Financial Statements of

ONTARIO COLLEGE OF ART & DESIGN UNIVERSITY

And Independent Auditor's Report thereon

Year ended May 31, 2026

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Telephone 905 265 5900
Fax 905 265 6390

INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of the
Ontario College of Art & Design University

Opinion

We have audited the financial statements of the Ontario College of Art & Design University (the Entity), which comprise:

- the statement of financial position as at May 31, 2026
- the statement of operations and unrestricted net assets for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at May 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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, Licensed Public Accountants

Vaughan, Canada

October 8, 2026

ONTARIO COLLEGE OF ART & DESIGN UNIVERSITY

Statement of Financial Position

May 31, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets:		
Cash and cash equivalents	$ 25,710,288	$ 25,295,768
Current portion of restricted investments (note 3(b))	5,298,755	21,362,840
Accounts receivable (net of allowance for doubtful accounts of $2,094,967 (2025 - $5,309,013) (notes 11(b) and 17(b))	5,655,820	5,765,317
Inventories and prepaid expenses	2,452,536	2,789,687
	39,117,399	55,213,612
Investments (note 3(a))	30,187,689	26,316,431
Restricted investments (note 3(b))	31,643,848	12,800,033
Investment in joint venture (note 4)	4,844,840	4,816,878
Capital assets (note 5)	93,139,891	93,214,636
Due from related party (OCAD U Co. Foundation) (net of allowance for doubtful accounts of $411,524 (2025 - $411,524)) (note 11)	528,376	528,376
Total Assets	$ 199,462,043	$ 192,889,966
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	$ 18,484,353	$ 17,305,585
Deferred revenue	8,204,738	7,195,043
Other deferred contributions (notes 7 and 13)	15,270,609	14,927,269
Current portion of long-term debt (note 9)	1,272,649	1,196,467
	43,232,349	40,624,364
Deferred capital contributions (note 8)	70,017,352	69,541,811
Long-term debt (note 9)	20,849,000	22,109,395
	134,098,701	132,275,570
Net assets:		
Unrestricted	456,668	1,229,147
Internally restricted (note 10)	37,705,172	35,766,973
Endowments (notes 12 and 13)	27,201,502	23,618,276
	65,363,342	60,614,396
Contingencies and commitments (note 16)		
Total Liabilities and Net Assets	$ 199,462,043	$ 192,889,966

See accompanying notes to financial statements.

On behalf of the Board:

_____ Governor

_____ Governor

ONTARIO COLLEGE OF ART & DESIGN UNIVERSITY

Statement of Operations and Unrestricted Net Assets

Year ended May 31, 2026, with comparative information for 2025

	2026	2025
Revenue:		
Provincial grants	$ 28,396,902	$ 26,871,420
Tuition and ancillary	60,664,181	64,654,048
Research contributions	3,676,434	4,819,117
Class fees and supply sales	694,410	977,487
Investment income	5,481,042	3,860,137
General donations	2,308,888	1,798,771
Bursary and scholarship donations (note 13)	1,347,851	1,117,683
Amortization of deferred capital contributions (note 8)	3,408,632	3,244,467
Sundry	4,662,660	4,931,714
	110,641,000	112,274,844
Expenses:		
Salaries and benefits (note 14)	69,316,694	72,095,324
Academic non-compensation support	12,618,643	12,581,195
Other costs	6,053,462	5,608,973
Bursaries and scholarships	2,336,482	2,032,337
Facility operations (note 4)	12,719,103	13,163,865
Amortization of capital assets	5,064,956	4,827,473
Interest on long-term debt (note 9(c))	1,365,940	1,307,072
	109,475,280	111,616,239
Excess of revenue over expenses	1,165,720	658,605
Transfer to internally restricted net assets (note 10)	(1,938,199)	(370,933)
Change in unrestricted net assets/surplus	(772,479)	287,672
Unrestricted net assets, beginning of year	1,229,147	941,475
Unrestricted net assets, end of year	$ 456,668	$ 1,229,147

See accompanying notes to financial statements.

