ 49,768
Equities – unrealized gain		20,172	19,295
Bonds at cost (Level 2)		72,940	70,178
Accrued interest		594	484
Bonds – unrealized loss		(2,176)	(1,534)
Investment in private equities (Level 3)		4,955	5,885
Investment in private equities, unrealized gain (loss)		320	164
Investment in Government Business Enterprise (Level 3)	(note 5b)	3,959	3,821
		$ 161,362	$ 148,061
Portfolio and other investments		141,858	133,722
Endowments investments	(note 13)	19,504	14,339
		$ 161,362	$ 148,061

Included in investments are financial instruments measured at fair value which have been classified above according to the hierarchy in the University's significant accounting policy. Changes in valuation methods or in the availability of market observable inputs may result in a transfer between levels. During the year, there were no significant transfers of securities between the different levels.

(b) Investment in Government Business Enterprise

Included in investments is the University's investment in the TRUCT. The purpose of the TRUCT is to develop property on behalf of the University. The University granted the TRUCT the ability to sell 99 year leases on portions of land owned by the University. The beneficiaries of the TRUCT are the University and TRU Foundation.

	In thousands 2026	2025
Investment in TRUCT, beginning of year	$ 3,821	$ 3,585
Current year investment (redemption)	(1,277)	542
Equity in earnings (loss) for the year	2,008	(306)
Distributions to beneficiaries	(593)	-
Investment in TRUCT, end of year	$ 3,959	$ 3,821

5. Financial instruments (continued)

(c) Financial information as of December 31, 2025 for the TRUCT is as follows:

			In thousands	
		2026		2025
Assets	$	4,063	$	3,671
Liabilities		(5,546)		(4,838)
Trust balance, end of year		(1,483)		(1,167)
Significant transactions to March 31		2,324		-
Distributions to beneficiaries to March 31		(593)		-
Trust balance, as at March 31	$	248	$	(1,167)
Revenues	$	1	$	1
Expenses		(317)		(307)
Loss		(316)		(306)
Significant transactions to March 31		2,324		-
Surplus (loss) to March 31		2,008		(306)
Distributions to beneficiaries to March 31		(593)		-
Trust balance, beginning of year		(1,167)		(861)
Trust balance, as at March 31	$	248	$	(1,167)

6. Accounts payable and accrued liabilities

			In thousands	
		2026		2025
Trade payables and accrued liabilities	$	30,321	$	37,536
Salaries and benefits payable		32,889		19,106
Accrued vacation payable		13,421		13,837
	$	76,631	$	70,479

7. Deferred contributions

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

In thousands	2026	2025
Tangible capital assets	$ -	$ 52,166
Sponsored research and specific purpose	8,078	10,790
Operating and other	26,342	14,914
TRUCT deferred lease proceeds	6,607	2,480
Endowment	6,614	4,571
	$ 47,641	$ 84,921

Changes in the deferred contribution balance are as follows:

In thousands

2026

	Tangible capital assets	Sponsored research & specific purpose	Operating & other	TRUCT deferred lease proceeds	Endowment	Total
Balance, beginning of year	$52,166	$ 10,790	$ 14,914	$ 2,480	$ 4,571	$ 84,921
Contributions & other revenue received during the year	-	7,987	295,261	4,196	8,182	315,626
Reallocation	(6,502)	-	6,502	-	-	-
Transfer to deferred capital contributions	(45,664)	-	-	-	-	(45,664)
Recognition to revenue	-	(10,699)	(290,335)	(69)	(6,139)	(307,242)
Balance, end of year	$ -	$ 8,078	$ 26,342	$ 6,607	$ 6,614	$ 47,641

In thousands

2025

	Tangible capital assets	Sponsored research & specific purpose	Operating & other	TRUCT deferred lease proceeds	Endowment	Total
Balance, beginning of year	$ 42,905	$ 9,425	$ 15,335	$ 2,507	$ 3,268	$ 73,440
Contributions & other revenue received during the year	20,902	10,933	292,396	-	1,995	326,226
Transfer to deferred capital contributions	(11,641)	-	-	-	-	(11,641)
Recognition to revenue	-	(9,568)	(292,817)	(27)	(692)	(303,104)
Balance, end of year	$ 52,166	$ 10,790	$ 14,914	$ 2,480	$ 4,571	$ 84,921

