



UNBC UNIVERSITY OF
NORTHERN BRITISH COLUMBIA

Consolidated Financial Statements

Year Ended March 31, 2026



Cover Photo Captions

Top left

1. Snow blankets UNBC's Prince George campus as the University is named one of British Columbia's top employers.

Top right

2. Master of Science student Carly Walters is studying the effects of increased stream temperatures on the biology, distribution and movement of rainbow trout. She is part of a panel discussion at the BC Natural Resources Forum.

Middle

3. Students in the graduating Class of 2026 from UNBC's Regional Bachelor of Social Work program in Terrace gathered for a week-long intensive course in the Fall Semester.

Bottom left

4. NRES PhD candidate Sorour Nasimi was awarded the 2025 Mike Macfarlane Memorial Scholarship from the Society of Contaminated Sites Approved Professionals of British Columbia.

Bottom right

5. Professor Emeritus Dr. Phil Burton published his latest book Resilient Forest Management in 2025.

University of Northern British Columbia

Consolidated Financial Statements

Table of Contents

	<u>Page</u>
STATEMENT OF MANAGEMENT RESPONSIBILITY	1
INDEPENDENT AUDITORS' REPORT	2
AUDITED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Changes in Net Debt	7
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	9

UNIVERSITY OF NORTHERN BRITISH COLUMBIA

STATEMENT OF MANAGEMENT RESPONSIBILITY

The consolidated financial statements of the University of Northern British Columbia (the University) have been prepared by management in conformity with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia and the Restricted Contribution Regulation 198/2011 issued pursuant to it. The regulations require financial statements to be prepared in accordance with the standards of the Canadian Public Sector Accounting Board except that the contributions received or receivable by the University for the purpose of acquisition of tangible capital assets are accounted for as deferred capital contributions as described in note 2(a) of the consolidated financial statements. The consolidated financial statements present the consolidated financial position of the University as at March 31, 2026 and the consolidated results of its operations and its consolidated cash flows for the year ended March 31, 2026.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management 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 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 its Audit and Risk Committee.

Except for the President, members of the Audit and Risk Committee are not administrative officers of the University. The composition of the Committee may include any Board member, including those elected by employee groups and members of student societies. All members of the Board have a fiduciary duty to act in the best interest of the University.

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

The consolidated financial statements for the year ended March 31, 2026 have been reported on by KPMG LLP. The Independent Auditor's Report outlines the scope of the examination and provides the firm's opinion on the consolidated financial statements.

Danielle Forsythe, CPA, CMA
Vice President, Finance & Administration

May 28, 2026

UNIVERSITY OF NORTHERN BRITISH COLUMBIA

Consolidated Statement of Financial Position

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

		2026	2025
Financial assets			
Cash and cash equivalents	\$	58,406	\$ 55,251
Operating investments	(Note 3)	23,732	23,463
Accounts receivable		12,869	8,921
Inventories for resale		369	361
Portfolio investments	(Note 4)	36,569	39,420
		131,945	127,416
Financial Liabilities			
Accounts payable and accrued liabilities	(Note 5)	23,290	19,143
Deferred revenue		3,901	5,327
Deferred contributions	(Note 7)	73,590	69,605
Deferred capital contribution	(Note 8)	151,002	153,368
		251,783	247,443
Net debt		(119,838)	(120,027)
Non-financial assets			
Tangible capital assets	(Note 9)	200,825	204,004
		221	252
Endowment investments	(Note 4 and 13)	77,127	75,591
Prepaid expenses		3,848	3,314
		282,021	283,161
Accumulated surplus	\$	162,183	\$ 163,134

Contractual obligations and commitments

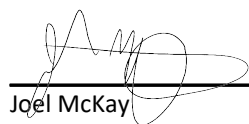
(Note 11)

Subsequent events

(Note 17)

See accompanying notes to consolidated financial statements

On behalf of the Board of Governors:


 Joel McKay
 Chair, Board of Governors


 Bill Owen
 Interim President & Vice Chancellor

UNIVERSITY OF NORTHERN BRITISH COLUMBIA
Consolidated Statement of Operations and Accumulated Surplus