ONTARIO COLLEGE OF ART & DESIGN UNIVERSITY

Statement of Changes in Net Assets

Year ended May 31, 2026, with comparative information for 2025

2026	Unrestricted	Internally restricted	Endowments (note 12)	Total
Net assets, beginning of year	$ 1,229,147	$ 35,766,973	$ 23,618,276	$ 60,614,396
Excess of revenue over expenses	1,165,720	–	–	1,165,720
Endowment contributions	–	–	102,088	102,088
Net changes in endowment fund activities (note 12(b))	–	–	3,481,138	3,481,138
Board-approved interfund transfer (note 10)	(1,938,199)	1,938,199	–	–
Net assets, end of year	$ 456,668	$ 37,705,172	$ 27,201,502	$ 65,363,342

2025	Unrestricted	Internally restricted	Endowments (note 12)	Total
Net assets, beginning of year	$ 941,475	$ 35,396,040	$ 21,872,100	$ 58,209,615
Excess of revenue over expenses	658,605	–	–	658,605
Endowment contributions	–	–	248,688	248,688
Net changes in endowment fund activities (note 12(b))	–	–	1,497,488	1,497,488
Board-approved interfund transfer (note 10)	(370,933)	370,933	–	–
Net assets, end of year	$ 1,229,147	$ 35,766,973	$ 23,618,276	$ 60,614,396

See accompanying notes to financial statements.

ONTARIO COLLEGE OF ART & DESIGN UNIVERSITY

Statement of Cash Flows

Year ended May 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 1,165,720	$ 658,605
Items not involving cash:		
Amortization of capital assets	5,064,956	4,827,473
Amortization of deferred capital contributions	(3,408,632)	(3,244,467)
Excess of revenue over expenses from joint venture	(477,962)	(375,524)
Deferred capital contributions recognized as revenue related to expenses recorded in statement of operations	(300,481)	(411,473)
Realized gain on investments	(4,101,368)	(487,317)
Unrealized loss (gain) on investments	721,174	(629,016)
Capitalization of investment gains/losses and income in endowments	4,901,336	2,716,408
	3,564,743	3,054,689
Net change in non-cash working capital balances related to operations:		
Decrease (increase) in accounts receivable	109,497	(727,185)
Decrease (increase) in inventories and prepaid expenses	337,151	(516,903)
Increase (decrease) in accounts payable and accrued liabilities	1,178,768	(69)
Increase (decrease) in deferred revenue	1,009,695	(425,543)
Increase in other deferred contributions	343,340	50,528
	2,978,451	(1,619,172)
	6,543,194	1,435,517
Financing activities:		
Endowment contributions	102,088	248,688
Endowment fees and disbursements	(1,420,198)	(1,218,920)
Restricted contributions received for capital purposes	4,184,654	4,788,089
Repayment of long-term debt	(1,184,213)	(1,130,368)
	1,682,331	2,687,489
Investing activities:		
Purchase of capital assets	(4,990,211)	(5,351,709)
Net change in investments	(3,270,794)	3,152,945
Distributions from joint venture	450,000	550,000
	(7,811,005)	(1,648,764)
Increase in cash and cash equivalents	414,520	2,474,242
Cash and cash equivalents, beginning of year	25,295,768	22,821,526
Cash and cash equivalents, end of year	$ 25,710,288	$ 25,295,768

See accompanying notes to financial statements.

1. Purpose of the Organization:

Ontario College of Art & Design University commenced operations in 1876 and was continued under the Ontario College of Art & Design Act in 2002. Bill 43, enacted June 8, 2010, the Post-secondary Educational Statute Law Amendment Act, included provisions to change the name of the Ontario College of Art & Design to Ontario College of Art & Design University (the "University"). The University is dedicated to providing post-secondary education to artists and designers.

The University is a charitable organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

2. Significant accounting policies:

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook - Accounting, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below:

(a) Revenue recognition:

The University follows the deferral method of accounting for contributions, which include grants and donations. Grants and donations are recognized in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received as pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially received. Externally restricted contributions, except endowment contributions, are deferred and recognized as revenue in the year in which the related expenses are recognized. Externally restricted endowment contributions are recognized as direct increases in net assets.

Fees are recognized when the services have been provided.

Investment income, which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, is recorded in the statement of operations and unrestricted net assets, except to the extent it is externally restricted; in which case, it is deferred and recognized as revenue in the year when the restriction is met.

