2025/26

Annual Financial Report

UFV Transform your mind, change the world.

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About UFV

Located in the beautiful Fraser Valley just east of Vancouver, British Columbia, Canada, the University of the Fraser Valley (UFV or university) is a fully accredited, public institution that enrolls approximately 15,000 students per year. UFV has campuses and locations in Abbotsford, Chilliwack, Mission, and Hope, and a presence in Chandigarh, India.

UFV offers the breadth of a comprehensive university while maintaining the benefits of small class sizes that foster meaningful connections between students and instructors and support experiential, hands-on learning. The university offers more than 100 programs across 40 fields of study, including two master's degrees, 21 bachelor's degrees with majors, minors, and extended minors in over 35 subject areas, two graduate certificates, and more than a dozen trades and technology programs. UFV regularly reviews and updates its academic offerings to ensure alignment with the needs of community partners and the broader labour market.

Operating Environment and Governance

Ministry Reporting Requirements

As a part of the Government Reporting Entity (GRE) of the Province of British Columbia, UFV is required to present its financial statements on the same basis as the provincial government. These standards are based on Canadian Public Sector Accounting Standards (PSAS) in accordance with Section 23.1 of the BC Budget Transparency and Accountability Act, supplemented by Regulations 257/210 and 198/2011 issued by the Province of British Columbia Treasury Board.

Under BC Treasury Board Regulations 257/2010 and 198/2011, certain restricted contributions are deferred, i.e., recorded as a liability on the Consolidated Statement of Financial Position, and recognized as revenue in future periods as the related stipulations are met. The most significant impact of applying the regulations relates to depreciable tangible capital assets. For restricted contributions used to acquire or develop depreciable tangible capital assets, revenue is recognized in the Consolidated Statement of Operations once the asset is in use and at the same rate as amortization of the related asset, whereas revenue from those contributions would be being recognized earlier under PSAS requirements alone.

Additionally, as a publicly funded institution under the University Act, the university is subject to balanced budget legislation (Balanced Budget and Ministerial Accountability Act) that requires maintaining a balanced budget unless exceptions have been approved.

Ministry Funding and Policies

Base Operating Funding

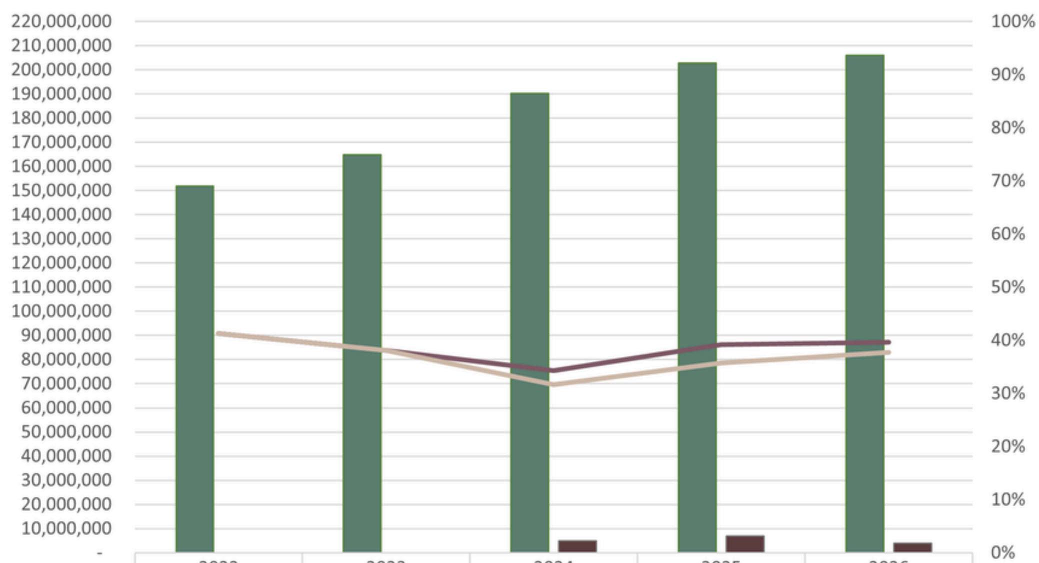
The Ministry of Post-Secondary Education and Future Skills (Ministry) provides base operating funding for the delivery of credit courses to eligible students, based on established domestic full time equivalent (FTE) enrolment targets, related accountability requirements, and fiscal year expectations. Student FTE represents the equivalent number of full time students, calculated based on the total course load taken by all students.

See the Domestic Student Demographics section below for additional analysis.

The Ministry allows approved base operating grant deferrals to provide institutions with flexibility to manage funding throughout fiscal years and align resources with priority one-time projects or capital needs. For example, UFV deferred $4M from its fiscal 2025/26 base operating grant including $3.5M deferred for capital project purposes, which will allow funding of much needed maintenance and renewal of aging infrastructure, and $0.5M for priority one-time projects. Deferrals support longer term financial planning by allowing approved funding to be recognized and used in future periods, while still maintaining compliance with balanced budget requirements.

As shown in the following graph, grant revenue received (total without deferrals) has remained relatively consistent as a proportion of UFV's total revenues.

The year shown in the graph represents the fiscal year ended March 31; for example, 2022 represents the fiscal year ended March 31, 2022.



	2022	2023	2024	2025	2026
Total Revenues	151,919,002	164,844,271	190,172,994	202,779,037	206,134,671
Grant Deferred	0	0	5,000,000	7,000,000	4,000,000
Grant Received as % of Total Revenues	41%	38%	34%	39%	40%
Grant Recorded as % of Total Revenues	41%	38%	32%	36%	38%

Financial Discussion and Analysis

Domestic Tuition Rates

Domestic tuition rates are regulated by the provincial Tuition Limit Policy and annual increases have been limited to 2% annually. Tuition rates for international students are not currently limited by government. When setting rates, the university carefully considers the impact on students, while also ensuring the university remains competitive within the international student market.

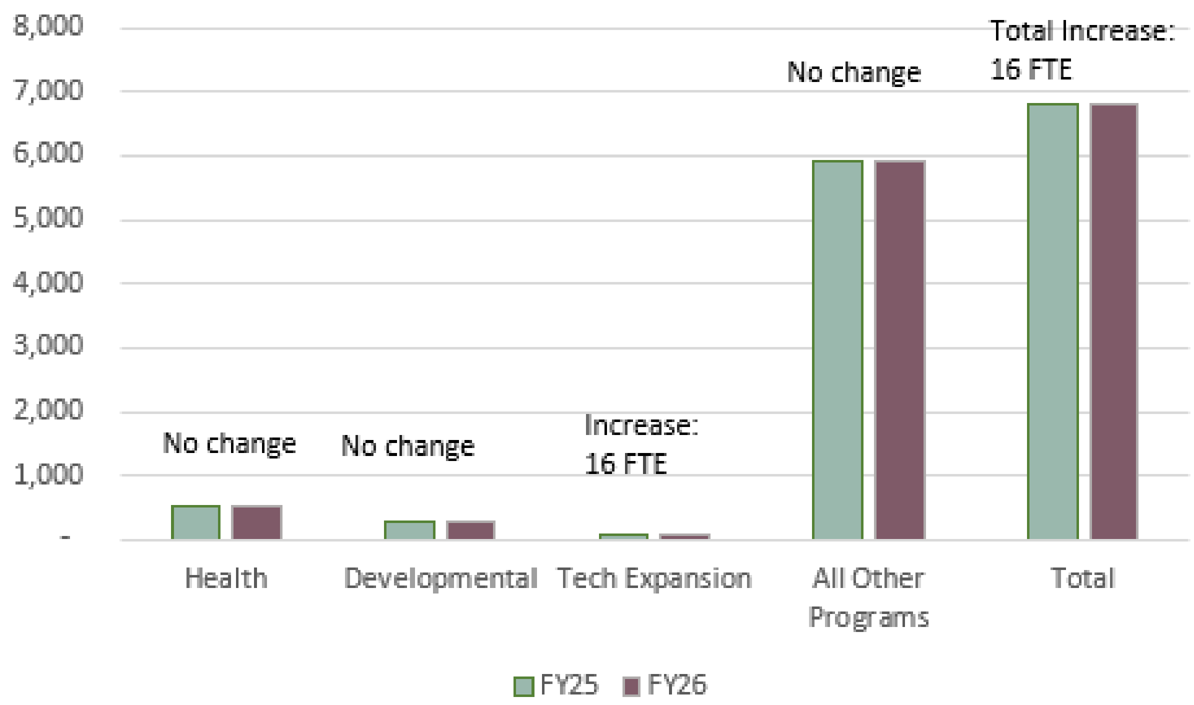
Domestic Student FTE Targets

The Ministry uses full time equivalents (FTE) to set annual targets for domestic students in funded programs and provides a block operating grant based on those targets. The FTE targets represent the expected amount of student instruction.

Actual FTEs reflect the level of student enrolment for which the university delivered instruction during the year. UFV reports actual FTE and the domestic utilization rate information to the Ministry. The utilization rate is calculated as Actual FTE divided by Target FTE for block operating grant funded positions.

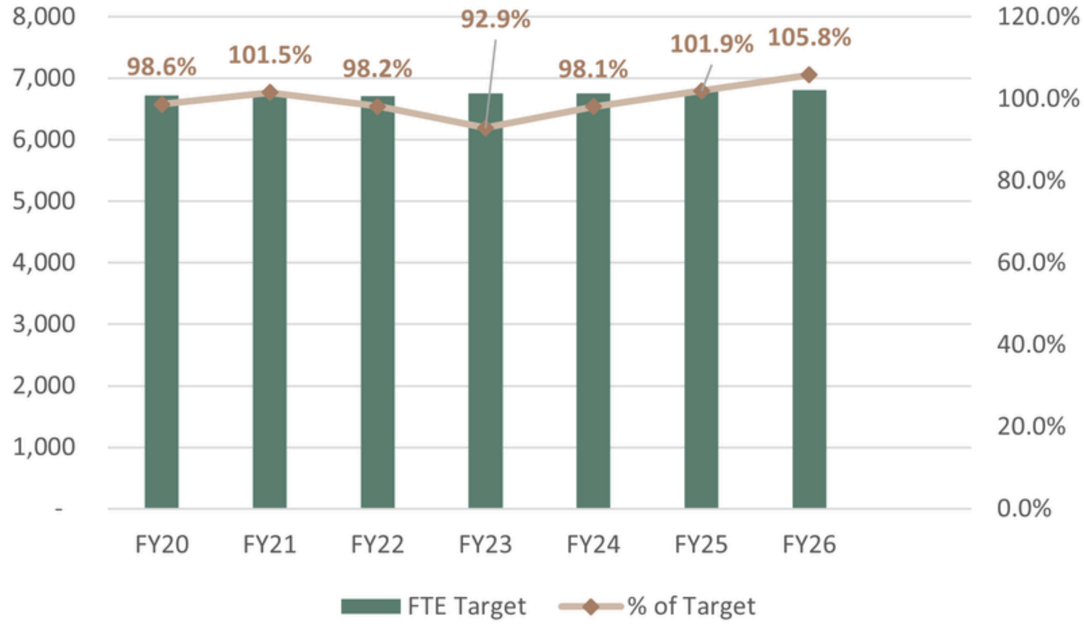
International students are excluded from the targets and are not funded by the Ministry base operating grant. As a result, international tuition fees are higher to reflect the full cost of their education.