8. Debt

In thousands				
		2026		2025
Ministry of Finance loan, unsecured, bears interest at 2.95%, repayable in semi annual payments of principal and interest, matures March 2044.	$	20,124	$	20,961
Ministry of Finance commercial paper, unsecured, bears interest at 2.27%, repayable at maturity on November 4, 2026.		5,089		4,973
Bank of Montreal fixed rate term loan, bears interest at 4.35% until renewal on June 2, 2027, interest only payments until maturity on May 31, 2029.		6,000		6,000
	$	31,213	$	31,934

Principal repayments for the next five years:

In thousands		
Year ending March 31:		
2027	$	5,950
2028		887
2029		914
2030		6,941
2031		969
Thereafter		15,552
Total principal repayments	$	31,213

9. Obligations under capital lease

The University has entered into a Land Lease agreement with Dacon Corporation Ltd. ("Dacon"). Under the terms of the Land Lease, the University has leased 0.5 of a hectare of land on its Kamloops Campus to Dacon from April 1, 2005 to August 31, 2047. The land lease required Dacon to construct a student residence with approximately 580 beds in accordance with plans approved by the University. Annual rent under the Land Lease is $5 thousand for the term of the agreement. The University will pay Dacon a surrender fee at the end of the lease equal to Dacon's net investment in the assets constructed on the land.

A Project Financing Agreement between the University, Dacon and Desjardins Trust Inc. obligates the University to make payments of principal and interest on the indebtedness incurred on the construction of the residence if for any reason the payments are not made by the primary debtor, Dacon. The interest rate on the debt is 5.14% (2025 – 5.14%).

The University has also entered into a sublease with Dacon. Under the terms of the sublease, the University leases the student residence from Dacon from September 1, 2006 for the term of the land lease less one day. Rent under the sublease is (i) Dacon's debt service costs associated with the financing of the residence, and (ii) 60% of the free cash flow each year (net of a contribution to a capital reserve fund) from the residence as defined in the sublease.

The University has entered into a Management Agreement with Dacon and Campus Living Centres Inc. ("CLC"). Under the terms of the Management Agreement, the University retains CLC, for the term of the sublease, to manage the residence and to comply with the obligations of the University under the sublease.

The above agreements are recognized in the financial statements of the University as assets acquired under a capital lease and a capital lease obligation. The minimum future lease payments are as follows:

In thousands

	2026	2025
Year ending March 31:		
2026	$ -	$ 2,442
2027	2,441	2,441
2028	2,441	2,441
2029	2,441	2,441
2030	2,441	2,441
2031	2,441	2,441
Thereafter	39,514	39,514
Total minimum lease payments	51,719	54,161
Less amounts representing interest	(20,114)	(21,745)
Present value of net minimum capital lease payments	$ 31,605	$ 32,416

10. Deferred capital contributions

Contributions for the purpose of acquiring tangible capital assets are referred to as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset. Province of British Columbia Treasury Board regulation 198/2011 provided direction on accounting treatment of restricted capital contributions.

Changes in the deferred capital contributions balance are as follows:

In thousands

	2026	2025
Balance, beginning of year	$ 155,687	$ 151,335
Transferred from deferred contributions	45,664	11,641
Grants, contributions and donations	11,013	-
Less revenue recognized from deferred capital contributions	(8,164)	(7,289)
Balance, end of year	$ 204,200	$ 155,687

Effective April 1, 2025, contributions specifically restricted for capital are directly recorded as deferred capital contributions when received. Previously, contributions for capital were initially recorded as deferred contributions and transferred to deferred capital contributions when spent.