2. Significant accounting policies (continued):

(b) Cash and cash equivalents:

Cash and cash equivalents consist of cash on deposit and short-term investments with maturities of less than 90 days at the date of purchase. Cash and cash equivalents exclude amounts that are managed for returns rather than being held for liquidity.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The University has elected to carry fixed income investments at fair value based on quoted bid prices.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the University determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the University expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

2. Significant accounting policies (continued):

Derivative financial instruments are contracts that require or provide the opportunity to exchange cash flows or payments determined by applying certain rates, indices or changes to notional contract amounts. When these instruments have been designated as effective hedges, they are not recorded in the accounts. Hedges are documented at inception, detailing the particular risk management objective and the strategy for undertaking the hedge transaction. The documentation identifies the liability being hedged, the type of derivative used and how effectiveness is measured. The derivative must be highly effective in accomplishing the objective of offsetting changes in cash flows attributable to the risk being hedged both at inception and over the life of the hedge. Derivative transactions that do not qualify for hedge accounting are carried at fair value, with changes in value during the year recorded as revenue or expenses.

(d) Capital assets:

Land is carried at cost. Purchased capital assets are recorded at acquisition cost. Donated capital assets are capitalized at fair market value at the date of contribution. Capital assets are amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Tangible	
Buildings and building improvements	20 - 40 years
Equipment and furnishings	8 years
Computer equipment	5 years
Leasehold improvements	Term of lease
Intangible	
Enterprise Resource Planning ("ERP") Solution	20 years

There were no temporary or partial impairments or disposals of assets during the year. Amortization is not recognized until project completion.

(e) Employee future benefits:

Contributions to a defined contribution pension plan are expensed on an accrual basis.

2. Significant accounting policies (continued):

(f) Contributed materials and services:

Donors contribute an indeterminable amount of materials and services each year. Because of the difficulty of determining their fair value, contributed materials and services are not recognized in these financial statements.

(g) Allocation of costs:

Academic and non-academic expenses and facility management and operating costs presented in the statement of operations and unrestricted net assets include the costs of personnel and other expenses that are directly related to the function. General support and other costs are not allocated.

(h) Investment in joint venture:

The University elected to account for the investment in joint venture (note 4) by using the equity method, whereby the investment is carried in the financial statements at cost plus post-acquisition changes in the University's share of operations.

(i) Related party transactions:

The University is related to a joint venture (note 4) of which the University has a 50% interest. Related party transactions between the two organizations are recorded at the exchange amount, which is the consideration established and agreed upon by the related parties.

The University is also related to OCAD U Co. Foundation (the "Foundation") which was established as a separate entity from the University during 2019. The Foundation is the beneficiary to the OCAD U Co. Corp. (the "Corporate Trustee" or the "Trust") and as such any expenses from the Trust are recorded in the financial statements of the Foundation.

2. Significant accounting policies (continued):

(j) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates include allowance for doubtful accounts, certain accounts receivable and accrued liabilities, and carrying values of investment in joint venture and capital assets. Actual results could differ from those estimates.

3. Investments:

Investments consist of the following:

(a) Investments:

	2026		2025	
	Fair value	Cost	Fair value	Cost
Canadian equities	$ 12,509,017	$ 12,496,675	$ 6,587,309	$ 3,268,953
Non-Canadian equities	6,810,214	6,724,432	6,157,346	3,080,400
International equities	623,089	634,279	5,015,568	4,543,404
Fixed income	8,737,822	8,695,766	7,598,623	7,317,672
Money market	1,507,547	1,511,103	957,585	955,909
	$ 30,187,689	$ 30,062,255	$ 26,316,431	$ 19,166,338

As at May 31, 2026, fixed income securities have a weighted average yield of 3.84% (2025 - 3.21%) and a weighted average term to maturity of 9.97 years (2025 - 4.64 years).

3. Investments (continued):

(b) Restricted investments:

	2026		2025	
	Fair value	Cost	Fair value	Cost
Canadian equities	$ 10,770,949	$ 10,759,842	$ 3,170,924	$ 2,795,536
Non-Canadian equities	5,879,704	5,805,814	3,177,842	2,969,417
International equities	538,280	548,007	1,985,627	1,769,937
Fixed income	7,550,380	7,514,041	3,780,423	3,669,948
Money market	1,307,935	1,311,026	685,217	683,652
Guaranteed investment certificates	5,596,600	5,596,600	–	–
Non-current restricted investments	31,643,848	31,535,330	12,800,033	11,888,490
Guaranteed investment certificates	5,298,755	5,298,755	21,362,840	21,362,840
	$ 36,942,603	$ 36,834,085	$ 34,162,873	$ 33,251,330

Restricted investments have been internally restricted by the University's Board of Governors.