UFV's 2025/26 FTE target increased by 16 FTEs overall, with the increase concentrated in technology related programs:



Financial Discussion and Analysis

As the graph below shows, UFV's Ministry FTE target has increased only modestly between fiscal 2019/20 and 2025/26, resulting in UFV's actual/projected FTE exceeding target for the past two years. FTEs delivered above 100% of the Ministry target do not receive additional Ministry funding.



For fiscal year 2025/26, UFV's overall utilization rate was 105.8%, 398 FTEs above the Ministry target. The university saw an overall net increase of 282 domestic FTEs over the previous year.

Government Policy

Changes in government policies can impact the university's revenues. In early 2024, the federal government announced three substantial modifications to its immigration policies:

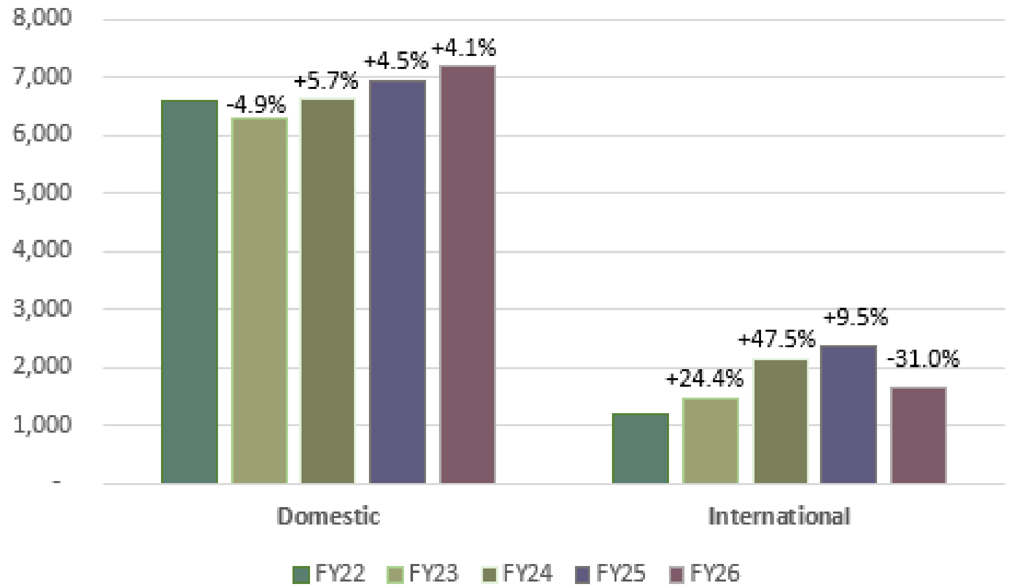
1. Implementing a two-year cap on study permits
2. Doubling the cost-of-living requirements
3. Eliminating open work permits for spouses and partners of international students in undergraduate programs

In September 2024, Immigration, Refugees and Citizenship Canada (IRCC) announced that limits on international study permits would be maintained and extended through 2025 and 2026. The announcement further reduced the 2025 targets from the level implemented in 2024 and included masters and doctoral students within the capped numbers, whereas they had been exempt in 2024.

These changes significantly contributed to the reduction in the number of new international students, based on headcount, from 1,548 in 2023/24 to 351 in 2025/26.

Student Demographics

After recovering from the effects of the COVID-19 pandemic, UFV has seen increases in domestic FTEs each year, and substantial increases in international FTEs occurring until fiscal 2024/25. The impact of the federal government's 2024 immigration policy changes on international enrolments was not fully felt until fiscal 2025/26, as the decline became more pronounced with graduating students not being replaced at the same rate.



As shown above, international student FTEs, excluding those in Chandigarh at UFV India Global Education (UIGE), decreased by 730 or 31%.

Including domestic and international students, UFV saw a total reduction of 448 FTEs in fiscal 2025/26 or -4.8% resulting in a total of 8,835 FTEs (2024/25: 9,283), with international FTEs equating to approximately 18% (2024/25: 25%).

Collective Agreement

The university's collective agreement with the Faculty and Staff Association (FSA) expired at the end of 2024/25, and a new round of collective bargaining is underway.

Financial Results - 2025/26

Overview

This unaudited Financial Discussion and Analysis (FD&A) is a measure of UFV's financial accountability and performance. It has been prepared to help readers of UFV's consolidated audited financial statements better understand UFV's financial position and results, business activities and the economic environment of the university. The FD&A should be read in conjunction with the included consolidated audited financial statements and accompanying notes for the year ended March 31, 2026.

Financial Discussion and Analysis

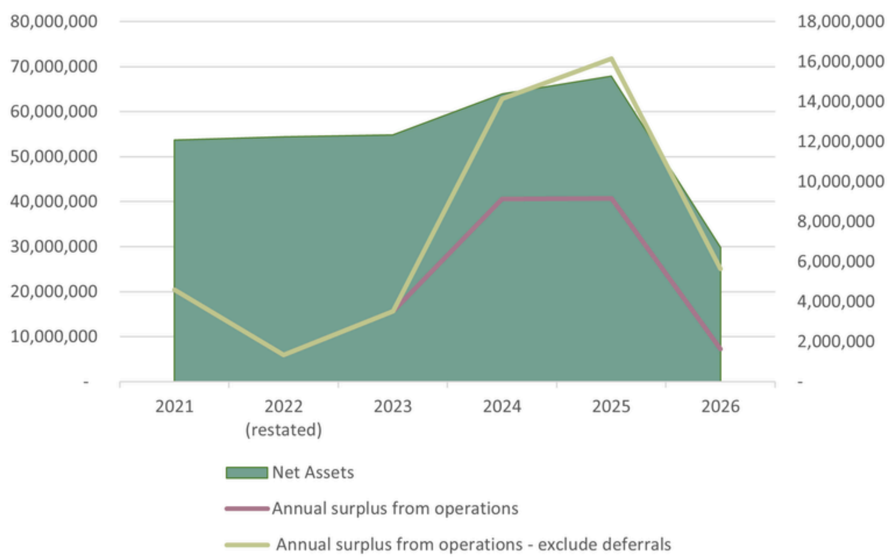
Fiscal 2025/26 was a challenging year for UFV, following federal immigration policy changes introduced in early 2024 and ongoing cost escalation throughout the sector. These pressures contributed to lower international student revenues while increasing strain on the university's expense budget, particularly in areas affected by inflation and contractual cost increases. As a result, UFV continued to focus on careful financial management while working to maintain core operations and preserve a positive student experience. In doing so, UFV demonstrated its continued commitment to aligning resources with identified strategic priorities, mindful of the impact on individuals and programs and the institution's financial sustainability.

To address projected deficits in future years, UFV implemented measures to reduce ongoing costs, including a Voluntary Departure Program (VDP), employee layoffs, vacancy management, and expense management. These decisions were approached with care and respect for those affected, while continuing to support UFV's core academic mission and the student experience.

The university ended the year with an annual surplus of $1.9M (2025- $9.7M), due to a combination of lower deferrals of the base operating grant from the Ministry, which appears as an increase to revenues, and lower operating costs, including international agent commissions, non-essential in-year spending, and vacancy management, offset by lower international revenues and costs associated with the VDP and employee layoffs. Included in the annual surplus is $260K in donations directed to endowments and capitalization of investment earnings and therefore not available for spending. The annual operating surplus was $1.6M (2025 - $9.2M); 0.8% of total revenue (2025 – 4.5%). These funds are utilized to support the university's strategic priorities and capital plans.

As shown in the following graph, through expense and revenue management, UFV consistently maintained operating surpluses with revenues exceeding expenses and increased its financial assets, which are assets readily convertible to cash, until fiscal 2024/25. This was followed by a decrease in fiscal 2025/26, largely due to the need to use financial assets for large capital projects and to help offset lower international revenues.

The year shown in the graph below represents the fiscal year ended March 31; for example, 2021 represents the fiscal year ended March 31, 2021.



Financial Discussion and Analysis

UFV's ability to achieve its mission depends on strong financial health. UFV maintained a positive year-end financial position through the collective efforts and continued commitment of faculty, staff, and students. A fiscal 2026 surplus does not lessen the need for financial mitigation measures as the surplus reflects timing and one-time factors, while the VDP, layoffs, vacancy management, and expense management were required to address ongoing structural pressures and reduce projected deficits in future years.

Alongside these financial management measures, UFV's Strategic Enrolment Management (SEM) plan provides guidance and actions to achieve student recruitment, retention, and success goals.

Financial Position

The university's financial position reflects careful stewardship of resources and a continued focus on supporting strategic priorities and long term sustainability.

Financial Assets

Financial assets are defined as assets available to discharge liabilities or finance future operations. As compared to the previous year, financial assets decreased by 28% ($48.6M) to $124M.

	2025/2026	2024/2025
Cash and cash equivalents	21,270,166	52,709,520
Accounts receivable	8,036,162	4,182,881
Inventories held for resale	457,401	501,252
Investments	90,324,406	113,012,612
Loan Receivable	4,190,807	2,482,256
Total Financial assets	**$124,278,942**	**$172,888,521**

Cash and cash equivalents include the university's working capital and restricted funds that fluctuate seasonally. The decrease of $31M is mainly due to loan proceeds of approximately $26.5M for the student housing project received near the end of fiscal 2024/25 and used by the end of fiscal 2025/26. The decrease was further impacted by the decision not to renew certain investments at maturity, with the related cash used to help offset lower international revenues and fund large capital projects. UFV maintains cash and liquid assets to meet operating expense obligations and planned capital expenditures.

Accounts receivable includes student tuition and fees, building permit deposits, and other receivables. Accounts receivable increased $3.8M mainly due to an estimate of the amount receivable from the Ministry for wage increases pertaining to fiscal 2025/26.

Inventories held for resale include Abbotsford and Chilliwack campus' bookstore, and media services inventories. Inventory balances remained consistent with prior years.

Investments include low risk, fixed income investments with short- to mid-term maturities, unrealized and realized endowment portfolio earnings, and investments in government business enterprises; UFV India Global Education and UFV Properties Trust. Investments decreased by almost $23M, primarily as funds were used to help offset lower international revenues and support major capital projects.

Loan receivable reflects the current balance of the university's capital financing loan to the UFV Properties Trust. The increase of $1.7M is due to loan draws in line with property development plans.

Non-Financial Assets

Total non-financial assets increased by 17% to $331M. Non-financial assets are not available to discharge existing liabilities and are held to provide services in the future.

	2025/2026	2024/2025
Tangible Capital Assets	314,404,902	267,882,008
Prepaid Expenses	2,849,067	1,527,153
Investments - Endowments	13,995,002	13,734,986
Total Non-financial assets	**$331,248,971**	**$283,144,147**

Tangible capital assets include land, buildings, capital leases, leasehold improvements, library acquisitions, computers, furniture and equipment, and assets under construction. The increase in the net book value of $46.5M includes $59.3M of capital additions, offset by $12.8M of amortization.