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

	Budget (Note 2(n))		2026		2025
Revenues					
Government grants					
Provincial government	\$	78,936	\$	83,083	\$ 78,134
Federal government		9,500		13,809	12,044
		16,726		16,109	15,630
		10,134		8,991	10,508
Other fees		1,808		1,824	1,984
Sales of goods and services		10,495		8,865	9,223
		17,666		17,396	18,851
Investment income		4,227		5,189	9,377
External cost recovery and other income		825		5	9
		8,300		8,430	8,249
		158,617		163,701	164,009
Expenses					
Ancillary operations		5,953		8,716	8,904
Facilities operations and maintenance		18,364		19,432	19,433
Instruction		66,280		69,412	61,126
Institutional support		50,020		43,536	46,710
Sponsored research		14,500		16,906	16,580
Special purpose		6,000		8,186	9,871
		161,117		166,188	162,624
Annual operating (deficit) surplus before restricted contributions		(2,500)		(2,487)	1,385
Restricted endowment contributions		1,500		1,536	2,391
Annual (deficit) surplus		(1,000)		(951)	3,776
Accumulated operating surplus , beginning of year		163,358		163,134	159,358
Accumulated operating surplus , end of year	\$	162,358	\$	162,183	\$ 163,134

See accompanying notes to consolidated financial statements.

UNIVERSITY OF NORTHERN BRITISH COLUMBIA

Consolidated Statement of Changes in Net Debt

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

	Budget (Note 2(n))	2026	2025
Annual (deficit) surplus	\$ (1,000)	\$ (951)	\$ 3,776
Exclude items not affecting net debt:			
Restricted endowment contributions	(1,500)	(1,536)	(2,391)
	(2,500)	(2,487)	1,385
Acquisition of tangible capital asset	-	(8,568)	(14,104)
Loss on disposal of tangible capital assets	-	16	-
Amortization of tangible capital assets	-	11,731	11,130
	-	3,179	(2,974)
Consumption of inventories held for use	-	252	126
Acquisition of inventories held for use	-	(221)	(252)
Consumption of prepaid expenses	-	3,314	3,550
Acquisition of prepaid expenses	-	(3,848)	(3,314)
	-	(503)	110
Decrease (increase) in net debt	(2,500)	189	(1,479)
Net debt, beginning of year	(128,462)	(120,027)	(118,548)
Net debt, end of year	\$ (130,962)	\$ (119,838)	\$ (120,027)

See accompanying notes to consolidated financial statements.

UNIVERSITY OF NORTHERN BRITISH COLUMBIA

Consolidated Statement of Cash Flows

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

	2026	2025
Cash provided by (used in):		
Operating Activities		
Annual (deficit) surplus	\$ (951)	\$ 3,776
Items not involving cash:		
Amortization of tangible capital assets	11,731	11,130
Proceeds on sale of tangible capital assets	44	-
Gain on disposal of tangible capital assets	(28)	-
Amortization of deferred capital contributions	(8,430)	(8,249)
Change in non-cash operating working capital		
(Increase) decrease in accounts receivable	(3,948)	2,641
(Increase) decrease in prepaid expenses	(534)	236
Decrease (increase) in inventories held for use	31	(125)
(Increase) decrease in inventories held for sale	(8)	165
Increase in accounts payable and accrued liabilities	4,147	152
Decrease in deferred revenue	(1,426)	(1,781)
Net change in cash from operating activities	628	7,945
Capital activities		
Acquisition of tangible capital assets	(8,568)	(14,104)
Net change in cash from capital activities	(8,568)	(14,104)
Investing activities		
Capital contributions	6,064	10,972
Increase in operating investments	(269)	(655)
Increase in deferred contributions	3,985	943
Increase in endowment investments	(1,536)	(2,392)
Decrease (increase) in portfolio investments	2,851	(3,025)
Net change in cash from investing activities	11,095	5,843
Net change in cash	3,155	(316)
Cash, beginning of year	55,251	55,567
Cash, end of year	\$ 58,406	\$ 55,251

Cash is comprised of cash and cash equivalents.

See accompanying notes to consolidated financial statements.