As of May 31, 2026, fixed income securities have a weighted average yield of 3.84% (2025 - 3.22%) and weighted average term of 9.97 years (2025 - 4.80 years).

Guaranteed investment certificates are measured at amortized cost and include accrued interest of $181,060 (2025 - $653,197).

Cash and cash equivalents and restricted investments generated interest income of $2,245,373 (2025 - $2,725,696).

4. Investment in joint venture:

The University has a 50% joint venture investment at 205 Richmond Street.

Pursuant to a joint venture agreement dated August 1, 2017, the University conveyed its 50% interest in the 205 Richmond Street property to the joint venture. The joint venture has a December 31 year end and follows Canadian accounting standards for private enterprises of the CPA Canada Handbook.

As at and for the year ended May 31, 2026, the University's interest in the joint venture is summarized as follows:

	2026	2025
Total assets	$ 11,101,892	$ 11,310,606
Total liabilities	5,608,304	5,844,979
Total shareholders' equity	5,493,588	5,465,627
Revenue	1,147,615	1,173,633
Expenses	669,653	798,109
Excess of revenue over expenses	477,962	375,524

Corresponding with the conveyance of the 50% interest of the property, the University immediately entered into an agreement to lease the property back from the joint venture for 20 years. The gain on disposal realized on this transaction is deferred (note 7) and is being recorded in the statement of operations and unrestricted net assets in proportion to the rental payments over the lease term of 20 years. The future lease commitments under the arrangement are disclosed in note 16(b).

Included in facility operations expenses is $2,391,769 (2025 - $2,381,877) of rent paid to the joint venture.

5. Capital assets:

	Cost	Accumulated amortization	2026 Net book value	2025 Net book value
Tangible				
Land	$ 666,000	$ –	$ 666,000	$ 666,000
Buildings and building improvements	148,928,567	66,349,400	82,579,167	82,943,545
Equipment and furnishings	16,905,638	14,273,780	2,631,858	2,563,295
Computer equipment	13,020,329	12,078,082	942,247	455,264
Leasehold improvements	5,968,690	2,522,279	3,446,411	3,400,456
Intangible				
ERP Solution	6,237,260	3,363,052	2,874,208	3,186,076
	$ 191,726,484	$ 98,586,593	$ 93,139,891	$ 93,214,636

6. Accounts payable and accrued liabilities - government remittances payable:

As at May 31, 2026, accounts payable and accrued liabilities include government remittances payable of $1,291,656 (2025 - $1,381,687).

7. Other deferred contributions:

Other deferred contributions represent unspent resources externally restricted for program expenses in future years and a portion of the gain deferred on the sale leaseback transaction (note 4). Changes in the deferred contributions balance are as follows:

	2026	2025
Balance, beginning of year	$ 14,927,269	$ 14,876,741
Amounts received	15,185,609	17,709,813
Amounts recognized as revenue	(14,842,269)	(17,659,285)
Balance, end of year	$ 15,270,609	$ 14,927,269

8. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations and unrestricted net assets. The changes in the deferred capital contributions balance are as follows:

	2026	2025
Balance, beginning of year	$ 69,541,811	$ 68,409,662
Contributions restricted for capital purposes	4,184,654	4,788,089
Amortization of deferred capital contributions	(3,408,632)	(3,244,467)
Amount recognized as revenue-related expensed capital items	(300,481)	(411,473)
Balance, end of year	70,017,352	69,541,811
Less unspent capital contributions	108,435	370,914
Accumulated contributions funding capital assets	$ 69,908,917	$ 69,170,897

9. Debt:

The University has the following outstanding debt:

2026	Current	Long-term	Total
Loan facility (a)(i)	$ 777,552	$ 11,531,669	$ 12,309,221
Loan facility (a)(ii)	495,097	9,543,998	10,039,095
Loan facility (a)(iii)	–	–	–
	1,272,649	21,075,667	22,348,316
Less unamortized financing costs	–	226,667	226,667
	$ 1,272,649	$ 20,849,000	$ 22,121,649

9. Debt (continued):

2025	Current	Long-term	Total
Loan facility (a)(i)	$ 756,000	$ 12,294,001	$ 13,050,001
Loan facility (a)(ii)	460,467	10,042,061	10,502,528
Loan facility (a)(iii)	–	–	–
	1,216,467	22,336,062	23,552,529
Less unamortized financing costs	20,000	226,667	246,667
	$ 1,196,467	$ 22,109,395	$ 23,305,862

(a) Debt consists of:

(i) The University has a term-reducing facility with interest payable at the Canadian Overnight Repo Rate ("CORRA") plus 1.09% per annum converted to a base swap rate of 4.84% and pricing spread of 1.09% representing an effective rate of 5.93%, repayable at $123,882 per month principal and interest (note 9(b)). The term of the unsecured loan was 10 years from the date of the drawdown of September 28, 2007 with a 30-year amortization period. The proceeds from the facility were used to finance the Superbuild Expansion Program and acquisition of 205 Richmond Street.

The term of the unsecured loan has been extended to October 1, 2027.

(ii) The University has a term-reducing facility with interest payable CORRA plus 1.55% per annum converted to a base swap rate of 4.04% and pricing spread of 1.55% representing an effective rate of 5.59%, repayable at $86,977 per month principal and interest (note 9(b)). The term of the unsecured loan was 10 years from the date of the drawdown of March 8, 2010 with a 30-year amortization period. The proceeds from the facility were used to finance a portion of the acquisition of 230/240 Richmond Street.

The term of the unsecured loan has been extended to October 1, 2027.

9. Debt (continued):

(iii) During fiscal year 2016, the University entered into an unsecured demand operating facility available as: (a) loans by way of direct advances with a variable interest based on prime rate, or (b) 28 to 181 day bankers' acceptances with rates calculated on the face amount multiplied by a fraction of which the numerator is equivalent to the term to maturity of such bankers' acceptances expressed in days, and the denominator represents the number of days in each applicable year. Interest is paid monthly and the credit limit is not to exceed $8,000,000 (2025 - $8,000,000). Interest on the outstanding unsecured demand operating facility is nil (2025 - nil). The proceeds from the facility are used for the purpose of financing the operating requirements of the University.

The term-reducing facilities (a)(i)(ii) and demand loan for capital (a)(iii) agreements require the University to comply with certain non-financial covenants and that the University cannot undertake certain transactions without the lender's consent.

(b) In order to manage interest rate exposure, the University has in place interest rate swap agreements (the "Agreements"), designated as hedges of the long-term debt (the "Campus Expansion Loans") (a)(i)(ii), which will expire on October 1, 2037 and March 8, 2040. Under the terms of the Agreements, the University agrees with the counterparty to exchange, at specified intervals and for a specific period, its floating interest for fixed interest calculated on the notional principal amount of the Campus Expansion Loans. The use of the swaps effectively enables the University to convert the floating rate interest obligations of the Campus Expansion Loans into fixed rate obligations and thus, manage its exposure to interest rate cash flow risk. As at May 31, 2026, the Agreements continued to qualify as effective hedge transactions. Having met the criteria to apply hedge accounting, the University has not recognized the fair value of the Agreements in these financial statements.

As at May 31, 2026, the total notional values of the Agreements are $22,348,316 (2025 - $23,552,529).

9. Debt (continued):

(c) The following are the future annual debt principal repayments due over the next five fiscal years and thereafter for the Campus Expansion Loans:

2027	$ 1,272,649
2028	1,348,428
2029	1,428,723
2030	1,513,804
2031	1,603,955
Thereafter	15,180,757
	22,348,316
Less unamortized financing costs	226,667
	$ 22,121,649

The future annual debt repayments are based on the loan terms being co-terminus with the swap amortization periods.

Total interest recognized on an accrual basis in the statement of operations and unrestricted net assets was $1,365,940 (2025 - $1,307,072), of which $1,365,940 (2025 - $1,307,072) is related to debt initially incurred for a term of more than one year.