UFV is committed to ensuring space and technology infrastructure remains relevant and meets the changing and emerging needs of students. The university invests in significant capital infrastructure and has substantially completed several major projects in fiscal 2025/26 that are reflected in the $59.3M in additions, including the expansion of the dining hall, a new 398-bed student housing building, other faculty and student space improvements, safety and security upgrades, and information and technology infrastructure. The Ministry expects institutions to share in the cost of major capital renovations, upgrades, and projects.

Prepaid expenses represent cash payments made in fiscal year 2025/26 that are related to goods and/or services that will be received in the following fiscal year.

Investments - endowments represent the externally restricted donations received by the university and are not available for use. The increase from the prior year is the result of donations and capitalized investment income. UFV's endowed funds are professionally managed by RBC Philips, Hagar & North Investment Counsel, and guided by the Investment Policy of the Board.

Liabilities

The university's liabilities decreased by 0.8% to $288.3M.

	2025/2026	2024/2025
Accounts payable and accrued liabilities	27,342,560	31,119,754
Deferred revenue	40,718,291	47,001,405
Deferred capital contributions	186,059,781	177,662,465
Debt	32,113,408	32,988,593
Obligations under capital lease	453,473	399,935
Other long-term liabilities	1,607,831	1,526,905
Total Liabilities	**$288,295,344**	**$290,699,057**

Accounts payable and accrued liabilities include student deposits related to 2026/27 terms and amounts owed to vendors and others for goods or services received by the end of the fiscal year. These balances may include estimates where invoices have not yet been received. Accounts payable and accrued liabilities decreased by approximately $3.8M mainly due to substantial completion of the student housing and dining hall capital projects and resulting lower amounts owing at fiscal year-end and a decrease in student deposits, offset by increases in wages payable related to estimated or actual wage increases and costs of the VDP and staff layoffs. Student deposits decreased due to lower new international student enrolments and the related decline in fee deposits for future terms.

Deferred revenue reflects externally restricted revenue that is not recognized until related expenses are incurred. Categories generally include tuition payments made by students for future courses, which are recognized as revenue when the course is delivered, student award funding, reflecting endowment earnings allocated for awards, unspent research grant and contract funding, and prepaid lease revenue for the Student Union Building and Chilliwack Business Centre. The $6.2M decrease is primarily driven by lower deferred research grant funding ($2.2M decrease), lower deferred tuition resulting from reduced international student enrolment in the Winter 2026 term ($5.5M decrease), and recognition of prepaid lease revenue ($0.3M decrease), offset by additional deferred endowment earnings ($1.75M increase).

Deferred capital contributions (DCCs), externally restricted capital contributions received for the purchase or building of tangible capital assets, are amortized over the life of the related asset. Amortization begins when the asset is put into use. The net change is the result of contributions of $16.4M, the majority consisting of provincial funding for the student housing and dining hall projects, offset by $8M of amortization of in-use assets. The Ministry approved a $3.5M deferral from the 2025/26 operating grant for capital purposes that is included in the $16.4M.

Debt consists of bonds taken out with the Province of BC Debt Management Branch. UFV secured debt for its first student housing project – Lá:lem te Baker - in 2007 that is being repaid by student rent revenues and matured in 2025/26. The university renewed $5.5M of the remaining debt. Additional debt of approximately $26.5M was secured near the end of 2024/25 to fund UFV's second student housing project - Lá:léms Ye EverGreen - that opened in January 2026.

Obligations under capital lease represent the university acquiring tangible capital equipment financed through a capital lease.

Other long-term liabilities reflect the adoption of Public Accounting Standard 3280, Asset Retirement Obligation in fiscal 2022/23. This liability is recognized for statutory, contractual, and legal obligations associated with the retirement of real property.

Net Debt

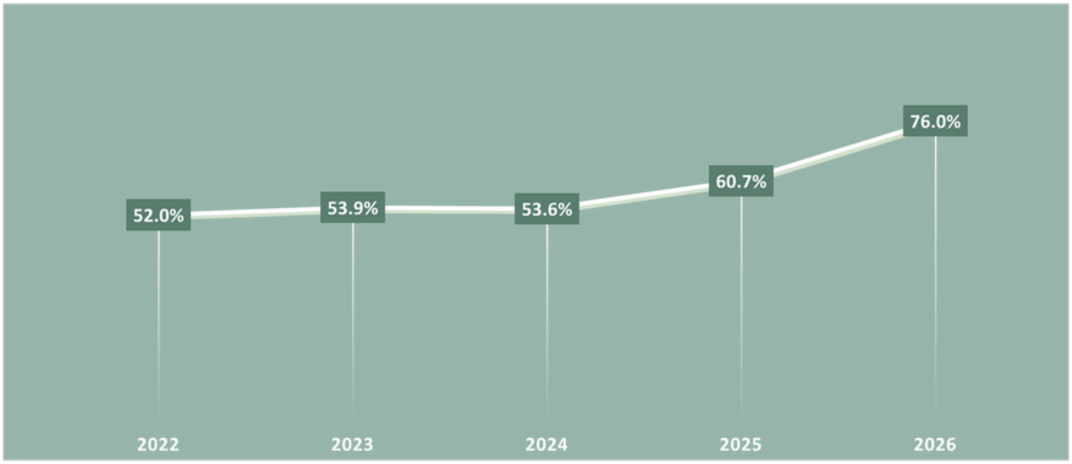
Net debt is a measure of the university's ability to use its financial assets to cover liabilities and fund future operations. Commonly, the measure is calculated using financial assets reduced by total liabilities (see applicable sections above). UFV's calculation first removes deferred capital contributions (DCCs) and prepaid lease revenue, explained below.

Addressing DCCs, post-secondary institutions in British Columbia prepare financial statements in accordance with the financial reporting provision of Section 23.1 of the provincial Budget Transparency and Accountability Act. Departing from pure PSAS accounting, contributions for capital assets are deferred and brought into revenue over the useful life of the asset as per the Province of British Columbia Treasury Board Regulation 198/2011. Reporting DCCs as a liability and therefore part of net debt skews the institution's net debt position as the recognition of DCCs will not be a draw on future revenues or financial resources.

Similarly, the university has deferred prepaid lease revenue from the Student Union Society (SUS) and Chilliwack Economic Partners Corporation (CEPCO) that will not require financial resources or draw on future revenues.

PS1202 Financial Statement Presentation, is a new accounting standard to be implemented in UFV's fiscal 2026/27 financial statements, including comparative fiscal 2025/26 information. Under the new standard, the previous net debt calculation will be replaced by a net financial assets or net financial liabilities measure. This measure provides a clearer indication of the university's available financial resources.

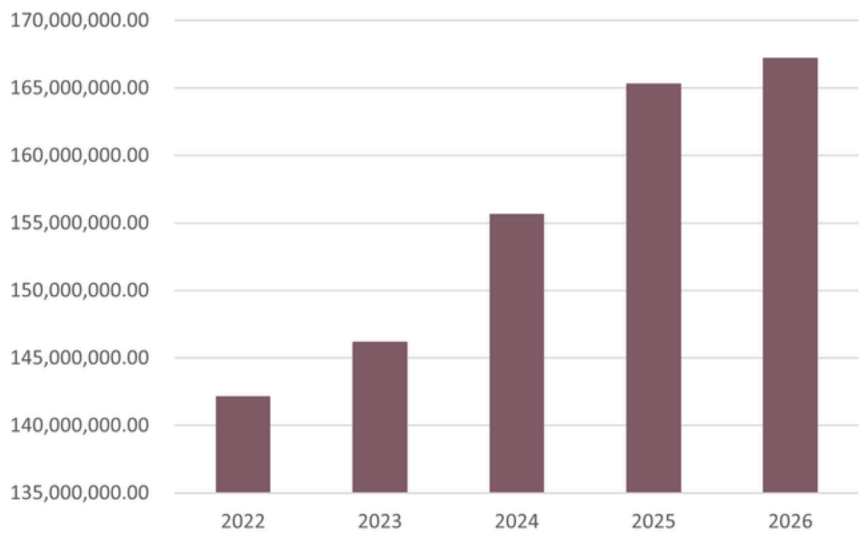
As shown in the graph below, adjusting for these contributions, the debt to financial assets ratio has increased to 76% for fiscal 2025/26. The increase is mainly due to the reduction in financial assets explained above.



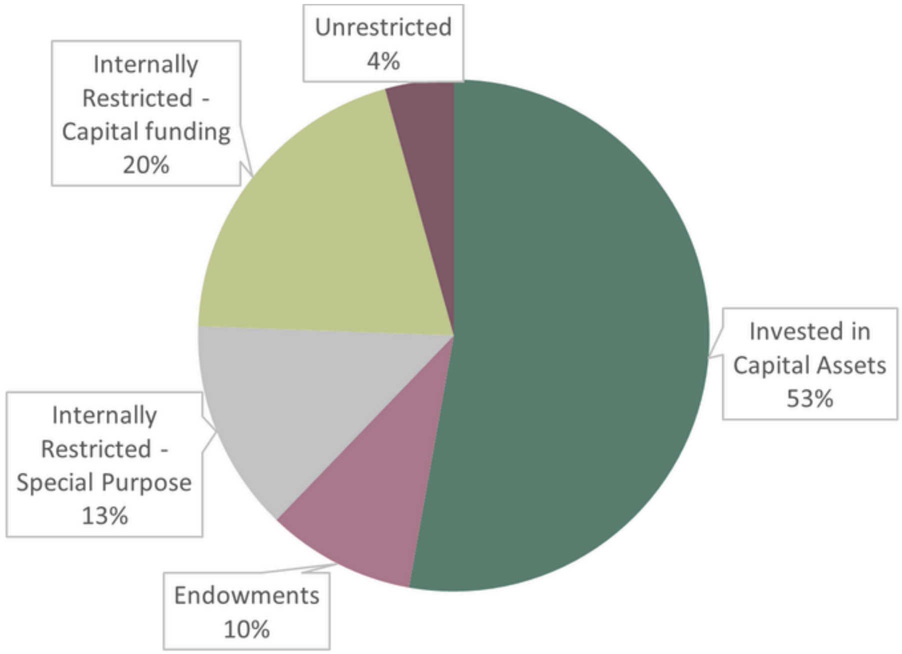
Accumulated Surplus

Accumulated surplus increased 1.1% to $167.2M and represents the net economic position of the university from the operations of the current and past years along with the principal portion of endowed funds. Apart from endowed funds, the surplus is invested in capital assets, held as reserves to mitigate risk, or allocated for projects and initiatives including the university's physical infrastructure and technology.

As shown in the following graph, accumulated surplus has grown over the past five years, indicating continued financial stability.