11. Asset retirement obligations

The University has asset retirement obligations related to certain buildings that contain asbestos. The obligations are expected to be settled at future dates ranging from 1 to 56 years after the reporting date. The estimated undiscounted expenditures to settle the obligations total $13.3 million. These costs have been discounted to the present value using a rate of 3.73% (2025 - 3.60%).

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

In thousands

	2026	2025
Balance, beginning of year	$ 3,328	$ 3,245
Remeasurement of asset retirement obligation	-	-
Abatement of asset retirement obligation	(33)	(31)
Accretion expense	113	114
Balance, end of year	$ 3,408	$ 3,328

12. Tangible capital assets

In thousands

2026	Land and improvements	Buildings	Building and equipment under capital lease	Furniture, equipment and library acquisitions	Total
Cost, beginning of year	$ 44,268	$376,197	$ 43,455	$ 54,944	$ 518,864
Additions	3,974	21,654	390	5,608	31,626
Impairment	-	(9,381)	-	(715)	(10,096)
Disposals	(1)	(662)	-	(5,608)	(6,271)
Cost, end of year	48,241	387,808	43,845	54,229	534,123
Accumulated amortization, beginning of year	12,811	120,536	21,309	30,569	185,225
Amortization expense	1,103	10,170	1,188	6,654	19,115
Impairment	-	(5,904)	-	(699)	(6,603)
Disposals	(1)	(662)	-	(5,608)	(6,271)
Accumulated amortization, end of year	13,913	124,140	22,497	30,916	191,466
Net book value	$ 34,328	$263,668	$ 21,348	$ 23,313	$ 342,657

In thousands

2025	Land and improvements	Buildings	Building and equipment under capital lease	Furniture, equipment and library acquisitions	Total
Cost, beginning of year	$ 40,446	$362,923	$ 43,058	$ 50,620	$ 497,047
Additions	3,822	13,274	397	5,003	22,496
Disposals	-	-	-	(679)	(679)
Cost, end of year	44,268	376,197	43,455	54,944	518,864
Accumulated amortization, beginning of year	12,082	110,831	20,152	24,787	167,852
Amortization expense	729	9,705	1,157	6,452	18,043
Disposals	-	-	-	(670)	(670)
Accumulated amortization, end of year	12,811	120,536	21,309	30,569	185,225
Net book value	$ 31,457	$255,661	$ 22,146	$ 24,375	$ 333,639

Assets under construction having a value of $23.2 million (2025 - $6.5 million) have not been amortized. Amortization of these assets will commence when the asset is put into service.

13. Endowments

Endowment principal is to be maintained in perpetuity. The investment income generated from endowments is restricted and can be spent only in accordance with the various purposes established by the donors or the University's Board of Governors.

Proceeds received from the TRUCT are to be deferred and recognized over a 99 year period. As such, only the portion of the proceeds recognized in the year will be added to the endowment balance.

Changes to the endowment balances are as follows:

				In thousands
		2026		2025
Endowment investment balance, beginning of year	$	14,339	$	14,327
Contributions received during the year		5,125		-
TRUCT lease proceeds deferred, beginning of year		1,136		1,148
TRUCT lease proceeds deferred, end of year		(1,096)		(1,136)
Endowment investment balance, year end		19,504		14,339
Cumulative non-cash recognition of TRUCT lease proceeds		136		107
Endowment equity balance, end of year	$	19,640	$	14,446

The market value of the endowment investments is $27.2 million (2025 - $20.0 million) which includes cash of $4.1 million ($1.4 million).

Change in portion available for distribution is as follows:

				In thousands
		2026		2025
Portion available for distribution, beginning of year	$	4,571	$	3,268
Restricted investment income		3,057		1,995
Distribution during the year		(1,014)		(692)
Portion available for distribution, end of year	$	6,614	$	4,571

14. Accumulated surplus

Accumulated capital and other surpluses consist of the following:

In thousands

	2026	2025 (amended – note 20)
Invested in tangible capital assets:		
Tangible capital assets	$ 342,657	$ 333,639
Debt used for tangible capital asset acquisition	(31,213)	(31,934)
Amounts financed by deferred capital contributions	(204,200)	(155,687)
Asset retirement obligations	(3,408)	(3,328)
Obligations under capital lease	(31,605)	(32,416)
	72,231	110,274
Internally restricted:		
Designated and specific purpose reserves	6,898	7,509
Faculty and department reserves	3,169	3,038
Capital reserves	72,171	29,635
International building stabilization reserve	9,639	9,975
Operating reserve	34,410	29,761
Residence repair and replacement reserve	1,337	778
	127,624	80,696
Total accumulated capital and other surpluses	$ 199,855	$ 190,970
Endowments	19,640	14,446
Accumulated remeasurement gains	12,133	13,724
Accumulated surplus	$ 231,628	$ 219,140

Invested in tangible capital assets represent assets purchased with unrestricted and internally restricted surpluses.

Designated and specific purpose reserves are set aside for future operations and projects for which specific funding has been received or allocated.

Faculty and department reserves are mainly held for professional development.

Capital reserves are amounts restricted for purchases of land, buildings and equipment.

Operating and international building stabilization reserves are amounts restricted for operating commitments.

Residence repair and replacement reserve is an amount set aside for repairs to the building and repairs or replacement of furniture, fixtures and equipment.

15. Employee future benefit

(a) Pension benefits

The University and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trusteed pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the plans, including investment of assets and administration of benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits provided are based on a formula. As at August 31, 2025, the College Pension Plan had about 17,500 active members, and approximately 11,800 retired members. As at December 31, 2024, the Municipal Pension Plan had about 273,000 active members, including approximately 7,000 from universities and colleges.

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 for the College Pension Plan as at August 31, 2024, indicated a $3.8 million unfunded liability 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 most recent valuation for the Municipal Pension Plan as at December 31, 2024, indicated a $2,675 million funding surplus for basic pension benefits on a going concern basis.

The next valuation for the College Pension Plan will be as at August 31, 2027. The next valuation for the Municipal Pension Plan will be as at December 31, 2027.

The University paid $13.8 million for employer contributions to the plans in fiscal 2026. (2025 - $13.8 million).

The University paid $13.5 million for employee contributions to the plans in fiscal 2026 (2025 - $13.5 million).

Employers participating in the plans 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 plans.

16. Financial risk management

The University is exposed to the following financial risks from its financial instruments. The Board of Governors, through management, ensures that the University has processes in place to identify and monitor these risks.

(a) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to meet its contractual obligations. The University is exposed to credit risk through its accounts receivables which includes receivables from the Province of British Columbia, Federal Government of Canada, student tuition and campus residences rental receivables.

Credit risk associated with government receivables is assessed as low. Credit risk from tuition receivables is comprised of a number of accounts which minimizes risk. Further, the University has procedures in place to monitor these accounts, manage the collection of overdue accounts, and the authority to stop further enrollment and postpone granting transcripts until payment is received. Credit risk associated with campus residences rental receivables includes a number of tenants which minimizes risk. The University has a process of reviewing applications before extending credit and has the same processes in place as for student tuition.

The University maintains allowances for potential credit losses and anticipated losses to date based on the University's expectations. The estimates in respect of the allowances for doubtful accounts are based on historical trends and information and current economic conditions. Allowances are reviewed on a regular basis and the same factors are used in determine whether to write off the allowed amounts against accounts receivables.

(a) Liquidity risk

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they become due. The University manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the University's reputation. Accounts payable and accrued liabilities are short-term in nature and typically settled within 30 to 60 days of invoice date.

(b) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market conditions and prices. The significant market risks to which the University is exposed to are foreign exchange risk, interest rate risk and other price risk.

(i) Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value of financial instruments or future cash flows associated with an instrument will fluctuate due to changes in foreign exchange rates. The University is exposed to this risk through its cash and investment accounts held in foreign currencies and its transactions in U.S. dollars. The foreign exchange risk of these instruments has an insignificant impact on the operating results of the University given the value of the accounts held and the limited number of transactions, thus resulting in minimal risk.

16. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of financial instruments or future cash flows associated with those instruments will fluctuate due to changes in market interest rates. The University is exposed to interest rate risk in respect of its portfolio investments, in particular its fixed income investments which earn interest income at various rates. The University is also exposed to this risk from its debt which bears interest at rates as disclosed in Note 8.

(iii) Tariff risk

The imposition of U.S. tariffs on cross-border trade will result in increased costs for goods and services procured from U.S. suppliers, impacting operations and infrastructure projects. While the long-term impact remains uncertain, the University is actively working to monitor and mitigate the risks and impacts of tariffs.

(iv) Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cashflows associated with the instruments will fluctuate due to changes in market conditions and prices (other than those arising from foreign exchange risk, tariff risk or interest rate risk). The University is exposed to this risk through its investments in equities and real estate. The objective of market risk management is to manage and control risk exposures within acceptable parameters, while maximizing the return. The composition of the University's investments includes fixed income, equities, and other investments. The composition varies based on the University's needs and investment objectives as outlined in the University's investment policy.

17. Contractual obligations and contingent liabilities

(a) The University is committed to payments under various contracts and leases with various expiry dates through 2031 as detailed below:

In thousands

Year	Construction and capital project contracts	Equipment and operating leases	Janitorial and other service contracts	Total
2027	$ 12,801	$ 1,422	$ 5,276	$ 19,499
2028	-	964	2,370	3,334
2029	-	599	1,592	2,191
2030	-	405	139	544
2031	-	408	-	408

The University has entered into a 30-year thermal energy agreement with variable pricing based on consumption and other factors. As payments are not reasonably estimable at this time, no amount has been included in the contractual obligations schedule.

(b) The University has agreed to contribute one third of the net operating loss of the City of Kamloops Aquatic Centre to a maximum of $150 thousand annually. The University's proportionate contribution of the 2026 Aquatic Centre operating loss amounted to $150 thousand (2025 - $150 thousand).

(c) 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 obligations that may result from these claims will be recorded in the period when it becomes likely and determinable.

18. Expenses by object

		In thousands	
	Budget	2026	2025
Accretion of asset retirement obligations	$ -	$ 113	$ 114
Advertising and public relations	5,296	3,931	5,212
Amortization of tangible capital assets	17,429	19,115	18,043
Bank charges, interest and bad debt	1,503	1,624	1,985
Building, equipment, operations and maintenance	12,683	9,502	11,926
Bursaries, awards and scholarships	7,056	9,974	10,486
Computer supplies and licenses	5,136	6,192	5,081
Cost of materials sold	6,130	5,680	6,648
Impairment on write-down of capital assets	-	3,493	-
Interest on capital lease obligation	1,629	1,626	1,667
Interest on debt	966	1,021	1,179
Leases and rentals	2,665	3,109	3,528
Professional fees and contracted services	20,948	19,215	22,628
Salaries and benefits	198,917	205,988	193,955
Supplies, postage and freight	8,068	5,193	6,260
Travel	8,041	5,260	7,361
	$ 296,467	$ 301,036	$ 296,073

19. Related organizations

The University is associated with the following organizations, which have not been consolidated into the University's financial statements.

(a) The TRU Foundation

The TRU Foundation (the "Foundation") has been established for the benefit of the University and its students. During the fiscal period ending March 31, 2026, the Foundation fundraised and donated to the University $0.2 million for capital projects (2025 - $0.2 million), and $5.4 million for bursaries, scholarships, and other projects (2025 - $4.6 million).

(b) Other provincial government operations

The University is related through common ownership to all Province of British Columbia ministries, agencies, school districts, health authorities, colleges, universities, and crown corporations. Transactions with these entities are considered to be in the normal course of operations and are recorded at the exchange amount which is the amount of consideration established and agreed to by the related parties.

20. Comparative information

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year. These changes do not affect prior year's annual surplus.

Accumulated remeasurement gains as at April 1, 2024 were increased and Accumulated capital & other surpluses as at April 1, 2024 were decreased by $590 thousand. The balances were amended to present a consistent amount of unrealized gains in investments and in accumulated remeasurement gains.