10. Internally restricted net assets:

Internally restricted net assets include funds committed for specific purposes as approved by the Board of Governors as follows:

	2026	2025
Capital assets funded by operations (note 10(a))	$ 4,598,512	$ 4,437,860
Joint venture capital gain proceeds (note 10(b))	15,279,907	15,279,907
Inclusive Design Research Centre (note 10(c))	369,956	450,549
Financial Sustainability Fund (note 10(d))	14,000,000	11,500,000
Student Experience Fund (note 10(e))	1,627,840	2,127,958
Revenue Diversification Seed Fund (note 10(f))	1,358,636	1,470,699
The 150 Fund (note 10(g))	470,321	500,000
	$ 37,705,172	$ 35,766,973

In fiscal year 2026, the net change in the internally restricted net assets totalled $1,938,199 (2025 - $370,933).

10. Internally restricted net assets (continued):

Internally restricted net assets are funds set aside that reflect the application of the Board of Governors policy.

(a) Capital assets funded by operations represents the unamortized value of capital assets funded by the University. It excludes those amounts funded through external capital contribution.

(b) Joint venture capital gain proceeds (part of what is called Restricted Investments) represents the capital gain that had been taken into income on disposition of the 50% interest in the 230/240 Richmond Street Joint Venture.

(c) Inclusive Design Research Centre represents the accumulated net revenue from the operation of the Inclusive Design Research Unit since the inception of the Centre in the 2010/2011 fiscal year.

(d) The Financial Sustainability Fund provides a means by which to address financial challenges of the University in future years, any allocation from which would be subject to Board of Governors approval.

(e) A Student Experience Fund has been set aside to provide operating and capital initiatives to enhance the student experience and would be subject to Board of Governors approval.

(f) Revenue Diversification Seed Fund has been created to advance initiatives and strategies for revenue diversification aligned with the University mission and would be subject to Board of Governors approval.

(g) The 150 Fund has been created to plan Ontario College of Art & Design University's 150th anniversary.

11. Related parties:

(a) OCAD U Co. Foundation is a directly controlled subsidiary, with a Board of Directors appointed by the University, comprised of members that are not independent of the University, and is therefore a related party.

The Foundation was established on May 23, 2019, as a registered charity under the Income Tax Act (Canada). The purpose of the Foundation is to provide funding for the programs at the University.

The accounts of the Foundation are not included in the accompanying financial statements. Funds from the Foundation are directed to the University when approved by the Board of Directors of the Foundation.

As at May 31, 2026, the Foundation's unaudited financial statements are summarized as follows:

	2026	2025
Total assets	$ 528,376	$ 528,376
Total liabilities	939,900	939,900
Deficit	$ (411,524)	$ (411,524)
Recovery of expenses	$ 54,751	$ 54,751
Expenses	54,751	54,751

Total assets include a promissory note receivable from the Trust in the amount of $500,000 (2025 - $500,000) and a receivable of $412,524 (2025 - $412,524) for 2020 start-up costs due from the Trust, bearing interest at 6% on the total of $912,524, and $27,376 (2025 - $27,376) of interest due from the Trust. An allowance for doubtful accounts provision of $411,524 (2025 - $411,524) has been applied against the receivable balance from the Trust.

Total liabilities include a promissory note payable to the University of $500,000 (2025 - $500,000) and a payable of $412,524 (2025 - $412,524) to the University for 2020 start-up costs, bearing interest at 6% on the total of $912,524, and $27,376 (2025 - $27,376) for interest to the University. During the year, the University charged the Foundation $54,751 (2025 - $54,751) of interest.

11. Related parties (continued):

A provision of $411,524 (2025 - $411,524) is recorded as an allowance for doubtful accounts.

(b) OCAD U Co. Corp. was established on May 21, 2019 for the purpose of facilitating delivery of executive education programing.

The Board of Directors of the Corporate Trustee is approved by the University's Board of Governors, acting on behalf of the University as sole shareholder, however, a majority of the Trust's Board of Directors is independent of the University. The University does not exercise control over the Corporate Trustee.

The beneficiary of the Trust is the Foundation. Any distributions from the Trust will therefore be recorded in the financial statements of the Foundation.