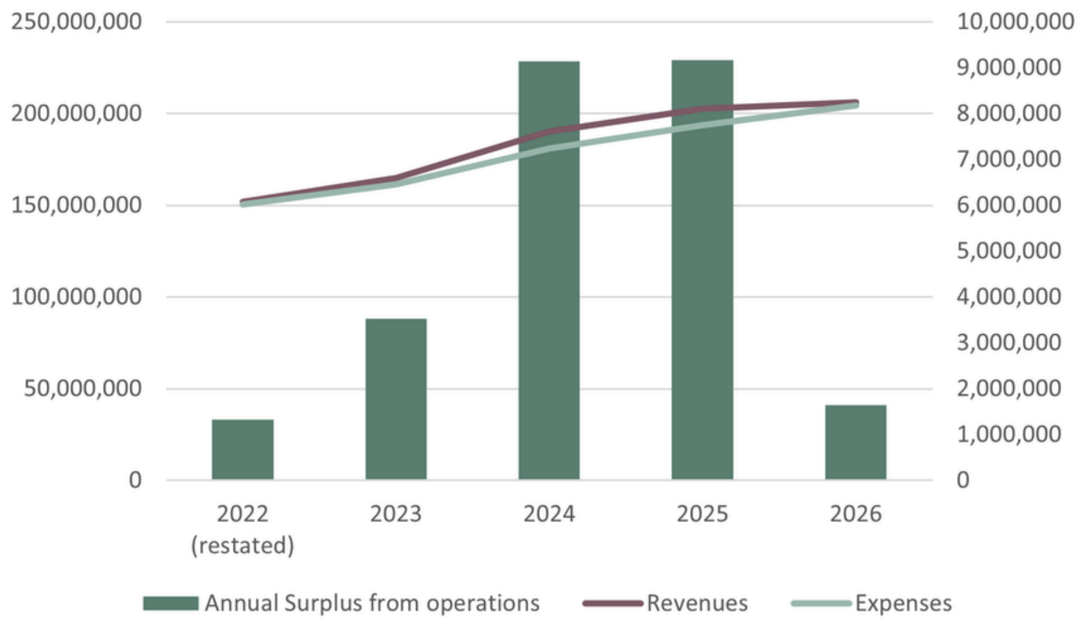


The pie chart below shows the components of UFV's accumulated surplus at March 31, 2026 with approximately 96% restricted or otherwise unavailable for base operating purposes.



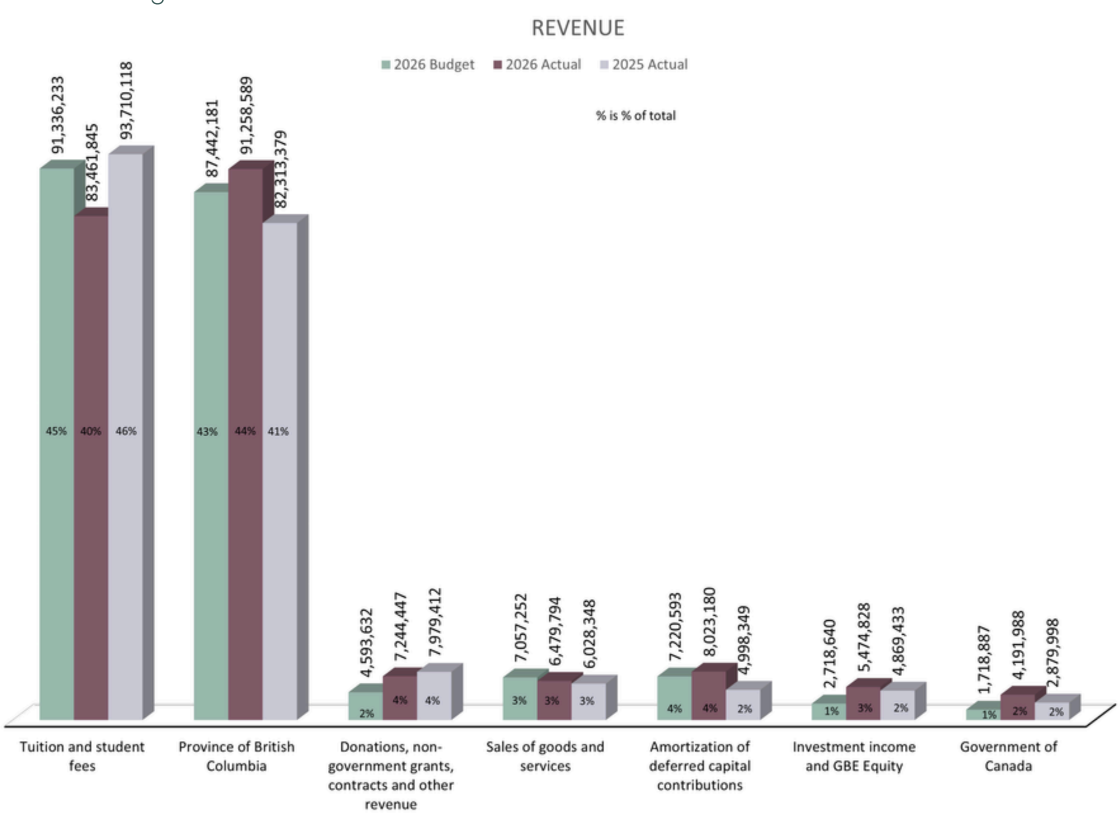
Operating Results

The university manages its finances carefully to ensure alignment with its strategic goals and financial responsibilities. The result is shown in the graph below as a steady increase in revenues (over expenses) and consistent annual surpluses.



Revenues

Total revenue for the year was $206M, an increase of $3.3M over the previous year and 2% higher than budget.

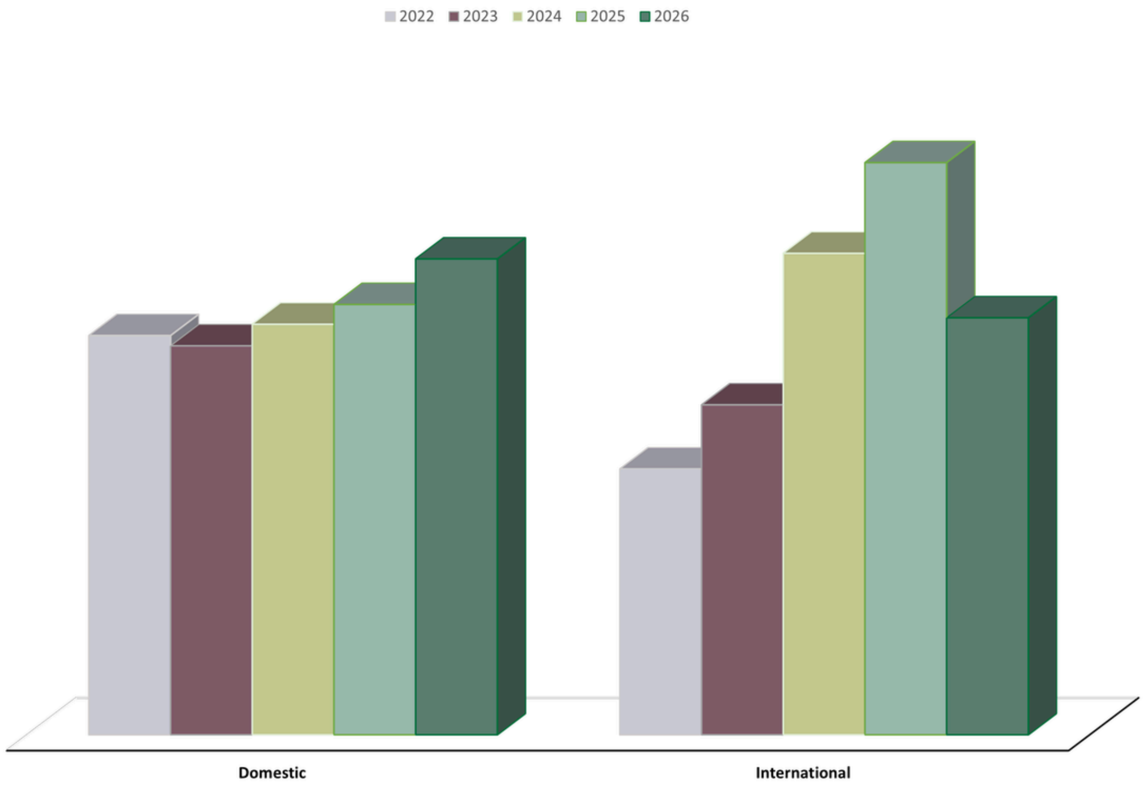


Financial Discussion and Analysis

Tuition and student fees include domestic and international instructional, program differential, and mandatory non-instructional fees. Tuition and student fees revenue of $83.5M in fiscal 2025/26 is $7.9M lower than budget and $10.2M lower than the previous year. The reduction from prior year is driven by a $4.3M increase from domestic students and a $14.5M decrease from international students.

The increase related to domestic students reflects an additional 282 FTEs combined with a 2% increase in tuition fees. The decrease for international students is due to 730 fewer FTEs, (excluding UIGE), partially offset by a 3% tuition increase for continuing students and 5% for new students. Domestic tuition accounts for 54% of tuition revenue (2024/25: 44%) and international 46% (2024/25: 56%).

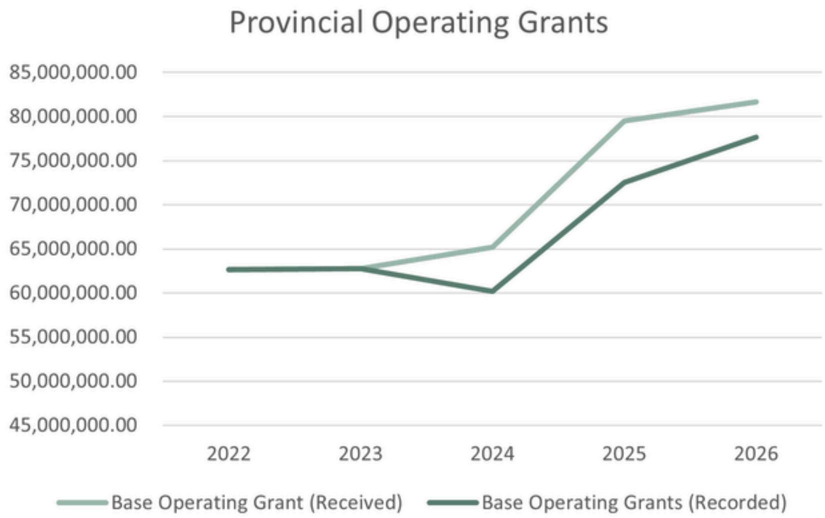
The following graph presents domestic and international tuition and fee revenue over five years:



Province of British Columbia revenues recognized include base operating grants of approximately $80.2M (2024/25: $74.7M) from the Ministry and Skilled Trades BC and represents 39% (2025: 37%) of total revenue. As discussed in previous sections, the university deferred $7M from the 2024/25 base operating grant and $4M from the 2025/26 base operating grant to support priority one-time projects and capital needs in future years. Due to these deferrals, the operating grants recorded in UFV's consolidated financial statements may differ from actual grants received.

Financial Discussion and Analysis

The graph below shows operating grant increases over the past five years.



The increase over the prior year's actuals and budget is mainly due to funding for the university's general wage increases under the provincial Balanced Measures Mandate, with a small amount due to the increase in Ministry FTE targets.

