



Kwantlen Polytechnic University

Annual Financial Report

March 31, 2025



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Territorial Acknowledgement

We at Kwantlen Polytechnic University respectfully acknowledge that we live, work and study in a region that overlaps with the unceded traditional and ancestral First Nations territories of the Musqueam, Katzie, Semiahmoo, Tsawwassen, Qayqayt, and Kwikwetlem; and with the lands of the Kwantlen First Nation, which graciously bestowed its name on this university.

MESSAGE FROM THE ACTING CHIEF FINANCIAL OFFICER

I am pleased to present Kwantlen Polytechnic University's ("KPU's" or the "University's") annual financial report for the year ended March 31, 2025. KPU's annual financial report includes the audited consolidated financial statements for the year and the management's discussion and analysis which provides a comprehensive review of the University's overall financial condition and areas of opportunity, risk, and improvement.

The global economy and political landscape remain full of uncertainty. Tariffs are affecting day-to-day living expenses, supply chains, market conditions, and housing. Additional challenges include rising inflation, changes to federal immigration policy, geopolitical conflicts, climate change, and increasing cybersecurity risks.

Recent changes to federal government immigration policies have significantly limited KPU's international student enrollments. Over the course of the past two years, the federal government announced major changes which caused a decrease in the number of international students in Canada. KPU is actively managing the financial impact of lower numbers of international enrolments incorporating long-term strategic planning and budgeting approaches. As more changes are expected with the federal and provincial governments looking closely at immigration and international education policies, assessing the impact on future enrolment is challenging.

KPU's budget strategy for fiscal year FY2024-25 maintained prior year divisional allocations, allowing increases only on a one-time basis. The budget prioritized diversifying revenue streams, enhancing financial supports for students, supporting student and employee recruitment and retention efforts improving technology and infrastructure to support hybrid learning and working environments, strengthening cybersecurity, and advancing KPU's climate action plan.

KPU remains committed to academic excellence, research, innovation, and institutional accountability, ensuring that students, employees, and the broader KPU learning community, are supported through diverse, inclusive, and relevant educational pathways. As a polytechnic university, KPU offers both traditional and career-focused programs with multiple entry points leading to a university degree. KPU's mission is to equip students with the knowledge and skills necessary to be engaged, responsible citizens, and to pursue meaningful careers by emphasizing the integration of theory, critical thinking, and applied learning. Through collective efforts across the University, KPU continues to navigate challenges, embrace opportunities, and achieve significant milestones in education, professional development, and innovation, advancing the success of both the University and the communities it serves.

Management Discussion and Analysis

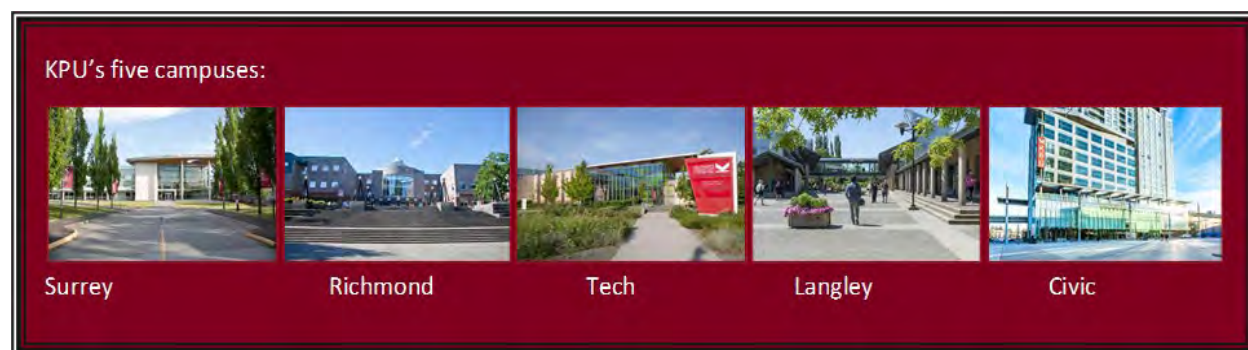
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EXECUTIVE SUMMARY

The Management's Discussion and Analysis ("MD&A") provides an overview of KPU's operating environment, financial condition, performance, and key areas of financial risk and opportunity for the year ended March 31, 2025. This MD&A, together with the accompanying audited consolidated financial statements, serves as a key indicator of the University's financial health and it should be reviewed in tandem. For further details, please refer to the corresponding section headings throughout this MD&A report.