As at May 31, 2026, the Trust's unaudited financial statements are summarized as follows:

	2026	2025
Total assets	$ 538,446	$ 471,194
Total liabilities	2,345,118	2,296,854
Deficit	$ (1,806,672)	$ (1,825,660)
Revenue	$ 865,886	$ 932,654
Expenses	846,897	917,809

The Corporate Trustee is economically dependent on the Foundation.

Total liabilities include a promissory note of $500,000 (2025 - $500,000) payable to the Foundation and accrued net start-up expenses of $412,524 (2025 - $412,524) payable to the Foundation, bearing interest at 6% on the total of $912,524, accrued interest payable of $27,376 (2025 - $27,376) to the Foundation; and accrued rent expenses payable to the University of $570,000 (2025 - $570,000) and accounts payable to the University of $632,699 (2025 - $654,387).

During the year, the University invoiced the Trust nil for service agreements (2025 - $79,807).

A receivable of $1,202,699 (2025 - $1,224,387) is included in accounts receivable on the University's statement of financial position. A provision of $1,202,699 (2025 - $1,202,699) is recorded as an allowance for doubtful accounts.

12. Endowments:

Endowment funds consist of externally or internally restricted contributions received by the University where the endowment principal is required by the donor or the Board of Governors to be maintained permanently. The investment income generated from assets held for endowment purposes must be used in accordance with the various purposes established by the donors or the Board of Governors.

(a) Endowment net assets consist of the following:

	2026	2025
Externally endowed funds with income to be used for donor-restricted purposes	$ 25,707,954	$ 22,308,882
Externally endowed funds with income unrestricted	382,842	337,917
Internally endowed restricted funds with income to be used for scholarships and bursaries	1,110,706	971,477
	$ 27,201,502	$ 23,618,276

(b) The change in endowment activities are summarized as follows:

	2026	2025
Unrealized loss on investments	$ (6,746,858)	$ (114,162)
Realized gain on investments	10,632,750	2,087,847
Capitalization of investment income	1,015,444	742,723
Management fees	(356,547)	(343,278)
Disbursements	(1,063,651)	(875,642)
	3,481,138	1,497,488
Endowment contributions	102,088	248,688
	$ 3,583,226	$ 1,746,176

Investment income generated on endowments is recorded to endowment net assets.

13. Ontario government matching programs:

(a) The University receives and records in its financial statements donations eligible for matching under Government of Ontario matching programs that provide funding for bursaries.

(b) The following represents the cost and market values of the endowment balance in the first phase of the Ontario Student Opportunity Trust Fund I ("OSOTF I"):

	2026	2025
Endowment balance, at cost, beginning and end of year	$ 501,887	$ 501,887
Endowment balance, at market, end of year	$ 1,060,214	$ 925,780

The following is the schedule of changes in expendable funds available for awards of OSOTF I for the year ended May 31. This balance is included in other deferred contributions on the statement of financial position of the University.

	2026	2025
Expendable funds available for awards, beginning of year	$ 34,710	$ 30,422
Amount available for spending	41,660	34,710
Bursaries awarded recorded as bursary and scholarship donations	(34,710)	(30,422)
Expendable funds available for awards, end of year	$ 41,660	$ 34,710
Number of bursaries awarded	18	13

13. Ontario government matching programs (continued):

(c) The Government of Ontario requires separate reporting of balances as at May 31 in connection with the second phase of the Ontario Student Opportunity Trust Fund II ("OSOTF II"). The following represents the cost and market values of the endowment balance of OSOTF II for the year ended May 31:

	2026	2025
Endowment balance, at cost, beginning and end of year	$ 346,054	$ 346,054
Endowment balance, at market, end of year	$ 731,024	$ 638,331

The following is the schedule of changes in expendable funds available for awards of OSOTF II for the year ended May 31. This balance is included in other deferred contributions on the statement of financial position of the University.

	2026	2025
Expendable funds available for awards, beginning of year	$ 23,933	$ 20,976
Amount available for spending	28,725	23,933
Bursaries awarded recorded as bursary and scholarship donations	(23,933)	(20,976)
Expendable funds available for awards, end of year	$ 28,725	$ 23,933
Number of bursaries awarded	12	9

13. Ontario government matching programs (continued):

(d) The Government of Ontario requires separate reporting of balances as at May 31 and details of the changes in the balances for the year then ended in connection with the Ontario Trust for Student Support ("OTSS").