In addition to base operating grants, the university receives one-time funding for specific purposes and projects, such as student support, directed programming, and research; revenues are recognized in the period in which expenses are incurred.

Donations, non-government grants, contracts and other revenue are one-time funds received for special purposes, endowment award funding, research activities, and other fees supporting many university activities. As these revenues are tied to the expenses of specific projects, initiatives and activities approved at various points throughout the year, funding and revenue recognition can vary from year to year. The increase over the previous year and compared to budget can be attributed to increased activities.

Sales of goods and services revenue are generated by ancillary services that include the university bookstore, student housing, parking services and conferencing activities.

Amortization of deferred capital contributions (DCCs) is related to external funding for capital and routine capital and deferred maintenance projects. This funding is restricted and brought into revenue over the life of related assets. Amortization increased in fiscal 2025/26 as major capital projects completed during the year began being expensed over their useful lives, including the new student housing building and dining hall expansion.

Investment income and GBE Equity include interest earned on fluctuating operating funds invested in short-term and mid-term investments, and income or losses from investments in Government Business Enterprises (GBE's).

Strategic investments when interest rates were high near the end of 2023/24 and continuing into 2024/25 have continued to provide increased investment income of $0.6M over prior year and $2.9M higher than budget, offset by investments maturing during 2025/26 that were used for funding capital projects and to offset reductions in international revenues. The university manages operating cashflows with a combination of term securities and participation in the provincial Central Deposit Program (CDP).

Financial Discussion and Analysis

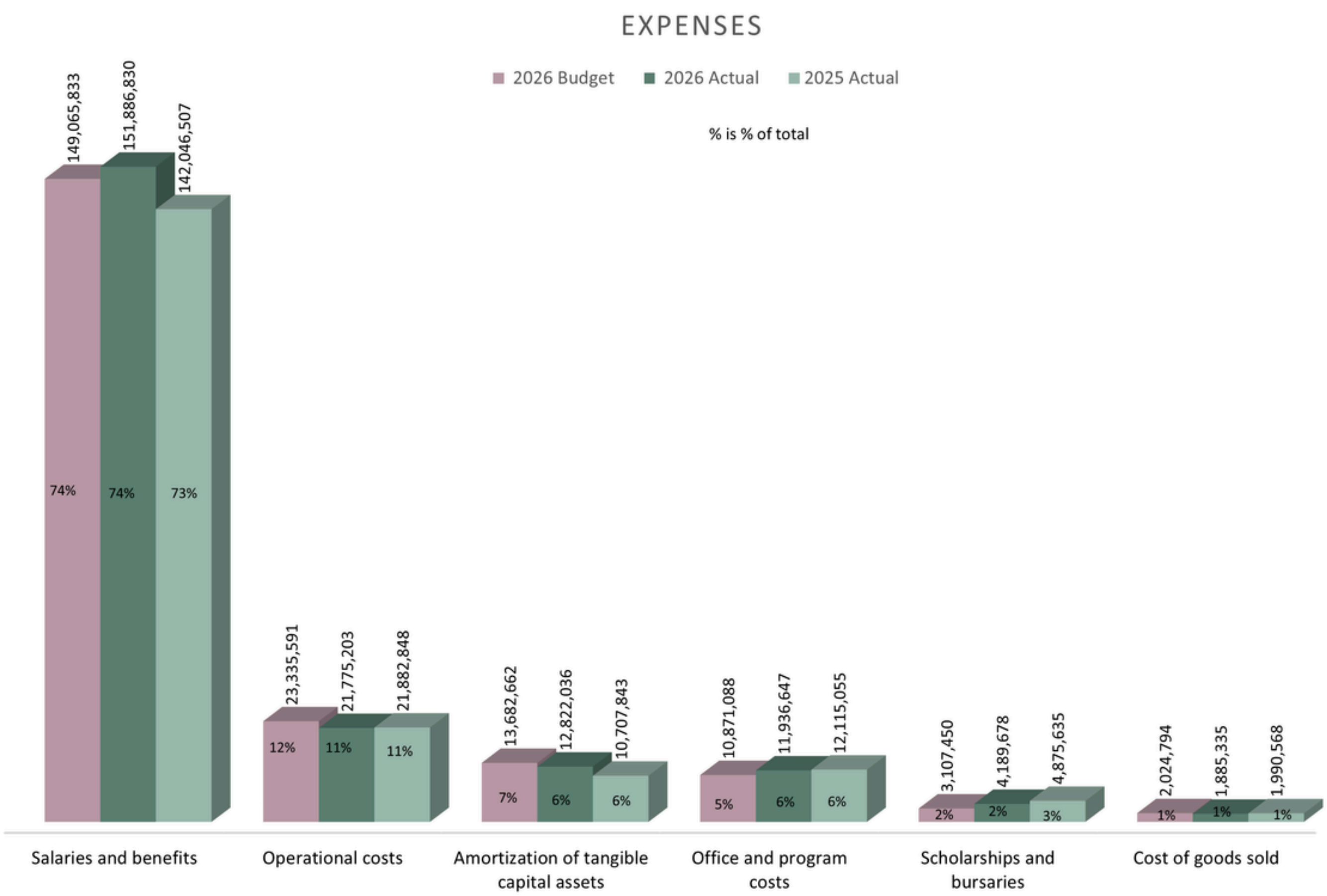
UFV reflects the income or losses of its GBE's in its consolidated financial statements, including the annual net income or loss of UFV India Global Education (UIGE) and the UFV Properties Trust. UIGE delivers UFV programming to students in Chandigarh, India, and 2025/26 activities resulted in a $27K deficit (2024/25: $21k deficit). The UFV Properties Trust was created to manage and develop UFV's surplus non-core lands and generate future revenue. Its 2025/26 activities resulted in a $1M deficit (2024/25: $0.9M deficit). As the nature of the Property Trust's activities requires upfront investments before revenues can be generated, UFV entered into a loan agreement with the Properties Trust in 2023/24 to sustain its operations until the entity is revenue generating.

Other Revenue

Endowment contributions relate to external contributions received by the university and capitalized investment income.

Expenses

Total expenses for the year were $204.5M, an increase of $10.9M over the previous year and $2.4M (1.2%) above budget.



Salaries and benefits are the single largest expense and represent 74% (2024: 73%) of total expenditures. The current year includes estimated wage increases under the province of BC's Balanced Measures Mandate, costs of the VDP and layoffs, annual increments, and PSEC-approved non-union increases, offset by annual vacancy savings.

Operational costs include contractual obligations, software and licenses, security, printing, utilities, minor maintenance and repairs and advertising. Costs decreased by approximately $0.1M over the previous year primarily due to reductions in international recruitment commissions in proportion to a decrease in international enrolment and reductions in non-essential in-year spending enrolment, offset by inflationary costs.

Amortization of tangible capital assets reflects the spreading of the cost of major physical assets—such as buildings, equipment, and furniture—over the years they are used, to reflect how their value decreases over time. Similar to DCCs, amortization increased $2.1M in fiscal 2025/26 as major capital projects completed during the year began being expensed over their useful lives, including the new student housing building and dining hall expansion.

Office and program costs include program supplies, business travel, professional development, research and on campus activities. Costs decreased by approximately $0.2M due to cost management activities.

Scholarships and bursaries decreased by approximately $0.7M, primarily because fiscal 2024/25 included one-time provincial funding for nursing scholarships and bursaries, along with other one-time student support funding that was not repeated in fiscal 2025/26, offset by an increase in bursaries received.

Cost of goods sold includes the cost of bookstore and media inventories held for resale.

Risks and Uncertainties

UFV operates in an increasingly complex environment and must assume certain risks to meet its objectives and realize its strategic goals – there is no opportunity without risk. UFV continues to mature an enterprise-wide approach to risk management, and focus will be on reinforcing the link between strategic goals and operational objectives, and risks to their achievement.

The university's strategic risks are considered below.

Financial Sustainability

Financial sustainability continues to be a significant and increasing risk for UFV. Provincial domestic student tuition limits and FTE targets have placed sustained pressure on the university's operating model, which has relied in part on international student revenues to support operations and growth. Inflationary pressures since the COVID-19 pandemic have placed pressure on expense budgets, and federal limits on international student visas introduced in 2024 have materially reduced international student tuition revenues, creating the need for substantive changes to how the university plans and delivers its activities. UFV has introduced mitigation measures, including a VDP, hiring restraints, and a review of non-essential in-year spending.

With these mitigation efforts, UFV's approved budget for fiscal 2026/27 includes a $2.4M operating deficit. This and any deficits in the future could result in the university being unable to meet its strategic goals. Given the scale of these pressures, financial sustainability remains a key area of focus for management and the Board of Governors. To continue to manage this risk, the UFV Strategic Enrollment Management (SEM) Plan focuses on student recruitment and retention and the UFV Property Trust is a mechanism to leverage capital assets.

Student Enrolment

The student enrolment risk is very closely tied to UFV's financial sustainability risk. With the continuation of federal government policies that limit international student access and impair Canada's attractiveness to prospective international students, UFV estimates a 36% reduction in international student FTE count, combined with the escalation in expenses discussed above. Mitigations include revising international student enrolment targets and seeking revenue-based alternatives such as those identified in the financial sustainability risk section.

Climate Change

Climate change remains an area of increasing focus for UFV. A Climate Resilience Assessment Report prepared by Prism Engineering Limited in August 2025 provided a more detailed assessment of the potential risks to the university's infrastructure, particularly its electrical and mechanical systems. The report identified increased exposure to heat and extreme weather-related stress, reflecting both recent conditions and forecasted climate trends. As a result, UFV continues to consider climate resilience in its infrastructure planning, capital prioritization, and risk management activities.

Cybersecurity

The compromise of university systems and information is an evolving risk across the sector, requiring continual adaptation and resources. While the risk is likely to remain a top priority for the foreseeable future, UFV continues to manage this risk by adopting a framework that includes risk assessments, threat identification, mitigation and continuous improvement.

Student Experience

The student experience is an emerging risk arising in large part due to the financial sustainability risks noted above. UFV continues to focus on maintaining the student experience while responding to financial and operational pressures.

Business Continuity

The interruption of business operations due to cybersecurity breaches, critical incidents, weather or health events continues to be a risk. Business Continuity Planning is developing, requiring commitment and collaboration across all business critical functions. Ongoing efforts to reinforce the Business Continuity team and ensure plans are in place for all areas of the university are expected to further improve this risk in the coming year.

Talent

The risk that UFV may not attract and retain top talent could result in a loss of competitive advantage and intellectual capital, impact student experience and damage the university's reputation. Management of this risk in the coming year will continue focusing on a holistic view of the staff experience, refreshing job descriptions, developing targeted job campaigns, adapting to labour market conditions, and better defining the risk through qualitative and quantitative evaluation of faculty and staff engagement, and retention/attrition rates.

Technology

Critical business processes are increasingly reliant on technology for their day-to-day operations creating the risk that the underlying systems/technology solutions may not meet key university requirements. To manage this risk, UFV will continue to improve the Information Technology (IT) governance process and associated committees to oversee major IT decisions, standards and investments; ensure IT projects follow industry standard project management best practices and manage vendor relationships through dedicated customer success managers.