UNIVERSITY OF NORTHERN BRITISH COLUMBIA

Notes to Consolidated Financial Statements

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

1. Authority and Purpose

The University of Northern British Columbia ("UNBC" or "the University") operates under the authority of the *University Act* of British Columbia. UNBC is a comprehensive research university dedicated to improving the quality of life in its region, and beyond, by attaining the highest standards of undergraduate and graduate teaching, learning, and research. The University is governed by a 15 member Board of Governors, eight of whom are appointed by the Government of British Columbia, including two on the recommendation of the UNBC Alumni Association. The academic governance of the University is vested in the Senate. UNBC is a registered charity and is therefore exempt from income taxes under Section 149 of the *Income Tax Act*. The University receives a significant portion of its revenues from the Province of British Columbia.

2. Summary of significant accounting policies

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

(a) Basis of accounting

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

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

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 elections.

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

- (i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital assets are recorded and, referred to as deferred capital contributions and recognized revenue at the same rate that amortization of the related 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 those for 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 contributions have been met.

2. Summary of significant accounting policies (continued)

(a) Basis of accounting - (continued)

For British Columbia tax-payer supported organizations, these contributions include government transfers and externally 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 PS3100; and
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100.

As a result, revenue is recognized in the Consolidated Statement of Operations and Accumulated Surplus and certain related deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

(b) Basis of consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of organizations that are controlled by UNBC. UNBC Investment Trust is a for-profit entity controlled by the University, whose primary purpose is to manage certain investment assets of the endowment fund; it is included in the financial statements on a fully consolidated basis.

(c) Cash and cash equivalents

Cash and cash equivalents include cash, money-market securities and investments with terms to maturity of three months or less at date of purchase and are cashable on demand.

(d) Operating investments

Operating investments consist of highly liquid money-market and bond securities and other investments with terms to maturity of greater than three months at date of purchase.

(e) Financial instruments

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

Fair value category: Portfolio instruments that are quoted in an active market and derivative instruments are reflected at fair value as at the reporting date. Other financial instruments which the University has designated to be recorded at fair value include cash, cash equivalents and short term investments. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Significant unrealized gains and losses on financial instruments are recognized in the 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 Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. Unrealized gains and losses on

2. Summary of significant accounting policies (continued)**(e) Financial instruments - (continued)**

endowment investments where earnings are restricted as to use are recorded as deferred contributions and recognized in revenue when disposed and when the related expenses are incurred.

Cost category: Realized gains, losses and interest expense are recognized in the Statement of Operations and Accumulated Surplus when the financial asset is derecognized due to disposal or impairment. Accounts receivable, accounts payable and accrued liabilities are measured at cost. Any gains, losses or expense is recorded in the annual surplus (deficit) depending on the nature of the financial asset or liability that gave rise to the gain, loss or expense. Valuation allowances are made when collection is in doubt. Interest is accrued on accounts receivable to the extent it is deemed collectible.

(f) Inventories for resale

Inventories held for resale, including books, clothing, office and paper supplies, food and other items for retail sale are recorded at the lower of cost and net realizable value. Cost includes the original purchase cost, plus shipping and applicable duties. Net realizable value is the estimated selling price less any costs to sell.

(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. Interest is not capitalized whenever external debt is issued to finance the construction of tangible capital assets. Donated assets are recorded at fair value at the date of transfer. In unusual circumstances where fair value cannot be reasonably determined, the tangible capital asset would be recognized at nominal value.

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

Asset	Rate
Buildings and site improvements	50 years
Capital renovations	20 years
Library books	10 years
Furniture and equipment	8 years
Computers	3 years

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

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

2. Summary of significant accounting policies (continued)

(g) Non-financial assets - (continued)

(ii) Works of art and historic treasures

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

(iii) Inventories Held for Use

Inventories held for use such as office, stationery and lab supplies distributed to various departments are recorded at the lower of cost and replacement cost. Cost includes the original purchase cost, plus shipping and applicable duties.

(h) Employee future benefits

The University and eligible employees contribute to a defined contribution pension plan providing benefits on a money purchase basis. The cost of pension benefits includes the current service cost based on 8% to 10% of salary, less a fixed offsetting amount relating to Canada Pension Plan contributory earnings. The assets and liabilities of this plan are not included in the University's consolidated financial statements. The University expenses its contributions to the plan in the year to which the contributions relate. The University's sick leave benefits do not vest or accumulate and related costs are expensed as incurred.