About KPU

As Canada's only polytechnic university, KPU uniquely blends the hands-on, industry-responsive approach of a polytechnic with the academic breadth and research integration of a university. It offers over 140 programs across a range of credentials, serving more than 20,000 students annually across five campuses in the region south of the British Columbia's Fraser River.



Operating Environment and Governance

KPU operates under British Columbia's *University Act* and is accountable to the Ministry of Post-Secondary Education and Future Skills ("Ministry"), aligning its strategic priorities with provincial objectives. KPU follows a bicameral governance model: the Board of Governors oversees the management, administration, and control of property, revenue, and overall operations, while the Senate is responsible for academic policy and program oversight. The President and the executive team manage day-to-day operations and ensure effective implementation of institutional priorities and policies.

KPU receives base operating funding from the Government of BC (B.C. Government) and is required to operate under balanced budget legislation. As a public sector entity, KPU's financial statements are prepared in accordance with B.C.'s *Budget Transparency and Accountability Act* and are consolidated with the province's financial statements.

Financial Results and Indicators

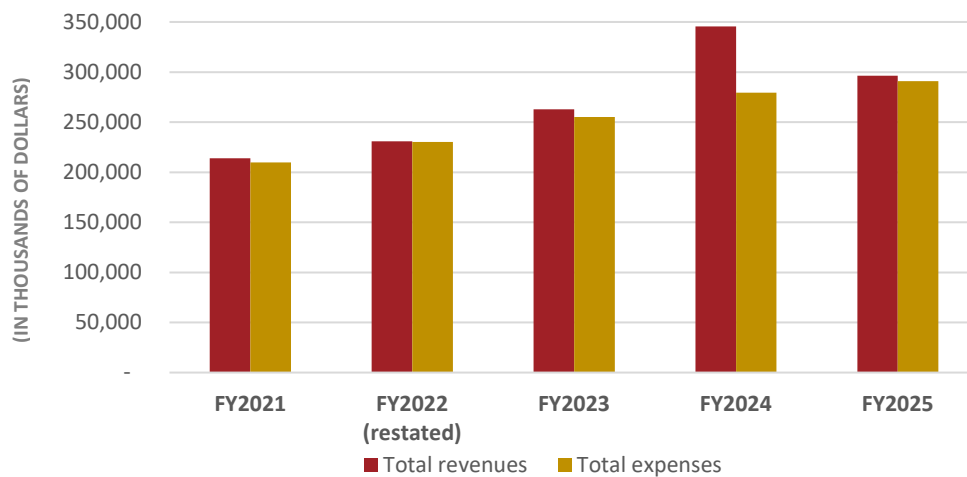
KPU's financial health is shaped by its revenue sources, expenditure patterns, and investment strategies, which together reflect KPU's financial stability, sustainability, vulnerability, and capacity to fulfill its mission effectively.

In FY2024-25, KPU experienced a reduction in total revenue, primarily due to a decline in international student enrolments as a direct result of changes in federal government immigration policies. This resulted in a \$28M decrease in international tuition and fee revenue compared to the prior year. Additionally, the significant decline from FY2023-24 in total revenue, operating surplus, financial position, and cash flow were impacted by the one-time land sale proceeds recognized in FY2023-24, which did not recur in the current fiscal year.

A detailed discussion of FY2024-25 cash flows and operating results begins on page nine of this report.