Deferred Maintenance

The institution faces an ongoing risk related to the upkeep of aging facilities, particularly in balancing maintenance needs within the limitations of internally available capital and externally allocated funding. To manage this risk, UFV develops extensive campus and enrollment planning analyses to prioritize maintenance activities.

Geopolitical and Trade Uncertainty

Changes in trade partner government policies can also have a significant impact on the university's financial operations. Following the 2024 US election and subsequent shifts in trade and foreign policy, the implementation and continued evolution of tariffs and related measures have contributed to geopolitical and economic uncertainty. These developments have created uncertainty within supply chains, increased the cost of products used in operations, and may contribute to research delays, procurement challenges, and risks to international collaboration.

UFV Looking Ahead

UFV has identified several emerging risks that warrant further refinement and consideration, including:

- Mental health, to ensure significant mental health issues of students and staff are identified and supported.
- Equality, Diversity and Inclusion (EDI), to ensure UFV continues to offer a diverse, inclusive and accessible culture, encouraging everyone to reach their full potential.
- Artificial Intelligence presents both significant opportunities and substantial risks for universities. UFV's management of AI will concentrate on the development of an AI self-assessment tool for all areas, and development of recommendations for the integration of AI across the university.

Looking forward, UFV will continue to respond to risks with care, adaptability, and a strong commitment to its students, employees, and communities. While the environment remains complex, the university's focus on student success, inclusion, innovation, and long term sustainability will help guide its decisions and support its continued impact in the Fraser Valley and beyond.

Financial Statements of the University of the Fraser Valley

An independent auditor's report thereon for the year ended March 31, 2026

Transform your mind, change the world.

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STATEMENT OF MANAGEMENT RESPONSIBILITY

Management is responsible for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates in compliance with accounting requirements of 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. 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 for the integrity and fairness of the financial statements, university's management has developed and maintains a system of internal controls designed to provide reasonable assurance that the University assets are safeguarded, and financial records are properly maintained to provide a reliable basis for the preparation of financial statements.

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

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

On behalf of the University

_______________ Chair of the Board, Cristen Gleeson

_______________ Chief Financial Officer and Vice President Administration, Nicole Adams

June 18, 2026

KPMG LLP
32575 Simon Avenue
Abbotsford, BC V2T 4W6
Canada
Tel 604 854 2200
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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of University of the Fraser Valley, and to the Ministry of Post-Secondary Education and Future Skills, Province of British Columbia.

Report on the Audit of Financial Statements

Opinion

We have audited the consolidated financial statements of University of the Fraser Valley (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2026
- the consolidated statement of operations and accumulated operating 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
- 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 March 31, 2026 of the Entity 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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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 that financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor’s report thereon, included in the Annual Financial Report document.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor’s report thereon, included in the Annual Financial Report document as at the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor’s report.

We have nothing to report in this regard.

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 Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's 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 Entity's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the 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 Entity 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 purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Abbotsford, Canada

June 18, 2026

University of the Fraser Valley

Consolidated Statement of Financial Position

As at March 31, 2026, with comparative information for 2025

	2026	2025
Financial assets		
Cash and cash equivalents	$ 21,270,166	$ 52,709,520
Accounts receivable	8,036,162	4,182,881
Inventories held for resale	457,401	501,252
Investments (Note 3)	90,324,406	113,012,612
Loan receivable (Note 4)	4,190,807	2,482,256
	124,278,942	172,888,521
Liabilities		
Accounts payable and accrued liabilities (Note 5)	27,342,560	31,119,754
Deferred revenue (Note 7)	40,718,291	47,001,405
Deferred capital contributions (Note 8)	186,059,781	177,662,465
Debt (Note 10)	32,113,408	32,988,593
Obligations under capital lease (Note 11)	453,473	399,935
Asset retirement obligation (Note 21)	1,607,831	1,526,905
	288,295,344	290,699,057
Net debt	(164,016,402)	(117,810,536)
Non-financial assets		
Tangible capital assets (Note 18)	314,404,902	267,882,008
Prepaid expenses	2,849,067	1,527,153
Investments - endowments (Note 16)	13,995,002	13,734,986
	331,248,971	283,144,147
Accumulated surplus	$ 167,232,569	$ 165,333,611

Contingent liabilities (Note 9)
Contractual obligations (Note 14)
Contractual rights (Note 15)

Approved by:

Chair of the Board

Chief Financial Officer and
Vice President, Administration

See accompanying notes to the financial statements.

University of the Fraser Valley

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2026,with comparative information for 2025

	2026 Budget (Note 2(k))	2026	2025
Revenue			
Grants from Province of British Columbia	$ 87,442,181	$ 91,258,589	$ 82,313,379
Tuition and student fees	91,336,233	83,461,845	93,710,118
Amortization of deferred capital contributions (Note 8)	7,220,593	8,023,180	4,998,349
Sales of goods and services	7,057,252	6,479,794	6,028,348
Investments	2,718,640	5,474,828	4,869,433
Donations, non-government grants and contracts	2,114,628	5,027,835	4,930,893
Grants from Government of Canada	1,718,887	4,191,988	2,879,998
Other revenue	2,479,004	2,196,612	3,048,519
Gain on disposal of assets	-	20,000	-
	202,087,418	206,134,671	202,779,037
Expenses (Note 17)			
Instruction and support	195,069,377	197,236,959	188,318,715
Ancillary	7,018,041	7,258,770	5,299,741
	202,087,418	204,495,729	193,618,456
Annual surplus from operations	-	1,638,942	9,160,581
Endowment contributions	-	260,016	495,588
Annual surplus	-	1,898,958	9,656,169
Accumulated surplus, beginning of year	165,333,611	165,333,611	155,677,442
Accumulated surplus, end of year	$165,333,611	$167,232,569	$165,333,611

See accompanying notes to the financial statements.

University of the Fraser Valley

Consolidated Statement of Changes in Net Debt

For the year ended March 31, 2026, with comparative information for 2025

	2026 Budget (Note 2(k))	2026	2025
Annual surplus	$ -	$ 1,898,958	$ 9,656,169
Acquisition of tangible capital assets	-	(59,075,582)	(79,503,269)
Acquisition of tangible capital assets through capital lease	-	(269,348)	(152,649)
Amortization of tangible capital assets	13,682,662	12,822,036	10,707,843
	13,682,662	(46,522,894)	(68,948,075)
Acquisition of prepaid expenses	-	(2,849,067)	(1,527,153)
Use of prepaid expenses	-	1,527,153	1,958,579
	-	(1,321,914)	431,426
	13,682,662	(45,945,850)	(58,860,480)
Endowment contributions	-	(260,016)	(495,588)
Decrease (increase) in net debt	13,682,662	(46,205,866)	(59,356,068)
Net debt, beginning of year	(117,810,536)	(117,810,536)	(58,454,468)
Net debt, end of year	$(104,127,874)	$(164,016,402)	$(117,810,536)

See accompanying notes to the financial statements.

University of the Fraser Valley

Consolidated Statement of Cash Flows

For the year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operating activities		
Annual surplus	$ 1,898,958	$ 9,656,169
Items not involving cash		
Amortization of tangible capital assets	12,822,036	10,707,843
Amortization of deferred capital contributions	(8,023,180)	(4,998,349)
Accretion of asset retirement obligation	80,926	163,597
Change in non-cash operating working capital (Note 12)	(15,191,652)	4,660,429
Net change in cash from operating activities	(8,412,912)	20,189,689
Investing activities		
Decrease (increase) in investments - non-endowment	22,688,206	(12,796,946)
Increase in investments - endowment	(260,016)	(495,588)
Issuance of loan receivable	(1,708,551)	(1,299,930)
Net change in cash from investing activities	20,719,639	(14,592,464)
Capital activities		
Acquisition of tangible capital assets	(59,075,582)	(79,655,918)
Net change in cash from capital activities	(59,075,582)	(79,655,918)
Financing activities		
Repayment of debt	(6,441,561)	102,176
Deferred capital contributions received	16,420,496	68,670,230
Repayment of obligations under capital lease	(215,810)	(38,107)
Debt proceeds received	5,566,376	26,541,442
Net change in cash from financing activities	15,329,501	95,275,741
Net change in cash and cash equivalents	(31,439,354)	21,217,048
Cash and cash equivalents, beginning of year	52,709,520	31,492,472
Cash and cash equivalents, end of year	$ 21,270,166	$ 52,709,520
Supplementary information:		
Non-cash transactions:		
Acquisition of tangible capital assets through capital lease	$ 269,348	$ 152,649

Supplemental cash flow information included in notes 12 and 18

See accompanying notes to the financial statements.

University of the Fraser Valley

Notes to the Consolidated Financial Statements

For the year ended March 31, 2026, with comparative information for 2025

1. Authority and purpose

The University of the Fraser Valley (the "University" or "UFV") is a special purpose teaching university, partially funded by the Province of British Columbia, which operates under the authority of the University Act of British Columbia. The University is governed by a Board of Governors, the majority of which are appointed by the Province of British Columbia. The University is also a registered charity and is exempt from income taxes under section 149 of the *Income Tax Act*.

2. Significant accounting policies

(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 taxpayer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 elections effective their first fiscal year commencing after January 1, 2012.

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 asset are recorded as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of deferred capital contributions and recognition of 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 the acquisition or development of a depreciable tangible capital asset are recorded in deferred contributions and recognized as revenue in the year in which the stipulation or restriction on the contributions has been met.

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

2. Significant accounting policies (continued)

(a) Basis of accounting (continued)

The accounting policy requirements under 198/2011 are significantly different from the requirements of Canadian public sector 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 standard PS3410. Externally restricted contributions are 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 recognized in the Consolidated Statement of Operations and Accumulated Surplus and certain deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

(b) Basis of consolidation

The consolidated financial statements reflects the assets, liabilities, revenues, and expenses of organizations that are controlled by the University, as well as government business enterprises which are accounted for using the modified equity method.

(i) Controlled entity

The UFV Foundation was established to support fundraising and advancement activities for the benefit of the University. The University controls the UFV Foundation through its ability to appoint a majority of the Foundation's Board of Directors.

As at and for the year ended March 31, 2026, the Foundation had nil assets and no operating activities (2025 - nil).

(ii) Investment in government business enterprises

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

- UFV India Global Education
- UFV Properties Trust

Refer to Note 2(m) and 3(c) for details of the University's investments in its government business enterprises.

2. Significant accounting policies (continued)

(c) Cash and cash equivalents

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

(d) Financial instruments

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

(i) Fair value category: Includes portfolio investments that are quoted in an active market and derivative instruments reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Consolidated Statement of Re-measurement Gains and Losses until such time that the financial asset is de-recognized due to disposal or impairment. At the time of de-recognition, the related realized gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Surplus. Unrealized gains and losses on endowment investments where earnings are restricted as to use are recorded as deferred revenue and recognized in revenue when disposed and when the related expenses are incurred. All unrealized gains and losses related to the University's investments are restricted in use and recorded as deferred revenue. As a result, the University does not have a Consolidated Statement of Re-measurement Gains and Losses.