Vacation benefits for the University's employees are accrued as earned. The obligations under these benefits are based on the applicable collective agreements for unionized employees and employment contracts for employees not covered by collective agreements.

(i) Revenue recognition

Revenue, including tuition, from transactions with performance obligations is recognized when (at a point in time) or as (over a period of time) the University satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payer.

Revenue from transactions without performance obligations is recognized at realizable value when the University has the right to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

Unrestricted donations and grants and other income are recorded as revenue when receivable if the amounts can be estimated and collection is reasonably assured. Pledges from donors are recorded as revenue when payment is received or the transfer of property is completed.

The University follows the deferral method of accounting for contributions. Restricted donations and grants are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

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

2. Summary of significant accounting policies (continued)**(i) Revenue recognition - (continued)**

- (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 stipulations or restrictions on the contribution have been met.
- (iii) Contributions restricted to be retained in perpetuity, allowing only the investment income earned thereon to be spent are recorded as endowment contributions on the Consolidated Statement of Operations and Accumulated Surplus for the portion to be held in perpetuity and as deferred contributions for any restricted investment income earned thereon.
- (iv) 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) Use of estimates

The preparation of the consolidated financial statements in accordance with the *Budget Transparency and Accountability Act* requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures. Key areas where management has made estimates and assumptions include those related to the determination of fair value of financial instruments, the useful life of tangible capital assets for amortization, the related amortization of deferred capital contributions and accrued payables. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(k) 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 standard are reflected in the consolidated financial statements in equivalent Canadian dollars at the exchange rate in effect on the date of the statement of financial position. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or date of the statement of financial position 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 statement of remeasurement gains and losses and the exchange gain or loss in relation to the exchange rate at the date of the item's initial recognition is recognized in the Consolidated Statement of Operations and Accumulated Surplus.

(l) Contaminated sites

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;

2. Summary of significant accounting policies (continued)

(l) Contaminated sites - (continued)

- (iii) the organization is directly responsible or accepts the responsibility for the liability;
- (iv) future economic benefits will be given up; and
- (v) a reasonable estimate of the liability can be made.

(m) Asset retirement obligation

The University recognizes asset retirement obligations in the period in which the following criteria are met:

- (i) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) the past transaction or event giving rise to the liability has occurred;
- (iii) it is expected that future economic benefits will be given up; and
- (iv) a reasonable estimate of the amount can be made.

Tangible long-lived assets include leased premises and the legal obligation to incur retirement costs is a result from the acquisition, construction, development, and/or normal use of the asset.

The fair value of the asset retirement cost is capitalized as part of the carrying value of the related long-lived asset and is depreciated over the life of the asset. The liability may be changed to reflect the passage of time and changes in the fair value assessment of the retirement obligation.

(n) Future changes in accounting standards

The University is assessing the impact of the following new conceptual framework and standard, and the extent of the impact of their adoption on the consolidated financial statements.

Effective April 1, 2026, 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 Statements 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.

Effective April 1, 2026, 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 the concepts within the Conceptual Framework.

(o) Budget figures

Budget figures are provided for comparative purposes and have been derived from the Budget March 31, 2025-26 and Projection for 2026-29 submission which included 2025-26 consolidated budget presentation for the financial statements, approved by the Board of Governors of UNBC on March 31, 2025. The budget is reflected in the Consolidated Statements of Operations and Accumulated Surplus and Statements of Changes in Net Debt.

UNIVERSITY OF NORTHERN BRITISH COLUMBIA

Notes to Consolidated Financial Statements

3. Operating investments

		Fair Value Hierarchy	March 31, 2026	March 31, 2025
Term Deposits and Guaranteed Investment Certificates	Level 1	\$	13,400	\$ 13,400
Municipal financing Authority - bond fund	Level 1		10,332	10,063
		\$	23,732	\$ 23,463

4. Financial instruments

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets and 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); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Included within the portfolio investments are \$57,533 (2025 - \$44,194) of private debt, private equity, real estate and infrastructure funds which have been valued as of December 31, 2025. The change in the fair market value to March 31, 2026 is not attainable as of the date of the release of the consolidated financial statements.