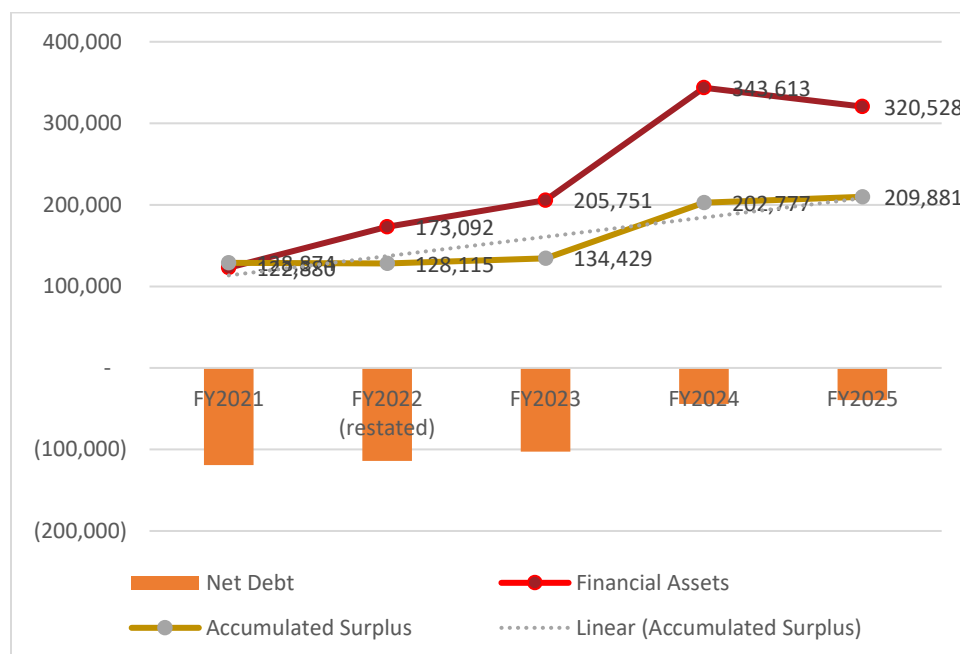
Revenue growth and operating surpluses

KPU experienced a 14% decline in revenue in FY2024–25 compared to FY2023–24, primarily due to a \$28M decline in international student revenue and the absence of one-time land sale proceeds of \$116M recognized in the prior year. Expenditures increased by 4% over the same period. Despite these pressures, KPU has consistently maintained operating surpluses—where revenues exceed expenses—as illustrated in the graph below.



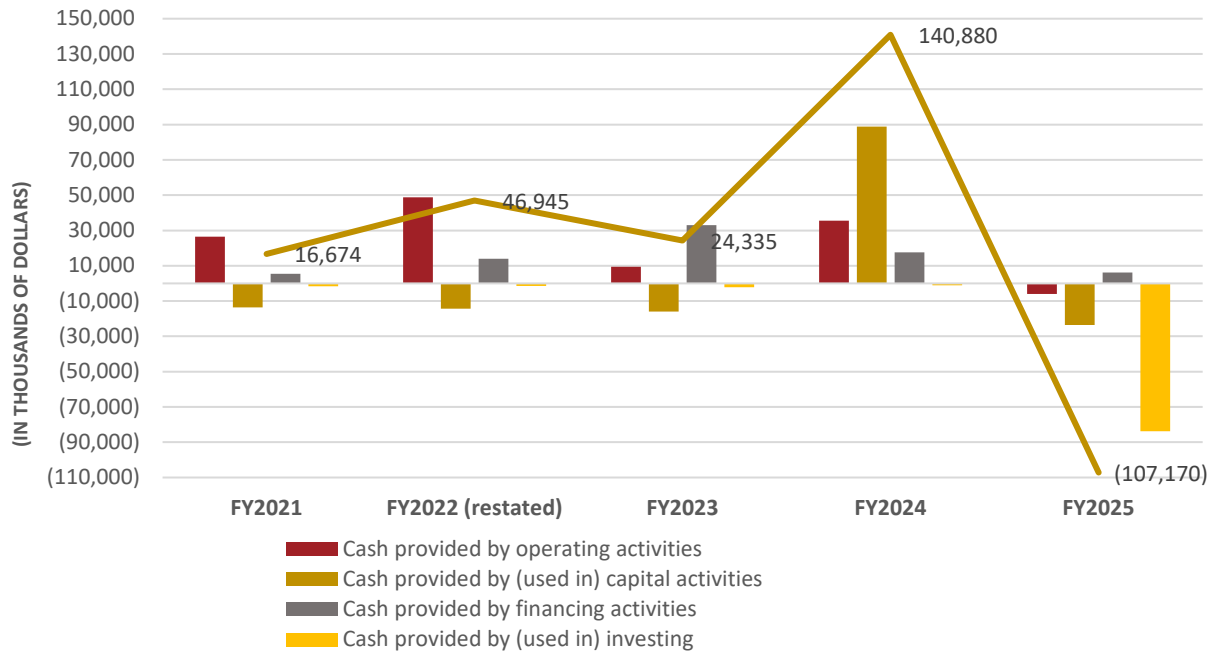
Financial position

KPU remains in a strong financial position, evidenced by a steady reduction in its net debt relative to financial assets over the past five years. Net debt represents the University's liabilities less its financial assets—those assets that can be readily converted to cash to meet obligations. As at March 31, 2025, KPU reported total financial assets of \$321M (2024: \$344M) and net debt of \$40M (2024: \$44M), resulting in a net debt-to-asset ratio of 12.4% (2024: 12.8%). This ratio means that KPU would need less than 13% of its long-term assets to cover its outstanding debt, reinforcing its stable financial position.