(ii) Cost or amortized cost category: Gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Surplus when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is included in the cost of the related investments.

(e) Investments, non-endowment

Investments, non-endowment, are comprised of money market securities and other investments with terms that are capable of liquidation. These investments are recorded at cost plus any accrued interest to date. All interest income and realized gains and losses are recognized in the period in which they arise.

2. Significant accounting policies (continued)

(f) Inventories held for resale

Inventories held for resale are recorded at the lower of cost or net realizable value. Cost includes the original purchase cost, plus shipping and applicable duties. Net realizable value is the estimated proceeds from sale less any costs incurred to sell. Inventories are written down to net realizable value when the cost of inventories is estimated not to be recoverable. When circumstances that previously caused inventories to be written down below cost no longer exist, the amount of write down previously recorded is reversed.

(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 initially at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost of the tangible capital assets 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.

Asset	Basis	Rate
Buildings	Straight-line	20-60 years
Furniture and equipment	Straight-line	5-10 years
Computer hardware and software	Straight-line	2-5 years
Leasehold improvements	Straight-line	Life of the lease
Site improvements	Straight-line	10 years
Library books	Straight-line	10 years
Leased capital assets	Straight-line	Lesser of lease term and useful life

Assets under construction are not amortized until the asset is put into productive use. Tangible capital assets are written down when conditions indicate that they no longer contribute to the University's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Consolidated Statement of Operations and Accumulated Surplus. Contributed tangible capital assets are recorded at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

2. Significant accounting policies (continued)

(g) Non-financial assets (continued)

(ii) Leased tangible capital assets

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

(iii) Endowment investments

Endowment investments quoted in an active market are reported at fair value. Investment income and unrealized gains and losses relating to the investments are reported as deferred revenue on the Consolidated Statement of Financial Position and are recognized into revenue when the related expense is incurred.

(h) Revenue recognition

Revenues from transactions with performance obligations such as tuition, student fees, and sale of goods and services, are 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 payor. Revenues from transactions without performance obligations are 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 are recorded as revenue when received or receivable if the amounts can be estimated and collection is reasonably assured. Pledges from donors are recorded as revenue when payment is received by the University, or the transfer of property is completed.

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.

(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 revenue and recognized in revenue in the year in which the stipulation or restriction on the contribution have been met.

2. Significant accounting policies (continued)

(h) Revenue recognition (continued)

(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 revenue for any restricted investment income earned thereon.

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. Investment income excludes income from endowed investments.

(i) Use of estimates

Preparation of consolidated financial statements in accordance with the basis of accounting described in note 2(a) requires management to make estimates and assumptions that impact reported amounts of assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the reporting periods. Areas requiring the use of management estimates relate to the potential impairment of assets, estimated useful lives of tangible capital assets, asset retirement obligations, contingent liabilities and estimated employee future benefits. Actual results could differ from those estimates.

(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 standard are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the Consolidated Statement of Financial Position date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or Consolidated Statement of Financial Position date would be recognized in the Consolidated Statement of Re-measurement Gains and Losses. In the period of settlement, the related cumulative re-measurement gain/loss would be reversed in the Consolidated Statement of Re-measurement 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. As the University had no re-measurement gains or losses for the year ended March 31, 2026, a separate Consolidated Statement of Re-measurement Gains and Losses has not been presented.

(k) Budget figures

2. Significant accounting policies (continued)

(k) Budget figures (continued)

Budget figures have been provided for comparative purposes and have been derived from the 2025/2026 Budget approved by the Board of Governors of the University on March 27, 2025. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Debt.

(l) Expense functions

Expense functions have been identified based upon the functional lines of service provided by the University. The University's services are provided by departments and their activities are reported by functional area in the Consolidated Statement of Operations and Accumulated Surplus. The functional lines, along with the services they provide, are as follows:

(i) Instruction and support: This function includes activities related to delivering education. This includes instruction, education administration, student support, general administration, and the cost of space, safety, and equipment.

(ii) Ancillary: This function includes the activities of the ancillary operations. An ancillary operation is one that is generally outside of the normal functions of instruction and research, provides goods and services to students, staff or others, and that charges a fee directly related to the cost of providing the goods or services. Ancillary operations include parking, food services, and bookstores. Costs associated with this function include function-related contracts and general and financial administration and support costs.

(m) Investment in government business enterprises

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

The following organizations are controlled government business enterprises and are accounted for by the modified equity method:

(i) UFV India Global Education, Chandigarh, India, a separate legal entity, administers and delivers UFV education programs to students in India using the University's curriculum.

(ii) UFV Properties Trust, a separate legal entity, established for the purposes of future property development.

2. Significant accounting policies (continued)

(n) Contaminated sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

(i) An environmental standard exists;

(ii) Contamination exceeds the environmental standard;

(iii) The University is directly responsible or accepts responsibility;

(iv) It is expected that future economic benefits will be given up; and

(v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(o) Asset retirement obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of 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.

The University's asset retirement obligation is primarily related to the removal of asbestos in buildings.

The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities and is recorded as a liability and increase to the related tangible capital assets. The amount capitalized in tangible capital assets is amortized using the amortization accounting policy outlined in note 2(g)(i).

The carrying value of the liability is reconsidered at each financial reporting date with changes to the timing or amount of the original estimate of cash flows recorded as an adjustment to the asset retirement obligation liability and tangible capital assets.

3. Financial instruments

(a) Financial assets and liabilities

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:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

(ii) 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)

(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The University's instruments are all considered to be level 1 financial instruments for which the fair value is determined based on quoted prices in active markets. Changes in financial instruments 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.

3. Financial instruments (continued)

(b) Investment and endowment investments

Investments and endowment investments are comprised of the following:

	2026	2025
Investments recorded at fair value:		
Philips Hager North - UFV Endowment Fund	$ 19,332,650	$ 17,502,014
Philips Hager North - CCIBED* Endowment Fund	4,047,820	3,900,712
	23,380,470	21,402,726
Investments in GBE:		
UFV India Global Education (Note 3 (c)(i))	170,051	196,995
UFV Property Trust (Note 3(c)(ii))	(2,199,965)	(1,178,678)
	(2,029,914)	(981,683)
Investments recorded at cost or amortized cost	82,968,852	106,326,555
	104,319,408	126,747,598
Less endowment investments	(13,995,002)	(13,734,986)
	$ 90,324,406	$ 113,012,612

*CCIBED - Chair Canada India Business & Economic Development

Investments held with Philips Hager North are recorded at fair value and are comprised of equity instruments quoted in an active market. Investments recorded at cost or amortized cost consist of cashable securities with maturities ranging from 2026 to 2032 (2025: 2025 to 2032) and bearing interest rates between 2.15% and 5.85% (2025: 1.4% to 5.85%).

The following table reconciles the changes in endowment investments recorded at fair value:

	2026	2025
Balance, beginning of the year	$ 21,402,726	$ 20,013,968
Purchases	1,126,748	405,877
Unrealized gain	850,996	982,881
	$ 23,380,470	$ 21,402,726

3. Financial instruments (continued)

(c) Investment in government business enterprises

(i) UFV India Global Education

UFV India Global Education is located in Chandigarh, India and administers and delivers UFV education programs to students in India using the University's curriculum. The entity provides students in India with access to UFV programming, including pathways to continue studies at UFV in Canada. The entity is in pending litigation related to the applicability of Service Tax, and as the outcome is undeterminable at this time, no provision has been included in UFV India Global Education's financial statements.

The financial information is detailed below.

The change in equity is as follows:

	2026	2025
Equity, beginning of year	$ 196,995	$ 218,339
Gain (Loss)	(26,944)	(21,344)
Equity, end of year	$ 170,051	$ 196,995

Condensed financial information is as follows:

Balance Sheet	2026	2025
Assets	$ 174,568	$ 203,727
Liabilities	(4,517)	(6,732)
Net assets	170,051	196,995
Accumulated surplus	$ 170,051	$ 196,995

Income and Expenditure Statement	2026	2025
Revenue	$ 33,295	$ 18,670
Expenses	60,239	40,014
Annual surplus (deficit)	(26,944)	(21,344)
Accumulated surplus, beginning of year	196,995	218,339
Accumulated surplus, end of year	$ 170,051	$ 196,995

3. Financial instruments (continued)

(ii) UFV Properties Trust

On September 9 2019, UFV Properties Development Corporation (the "Corporation"), a wholly owned subsidiary of the University, was incorporated under the Business Corporations Act of British Columbia. On January 30, 2020, a trust deed was executed and appointed the Corporation as trustee of UFV Properties Trust (the “Trust”), whose purpose is to develop surplus property on behalf of the University. The Corporation has no business activity. The University granted the Trust, at the direction of the Corporation, the ability to sell real estate developers the rights to enter into 99-year leases on land owned by the University. The beneficiaries of the Trust are UFV and UFV Foundation, a society controlled by UFV.

Condensed financial information as of December 31, 2025 that is part of the University's reporting entity is as follows:

Statement of Financial Position	2026	2025
Assets	$ 2,102,567	$ 1,371,953
Liabilities	(4,302,532)	(2,550,631)
Deficit	$ (2,199,965)	$ (1,178,678)

Statement of Profit and Loss	2026	2025
Revenue	$ 27,678	$ 30,797
Expenses	(1,048,965)	(949,755)
Annual deficit	(1,021,287)	(918,958)
Accumulated deficit, beginning of year	(1,178,678)	(259,720)
Accumulated deficit, end of year	$ (2,199,965)	$ (1,178,678)

4. Loan receivable

The University has entered into a capital financing loan agreement with the UFV Properties Trust. For the year ending March 31, 2026, the loan bore interest at the Bank of Montreal prime lending rate plus 1% (2025 - Bank of Montreal prime lending rate plus 1%). No interim payments are required, and the unsecured loan and all accrued and unpaid interest are repayable the earlier of March 31, 2030, or immediately after demand made by UFV. Of the total loan receivable, $3,850,000 (2025 - $2,330,000) is the principal amount drawn down against this agreement, and $340,807 (2025 - $152,256) is accrued interest as of March 31, 2026.

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are comprised of the following:

	2026	2025
Trades payable	$ 5,378,850	$ 14,420,607
Student deposits	6,346,579	7,713,579
Wages payable	6,959,566	508,244
Accrued vacation and overtime payable	8,657,565	8,477,324
	$ 27,342,560	$ 31,119,754

6. Line of credit

The University has the ability to draw on a line of credit with a commercial bank for $3,000,000 (2025 - $3,000,000). As at March 31, 2026, the University has not utilized the available line of credit.

7. Deferred revenue

Deferred revenue is comprised of the following:

	2025	Amounts Received	Revenue Recognized and Transfers	2026
Student tuition fees	$ 18,177,134	$ 12,676,509	$ 18,177,134	$12,676,509
Student award funding	7,642,659	2,284,811	577,068	9,350,402
Special purpose and research funding	13,083,063	5,888,250	8,070,773	10,900,540
Prepaid lease revenue	8,098,549	-	307,709	7,790,840
Total	$ 47,001,405	$ 20,849,570	$ 27,132,684	$40,718,291

8. Deferred capital contributions

Changes in the deferred capital contributions ("DCC") balance are as follows:

	2026	2025
Balance, beginning of year	$ 177,662,465	$ 113,990,584
Contributions from the Province of British Columbia	15,942,906	67,531,692
Contributions from the Government of Canada	302,917	62,108
Contribution from other restricted resources	174,673	1,076,430
Amortization of deferred capital contributions	(8,023,180)	(4,998,349)
Balance, end of year	$ 186,059,781	$ 177,662,465

There is $3,525,000 of unspent capital contributions as at March 31, 2026 (2025 - $10,000,000).