		Fair Value Hierarchy	March 31, 2026	March 31, 2025
Financial assets:				
Portfolio investments quoted at fair value - restricted endowment:				
Fixed income	Level 1	\$	6,689	\$ 7,052
Equity	Level 1		11,369	10,886
Real Estate	Level 3		4,361	4,831
Infrastructure	Level 3		7,377	8,229
Private debt	Level 3		5,845	6,837
Private equity	Level 3		928	1,585
		\$	36,569	\$ 39,420

		Fair Value Hierarchy	March 31, 2026	March 31, 2025
Non-financial assets:				
Restricted endowment investments quoted at fair value:				
Fixed income	Level 1	\$	14,108	\$ 13,523
Equity	Level 1		23,977	20,876
Real Estate	Level 3		9,198	9,265

4. Financial instruments - (continued)

Infrastructure	Level 3	15,559	15,780
Private debt	Level 3	12,329	13,111
Private equity	Level 3	1,956	3,036
		<u>\$ 77,127</u>	<u>\$ 75,591</u>
Total financial instruments		<u>\$ 113,696</u>	<u>\$ 115,011</u>

The following table reconciles the changes in fair value of financial instruments classified as level 3 during the year.

	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Balance, beginning of year	\$ 62,673	\$ 61,513
Unrealized gain (loss)	(4,185)	2,766
Purchases	-	436
Dispositions	(935)	(2,042)
	<u>\$ 57,553</u>	<u>\$ 62,673</u>

5. Accounts payable and accrued liabilities

	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Accounts payable and accrued liabilities	\$ 12,882	\$ 9,361
Salaries and benefits	8,681	7,910
Accrued vacation entitlement	1,727	1,872
	<u>\$ 23,290</u>	<u>\$ 19,143</u>

6. Pension plan

The University has a defined contribution pension plan covering all eligible, permanent employees of the University. The pension plan is a separate legal entity with its own Board of Trustees. Sun Life of Canada was appointed to provide custodial services for plan members. Investment management services are provided by several fund managers and plan members individually select their investment vehicles from those available which include bond, balanced, money market, equity and global funds, and guaranteed term deposits (1, 3, and 5 year).

The University expenses the contributions made to the plan in the year to which they relate. During the year, the University contributed \$6,075 (March 31, 2025 - \$6,786) to the plan.

UNIVERSITY OF NORTHERN BRITISH COLUMBIA
Notes to Consolidated Financial Statements
7. Deferred contributions

Deferred contributions are comprised of funds restricted for research, capital acquisitions and other specific purposes. Changes in deferred contributions balances are as follows:

	Capital	Research	Specific Purpose	March 31, 2026	March 31, 2025
Balance, beginning of year:	\$ 101	\$ 13,828	\$ 55,676	\$ 69,605	\$ 68,662
Contributions received during the year	4,485	20,826	22,618	47,929	48,800
Revenue recognized from deferred contributions	(234)	(16,848)	(20,798)	(37,880)	(36,885)
Transfers to deferred capital contributions	(4,352)	(976)	(736)	(6,064)	(10,972)
Balance, end of year	\$ -	\$ 16,830	\$ 56,760	\$ 73,590	\$ 69,605

8. Deferred capital contributions

Contributions that are restricted for capital are referred to as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset. Treasury Board provided direction on accounting treatment as disclosed in note 2(a).

Changes in the deferred capital contributions balance are as follows:

	March 31, 2026	March 31, 2025
Balance, beginning of year	\$ 153,368	\$ 150,645
Contributions received during the year	6,064	10,972
Revenue recognized from deferred capital contributions	(8,430)	(8,249)
Balance, end of year	\$ 151,002	\$ 153,368

9. Tangible capital assets

March 31, 2026 Cost	Balance at March 31, 2025	Additions	Disposals/ Transfers	Balance at March 31, 2026
Land	\$ 7,145	\$ -	\$ -	\$ 7,145
Buildings and site improvements	322,026	-	5,787	327,813
Furniture and equipment	71,653	1,861	(47)	73,467
Computers	46,875	801	(4)	47,672
Library holdings	28,529	33	-	28,562
Assets under construction	1,263	5,873	(5,787)	1,349
Total	\$ 477,491	\$ 8,568	\$ (51)	\$ 486,008