Cash flows

Historically, KPU has maintained positive cash flows from its operating activities, demonstrating its ability to cover operating expenses and fund capital investments and meet debt obligations through operating revenues. However, starting in FY2024-25, a net decline in operating cash marked the point where annual expenditures surpassed revenues. If this trend persists, KPU will need to depend on its investments to sustain operations. This shift necessitates a reassessment of budget planning for FY2025-26 and beyond.



OPERATING ENVIRONMENT AND GOVERNANCE

University Overview

As Canada's sole polytechnic university, KPU distinguishes itself from conventional universities and polytechnic institutes across the country. Polytechnics focus on advanced technical education with a hands-on, industry-aligned approach. KPU's programs emphasize applied learning, equipping students with the practical skills and competencies that offer a competitive advantage in today's job market.

As a university, KPU is authorized to grant bachelor's, master's, and doctoral degrees, as well as citations, certificates, and diplomas in both traditional and emerging fields. Further, KPU has an enhanced ability to integrate academic and professional education, applied research, community engagement, and critical thinking into a comprehensive educational experience.

KPU serves more than 20,000 students annually across five campuses: Surrey, Richmond, Langley, Cloverdale, and Civic Plaza. These campuses serve communities south of the Fraser River, located on the unceded traditional and ancestral territories of the Musqueam, Katzie, Semiahmoo, Tsawwassen, Qayqayt, and Kwikwetlem First Nations, as well as the lands of the Kwantlen First Nation, which generously gifted the use of its name to the University.

Government Oversight

The B.C. Government comprises ministries and various public sector organizations that deliver services and programs on its behalf, including post-secondary education. For reporting purposes, these entities are collectively referred to as a Government Reporting Entity ("GRE"). As a component of the GRE, KPU is accountable to the public through the Ministry responsible for post-secondary education, which oversees post-secondary education and skills training across the province.

The Ministry requires KPU to align with broad public sector principles as well as specific directives on government priorities and expectations. Periodically, the Ministry issues mandate letters to B.C.'s public post-secondary institutions ("PSIs"), outlining strategic priorities for the sector. From KPU's most recent [mandate letter](#) and the Minister's letter of direction reflect these priorities relevant to the University. In response, KPU aligns its strategic goals and performance measures with both provincial objectives and the Ministry's expectations for the post-secondary education sector.

KPU operates under the authority of the *University Act* of B.C. as a not-for-profit entity governed by a Board of Governors, the majority of whom are appointed by the provincial government. In accordance with the *University Act*, KPU follows a bicameral governance model: the Board of Governors is responsible for the management, administration, and control of the University's property, revenue, and business affairs, while the Senate is responsible for academic governance. KPU is led by the President, who, supported by an executive team, is responsible for managing the day-to-day operations and oversee implementation of institutional policies.

As a publicly funded PSI, KPU must comply with financial and policy guidelines established by the B.C. post-secondary sector. The sector operates within a regulated fiscal environment, shaped by the provincial government mandates. Notably, domestic tuition increases are capped at 2% annually, limiting opportunities to increase tuition revenue from domestic students to match cost pressures. While international tuition rates are not currently regulated, institutions are expected to exercise discretion in setting these rates to remain competitive in the global market and to ensure affordability and predictability for international students.

Balanced budget legislation

The B.C. post-secondary education sector is governed by balanced budget legislation, which prohibits operating deficits in any given fiscal year without prior provincial approval. This requirement contributes to a complex operating environment, particularly during periods of economic uncertainty. As a result, institutions must engage in long-term financial planning to ensure balanced budgets annually, regardless of historical surpluses or deficits.

While the Ministry allows institutions to seek approval for a deficit budget under certain conditions, KPU did not submit such a request. Based on its projected financial position, KPU's Board approved a balanced budget for FY2024–25.

Strategic Priorities and Planning

KPU's strategic plan is being refined in *Fiscal 2026 and Beyond*, which outlines the mission, vision, and goals that guide the University's strategic direction and decision-making over the coming years. This strategic plan builds on the foundation of Vision 2026 which was developed through extensive consultations with key stakeholders and was approved by KPU's Board of Governors in May 2023.