9. Contingent liabilities

The University may, from time to time, be involved in legal proceedings, claims, and litigation that arise in the normal course of operations. In the event that any such claims or litigation are resolved against the University, such outcomes or resolutions could have a material effect on the business, financial condition, or results of operations of the University. The University has accrued for claims for which the amounts are known or can reasonably be estimated. The outcome of other claims is undeterminable at this time and accordingly no provision has been made for these claims.

10. Debt

Debt is comprised of the following:

	2026	2025
Province of British Columbia, 2.85% bond due 2025	$ -	$ 6,447,151
Province of British Columbia, 2.55% bond due 2027	5,574,604	-
Province of British Columbia, 4.25% bond due 2053	26,538,804	26,541,442
	$ 32,113,408	$32,988,593

The Province of British Columbia bond of $5,600,000 was issued at a discount, with a coupon rate of 2.55%, interest paid semi-annually, due June 18, 2027. The Province of British Columbia unsecured debt of $26,400,000 was issued at a premium, with a coupon rate of 4.25%, interest paid semi-annually, due December 18, 2053. Sinking fund payments are made annually and are invested in fixed income securities as directed by the Province of BC. The University is contributing to a sinking fund investment held and invested by the Province of British Columbia.

10. Debt (continued)

These funds totaling $424,000 (2025 - nil) will provide for the retirement of the debt at maturity. The balance is reported in investments on the Consolidated Statement of Financial Position.

Anticipated annual principal repayments, including sinking fund instalments and maturities, due over the next five years and thereafter are as follows:

	Sinking Fund	Debt	Total
2027	$ 424,000	$ -	$ 424,000
2028	424,000	5,600,000	6,024,000
2029	424,000	-	424,000
2030	424,000	-	424,000
2031	424,000	-	424,000
Thereafter	9,328,000	26,400,000	35,728,000
	$ 11,448,000	$ 32,000,000	$43,448,000

The Province of British Columbia bond of $5,600,000 will be renewed upon maturity on June 18, 2027.

11. Obligations under capital lease

Repayments of obligations under capital leases are due as follows:

	2026	2025
2026	$ -	$ 196,184
2027	206,981	138,084
2028	141,537	89,443
Thereafter	137,420	-
Total minimum lease payments	485,938	423,711
Less amounts representing interest	(32,465)	(23,776)
Present value of net minimum capital lease payments	$ 453,473	$ 399,935

Total interest expensed on leases for the year was $18,279 (2025 - $20,705) and is included in the Consolidated Statement of Operations and Accumulated Surplus. The cost of borrowing is between 2.76% to 8.37% (2025 - 2.76% to 5.35%).

12. Supplemental cash flow information

The change in non-cash operating working capital is comprised of the following:

	2026	2025
Accounts receivable	$ (3,853,281)	$ (18,672)
Prepaid expenses	(1,321,914)	431,426
Inventories held for resale	43,851	245,328
Accounts payable and accrued liabilities	(3,777,194)	997,677
Deferred revenue	(6,283,114)	3,004,670
	$ (15,191,652)	$ 4,660,429

13. Related party transactions

For accounting purposes, the University is part of the Government Reporting Entity (GRE), along with the Province of British Columbia’s ministries, agencies, school districts, health authorities, colleges, crown corporations, and other universities (the GRE Organizations). Transactions with GRE Organizations, unless disclosed otherwise, are considered to be in the normal course of operations and are recorded at their exchange amounts, which is the amount of consideration established and agreed upon between the University and GRE Organizations.

During the year ended March 31, 2026, there have been no material transactions between the University and its key management personnel or their close family members.

14. Contractual obligations

The nature of the University's activities can result in multi-year contracts and obligations whereby the University will be committed to make future payments.

Significant contractual obligations related to operations that can be reasonably estimated are as follows:

	2027	2028	2029	2030	2031
Long-term lease commitments	$ 741,703	$ 672,041	$ 607,814	$ 511,300	$ 497,186

15. Contractual rights

The University has entered into multi-year lease and hospitality contracts with third parties that entitles the University to receive the following amounts:

2027	2028	2029	2030	2031
$ 376,528	$ 148,000	$ 148,000	$ 148,000	$ 148,000

The University enters into multi-year research funding agreements with various federal, provincial and municipal funding agencies whereby it has the opportunity to earn revenue in future years by incurring qualified expenditures. These research funding agreements do not abnormally impact the University's financial position.

16. Investments - endowments

Changes to the endowment balances are as follows:

	2026	2025
Balance, beginning of year	$ 13,734,986	$ 13,239,398
Contributions received during the year	208,136	154,823
Capitalization of endowment surplus	51,880	340,765
Balance, end of year	$ 13,995,002	$ 13,734,986

17. Expenses by object

The following is a summary of expenses by object:

	2026	2025
Salaries and wages	$ 122,431,898	$ 114,218,577
Employee benefits	29,454,932	27,827,930
Contracted services	13,219,592	14,751,586
Amortization of tangible capital assets	12,822,036	10,707,843
Supplies, books and licenses	8,674,767	8,479,119
Facilities and occupancy	5,528,051	4,607,242
Scholarships and bursaries	4,189,678	4,875,635
Travel and professional development	3,261,880	3,635,936
Cost of goods sold	1,885,335	1,990,568
Other operating expenses	1,699,890	1,898,173
Interest	1,327,670	625,847
	$ 204,495,729	$ 193,618,456

18. Tangible capital assets

	Land	Buildings	Furniture and equipment	Computer hardware and software	Leasehold improvements	Site improvements	Buildings under capital lease	Library books	Assets under Construction	2026 Total
2026 Cost										
Balance, beginning of year	$ 11,910,793	$ 251,254,000	$ 79,988,537	$ 24,025,678	$ 1,619,974	$ 10,750,627	$ 5,928,673	$ 10,934,718	$ 79,613,439	$ 476,026,439
Additions	-	50,302,394	7,020,043	1,070,118	-	-	-	58,993	893,382	59,344,930
Disposals	-	-	(39,664)	-	-	-	-	-	-	(39,664)
Transfer of assets under construction	-	79,333,205	275,961	4,273	-	-	-	-	(79,613,439)	-
Balance, end of year	11,910,793	380,889,599	87,244,877	25,100,069	1,619,974	10,750,627	5,928,673	10,993,711	893,382	535,331,705
2026 Accumulated Amortization										
Balance, beginning of year	-	102,022,857	63,021,382	20,703,079	1,619,974	9,748,853	511,557	10,516,729	-	208,144,431
Amortization	-	6,598,867	4,583,344	1,093,234	-	180,914	270,600	95,077	-	12,822,036
Disposals	-	-	(39,664)	-	-	-	-	-	-	(39,664)
Balance, end of year	-	108,621,724	67,565,062	21,796,313	1,619,974	9,929,767	782,157	10,611,806	-	220,926,803
2026 Net Book Value	$ 11,910,793	$ 272,267,875	$ 19,679,815	$ 3,303,756	$ -	$ 820,860	$ 5,146,516	$ 381,905	$ 893,382	$ 314,404,902
2025 Net Book Value	$ 11,910,793	$ 149,231,143	$ 16,967,155	$ 3,322,599	$ -	$ 1,001,774	$ 5,417,116	$ 417,989	$ 79,613,439	$ 267,882,008

During the year, the University acquired $269,348 (2025 - $152,649) of computer hardware financed through capital leases. As at March 31, 2026 assets under construction with a value of $893,382 (2025 - $79,613,439) has not been amortized. Amortization of these assets will commence when the assets are put into productive use.

19. Financial risk management

The University has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

The Board of Governors ensures that the University has identified its major risks and ensures that management monitors and controls them.

(a) Credit risk

Credit risk is the risk of financial loss to the University if a party to a financial instrument fails to meet its contractual obligations. Such risk arises principally from certain financial assets held by the University consisting of cash and cash equivalents and accounts receivable.

Credit risk associated with cash and cash equivalents is minimized by ensuring that these assets are held at financial institutions with a high credit quality. The University holds the majority of its cash and cash equivalents in Canadian Chartered banks.

Management believes the credit risk associated with accounts receivable is limited as the balance largely consists of receivables from the Province of British Columbia and student accounts receivable that are closely monitored and managed to limit further enrollment until payment is made.

(b) Market risk and interest rate risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the University's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on 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 manages its market risk and interest rate risk on investments with established investment guidelines. The University has an Investment Policy to ensure funds are managed appropriately in order to balance preservation of capital. The University retains an external investment firm to manage endowed funds in accordance with its investment policy utilizing diverse agreed upon investment strategies primarily in active trading markets.

Tariffs, other potential changes to tariff and import/export regulations, and ongoing trade disputes between the United States and other jurisdictions may have a negative effect on global economic conditions and the stability of global financial markets.

(c) Liquidity risk

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

19. Financial risk management (continued)

(c) Liquidity risk (continued)

The University meets its liquidity risk requirements by continually monitoring actual and forecasted cash flows and anticipating investment and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Accounts payable is typically payable in 30 days.

There have been no significant changes to the University's financial risk exposures from the prior year.

20. Pension plans

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 pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at August 31, 2025 the College Pension Plan has about 17,500 active members, and approximately 11,800 retired members. As at December 31, 2024, the Municipal Pension Plan has about 273,000 active members, including approximately 7,000 from 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 December 31, 2027.

The University paid $10,677,294 (2025 - $10,314,346) for employer contributions to the plans in fiscal 2026.

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.

21. Asset retirement obligation

The University has recorded asset retirement obligations for the removal of hazardous materials which exist in some of the University's buildings. The asset retirement obligation is being amortized over the remaining life of the respective buildings. The discount rate of 3.60% (2025 - 3.13%) is used and a variable inflation rate of 5.30% (2025 - 8.00%) is used to calculate the future value of the asset retirement obligation. The undiscounted estimated cash flows required to settle the obligations are approximately $2,508,942 (2025 - $2,730,000) to be paid during the fiscal years 2028 to 2049. It is management's opinion that these assumptions are reasonable in the circumstances as at March 31, 2026.

Management, as at March 31, 2026, does not foresee any events or circumstances in the future that would have a significant impact on the estimated value of the asset retirement obligation.

The asset retirement obligation recorded in these consolidated financial statements is as follows:

	2026	2025
Carrying amount at beginning of year	$ 1,526,905	$ 1,363,308
Accretion expense	80,926	163,597
Carrying amount at end of year	$ 1,607,831	$ 1,526,905

22. Comparative information

Certain comparative figures have been reclassified to conform to the current year's consolidated financial statement presentation. These changes do not affect the prior year's annual surplus.

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