The following is the schedule of donations received for the years ended May 31:

	2026	2025
Cash donations not eligible for matching	$ 4,279	$ 6,339

The following is the schedule of changes in the endowment balance of OTSS, at cost, for the year ended May 31:

	2026	2025
Endowment balance, at cost, beginning of year	$ 5,933,865	$ 5,927,526
Cash donations received	4,279	6,339
Endowment balance, at cost, end of year	$ 5,938,144	$ 5,933,865
Endowment balance, at market, end of year	$ 12,535,025	$ 10,945,599

The following is the schedule of changes in expendable funds available for awards of OTSS for the year ended May 31. The balance is included in other deferred contributions on the statement of financial position of the University.

	2026	2025
Expendable funds available for awards, beginning of year	$ 409,471	$ 358,893
Amount available for spending	492,552	409,471
Bursaries awarded recorded as bursary and scholarship donations	(409,471)	(358,893)
Expendable funds available for awards, end of year	$ 492,552	$ 409,471
Number of bursaries awarded	208	152

14. Salaries and benefits - Pension Plan:

The Ontario College of Art & Design Pension Plan (the "Plan") is a defined contribution plan. The University matches contributions made by members of the Plan and also contributes any further amounts which may be required to defray the administrative and operating expenses of the Plan. In 2026, contributions made by the University to the Plan, as included in salaries and benefits in the statement of operations and unrestricted net assets, $2,975,576 (2025 - $2,842,863).

15. Canadian Universities Reciprocal Insurance Exchange:

The University became a member of a reciprocal exchange of insurance risks in association with other Canadian universities on January 1, 2008. The Canadian Universities Reciprocal Insurance Exchange ("CURIE") is a self-insurance cooperative and involves a contractual agreement to share the insurable property and liability risks of member universities arising during the period of membership. As a consequence, the University will be eligible to receive its pro rata share of any potential future surplus distribution and will share in any deficits generated by claims arising during the University's period of membership in CURIE. As at December 31, 2025 and 2024, CURIE was fully funded.

16. Contingencies and commitments:

(a) From time to time, the University is involved in litigation matters arising in the ordinary course of operations. In the opinion of management, the ultimate disposition of these matters will not have a material impact on the University's financial position or results of operations of the University.

(b) The following are the future minimum annual operating lease payments due over the next five fiscal years and thereafter:

2027	$ 3,791,441
2028	3,867,551
2029	3,926,603
2030	3,981,093
2031	4,037,514
Thereafter until 2037	21,710,954
Total	$ 41,315,156

17. Financial instruments:

The University is exposed to various financial risks through transactions in financial instruments. There has been no significant change to the risk exposure from 2025.

(a) Market risk:

Market risk arises as a result of trading equities and fixed income securities. Fluctuations in the market expose the University to a risk of loss. The Investment Committee of the University monitors investments decisions and results.

(b) Credit risk:

The University is exposed to credit risk in connection with its accounts receivable and its fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

Included in allowance for doubtful accounts is $892,268 (2025 - $4,106,314) related to student receivables, $1,202,699 (2025 - $1,202,699) related to other accounts receivable (note 11(b)), and $411,524 (2025 - $411,524) related to amounts due from related party (note 11(a)).

(c) Interest rate and currency risks:

The University is exposed to interest rate and currency risks with respect to its investments in fixed income investments and foreign currency-denominated investments, because the fair value will fluctuate due to changes in market rates.

In addition, the University is exposed to interest rate risk with respect to its floating rate loans because cash flows will fluctuate because the interest rate is linked to floating rates, which change from time to time. The University uses the Agreements to manage interest rate risk associated with its long-term variable rate debt (note 9(a)(i)(ii)). The University currently does not use any hedging strategies to mitigate the interest rate and currency risks exposure related to investments and its demand operating facility (note 9(a)(iii)).

17. Financial instruments (continued):

(d) Liquidity risk:

The University is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. The University manages liquidity risk by investing a sufficient amount to meet foreseeable needs in highly liquid guaranteed investment certificates that can be redeemed in a reasonable period should the need arise.

18. Comparative information:

These financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not effect the prior year's excess of revenue over expenses.