March 31, 2026 Accumulated amortization	Balance at March 31, 2025	Disposals	Amortization expense	Balance at March 31, 2026
Land	\$ -	\$ -	\$ -	\$ -
Buildings and site improvements	(142,269)	-	(7,803)	(150,072)
Furniture and equipment	(59,568)	32	(2,479)	(62,015)
Computers	(44,593)	3	(1,367)	(45,957)
Library holdings	(27,057)	-	(82)	(27,139)
Total	\$ (273,487)	\$ 35	\$ (11,731)	\$ (285,183)

9. Tangible capital assets - (continued)

	Net book value March 31, 2025	Net book value March 31, 2026
Land	\$ 7,145	\$ 7,145
Buildings and site improvements	179,757	177,741
Furniture and equipment	12,085	11,452
Computers	2,282	1,715
Library holdings	1,472	1,423
Assets under construction	1,263	1,349
Total	\$ 204,004	\$ 200,825

March 31, 2025 Cost	Balance at March 31, 2024	Additions	Disposals/ Transfers	Balance at March 31, 2025
Land	\$ 7,145	\$ -	\$ -	\$ 7,145
Buildings and site improvements	313,317	-	8,709	322,026
Furniture and equipment	66,744	4,909	-	71,653
Computers	45,178	1,697	-	46,875
Library holdings	28,472	57	-	28,529
Assets under construction	2,531	7,441	(8,709)	1,263
Total	\$ 463,387	\$ 14,104	\$ -	\$ 477,491

March 31, 2025 Accumulated amortization	Balance at March 31, 2024	Disposals	Amortization expense	Balance at March 31, 2025
Land	\$ -	\$ -	\$ -	\$ -
Buildings and site improvements	(134,828)	-	(7,441)	(142,269)
Furniture and equipment	(57,325)	-	(2,243)	(59,568)
Computers	(43,243)	-	(1,350)	(44,593)
Library holdings	(26,961)	-	(96)	(27,057)
Total	\$ (262,357)	\$ -	\$ (11,130)	\$ (273,487)

	Net book value March 31, 2024	Net book value March 31, 2025
Land	\$ 7,145	\$ 7,145
Buildings and site improvements	178,489	179,757
Furniture and equipment	9,419	12,085
Computers	1,935	2,282
Library holdings	1,511	1,472
Assets under construction	2,531	1,263
Total	\$ 201,030	\$ 204,004

(a) Assets under construction

Assets under construction having a value of \$1,349 (March 31, 2025 - \$1,263) are not amortized. Amortization of these assets commences when the asset is put into service; if it is determined that the costs no longer represent the cost of an ongoing project, they are expensed in the Consolidated Statement of Operations and Accumulated Surplus.

9. Tangible capital assets - (continued)

(b) Works of art and historical treasures

The University manages and controls various works of art and non-operational historical cultural treasures including artifacts, paintings and sculptures located at University sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

10. Financial risk management

UNBC has exposure to the following risks from its use of financial instruments: credit risk, interest rate risk, liquidity risk and foreign exchange risk. The Board of Governors, through management, ensures that the University has processes in place to identify and monitor major risks.

(a) Credit risk

Credit risk is the risk of financial loss to the University if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The credit risk from accounts receivable is relatively low as the majority of the balances are due from government agencies and tuition receivables. Credit risk from tuition is managed through restricted enrolment activities for students with delinquent balances and maintaining standard collection procedures.

Given the nature of the University's accounts receivable balances, and economic outlook, management has assessed the impact to credit risk as low.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The University is exposed to interest risk in the portfolio investments.

(c) Liquidity risk

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

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

(d) Foreign exchange risk

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

UNIVERSITY OF NORTHERN BRITISH COLUMBIA

Notes to Consolidated Financial Statements

11. Contractual obligations and commitments

Funding commitments

Under its endowment investment strategy, the University has outstanding commitments to fund private debt \$3,319 (2025 - \$3,432); private equity \$646 (2025 - \$646) and infrastructure investments \$643 (2025 - \$702).

Contractual obligations

The University has contractual obligations which are commitments that will become liabilities in the future when the terms of contracts or agreements are met. Amounts related to the unperformed portion of significant contracts are shown below.

	2027	2028
Service contracts	\$ 1,114	\$ 186
Maintenance	852	293
Total	\$ 1,966	\$ 479

12. Accumulated surplus

Accumulated surplus is comprised of the following:

	March 31, 2026	March 31, 2025
Accumulated operating surplus	\$ 85,056	\$ 87,543
Endowments (Note 4 and 13)	77,127	75,591
	\$ 162,183	\$ 163,134

Accumulated operating surplus consists of the following individual fund surpluses:

	March 31, 2026	March 31, 2025
Invested in tangible capital assets		
Capital assets	\$ 200,825	\$ 204,004
Amounts financed by deferred capital contributions	(151,002)	(153,368)
	49,823	50,636
Appropriated for specific purposes		
General Operating		
Department carryforwards	2,977	2,517
Minor capital projects, equipment purchases and special projects	19,071	16,409
Professional development and internal research funds	5,538	5,283
	27,586	24,209
Ancillary Services	(10,898)	(11,638)
Capital	11,125	11,909
Specific Purpose	3,903	8,910
	31,716	33,390
Unrestricted surplus	3,517	3,517
Total accumulated operating surplus	\$ 85,056	\$ 87,543

12. Accumulated surplus - (continued)

General operating appropriations are comprised of departments amounts calculated under a policy that allows them to carry forward unspent amounts to future periods, as well as an allocation of unspent salary amounts under the authority of the Provost and the Vice President, Finance and Administration. It also includes allocations for one time projects, minor capital projects and new equipment purchases and funds set aside for individuals covered under various employment handbooks for professional development and research.

Ancillary Services represents accumulated funds held for the ongoing operations of ancillaries such as the Bookstore, Conference Services, Continuing Education and Food Services, as well as the outstanding balance of an internal loan for a housing renovation project.

Capital represents funds held for specific capital projects and the Capital Equipment Replacement Reserve.

Specific Purpose are funds that are restricted internally for specific activities and use, such as conference fees, library fines and reserves.

13. Endowments

Endowment contributions form part of accumulated surplus. Changes to the endowment balances are as follows:

	March 31, 2026	March 31, 2025
Balance, beginning of year	\$ 75,591	\$ 73,199
Contributions received during the year	402	1,294
Capitalized interest	1,134	1,098
Balance, end of year	<u>\$ 77,127</u>	<u>\$ 75,591</u>

The balance shown does not include endowment principal with fair value of \$2,424 (March 31, 2025 - \$2,435) and book value of \$1,681 (March 31, 2025 - \$1,681) held by the Vancouver Foundation. The excluded principal is not owned or controlled by the University, but income from it is paid to the University to be used for specific purposes.

14. Expense by object

The following is a summary of expenses by object:

	March 31, 2026	March 31, 2025
Salaries and wages	\$ 93,709	\$ 88,630
Benefits	18,595	18,762
Operational supplies and expenses	16,136	14,754
Professional and contracted services	9,917	10,850
Scholarships, fellowships and bursaries	5,926	6,482
Renovations, alterations and maintenance	4,042	4,319
Utilities	2,052	2,340
Cost of goods sold	1,248	1,118
Equipment, furnishings and rent	1,262	1,778
Travel and personnel costs	1,570	2,461
Amortization of tangible capital assets	11,731	11,130
	<u>\$ 166,188</u>	<u>\$ 162,624</u>

15. Related parties

The University is related through common ownership to all Province of British Columbia ministries, agencies, crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, are recorded at the exchange amounts, which is the amount of consideration established and agreed to by the related parties.

16. Contractual rights

The University receives research grants from various federal and provincial agencies, foundations, and institutions, and also enters into research agreements with some of these parties. The University currently expects to receive \$58,610 in research funding from fiscal 2027 to 2031.

The University also expects to receive additional research funding from federal, provincial and other sources from 2025 to 2029; however, this additional research funding is not specifically guaranteed to be received in future periods as at March 31, 2026. As a result, this additional research funding is not included in the total noted above.

17. Subsequent Event

Subsequent to the year-end, the University completed the sale of a building housing the Northwest campus in Terrace for proceeds of \$2,577,500 and has relocated its Terrace operations on an interim basis.

18. Comparative information

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.