Fiscal 2026 and Beyond serves as a bridge for KPU's strategic planning during a presidential transition, providing a solid foundation for future decision-making. As an updated implementation plan for *Vision 2026*, it reflects KPU's commitment to navigating challenges, making tough but necessary decisions, and identifying opportunities to emerge from this transition in a strong and stable position. The strategic document outlines the mission, vision, values and goals that embody KPU's identity as a polytechnic university, highlighting its unique potential to adapt and respond to future opportunities and challenges. By prioritizing strategic key areas, the plan supports long-term success while informing planning, budgeting and management processes. This alignment ensures the effective allocation of limited financial resources and the optimization of institutional outcomes.

Operating Grants and Other Revenues

Each year, eligible public PSIs receive base operating funding from the provincial government. For many institutions, including KPU, this operating grant is calculated independently of government-established student full-time equivalent ("FTE") targets. Consequently, actual fluctuations in student delivery FTEs do not necessarily impact the level of financial support received. The Ministry issues an annual budget letter detailing KPU's operating grant, student FTE targets, associated accountabilities, and expectations for the upcoming year typically reflecting a rollover of the prior year's funding with minimal inflationary adjustments. The base operating funding received by KPU in FY2024-25 was \$106M (\$101M recognized + \$5M deferred) representing approximately 36% of KPU's total operating revenues received and 34% revenues recognized for the year. The amount of base operating funding recorded in any given year is adjusted by Ministry-approved deferrals, if the full base funding is not required.

In addition to provincial funding, public PSIs generate revenue from various sources including tuition (48% of total revenue recognized), federal grants and endowments revenue from deferred contributions (10%) investments (5%), ancillary services and other (3%). Nonetheless, the majority of institutional funding is derived from a combination of tuition revenue and the provincial operating grant.

Collective Agreements

The Kwantlen Faculty Association ("KFA"), represents the faculty members at KPU. While, the British Columbia Government and Service Employees' Union ("BCGEU") represents staff at various public institutions across the province, it does not only represent employees at KPU. Both the KFA and BCGEU have active collective agreements in place for their respective membership groups in FY2024-25, with the KFA's agreement covering the period from April 1, 2022 to March 31, 2025 and the BCGEU's agreement covering from July 1, 2022 to June 30, 2025. Both groups are beginning negotiations on their agreements.

FINANCIAL RESULTS

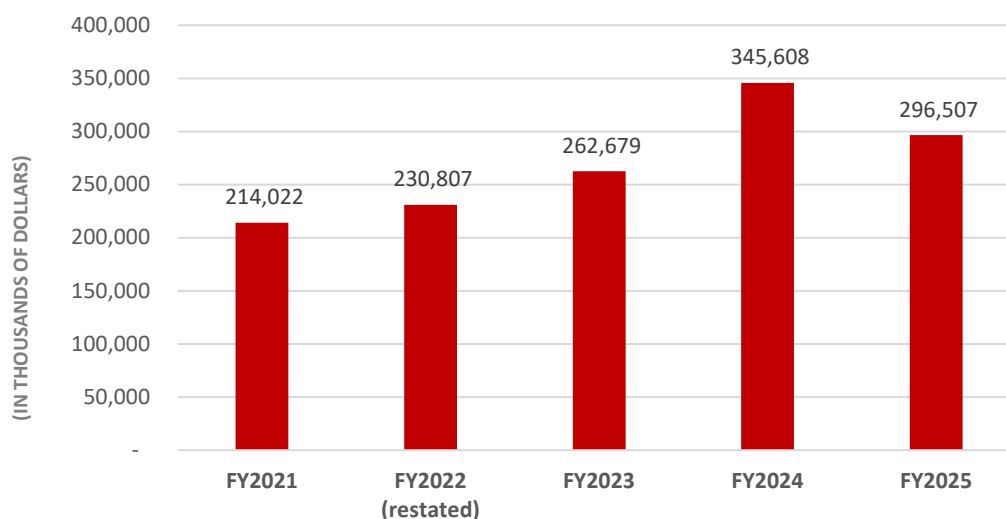
KPU prepares its consolidated financial statements in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia (the “Province”). The *Budget Transparency and Accountability Act* mandates that KPU follow Public Sector Accounting Standards (“PSAS”) along with Treasury Board Regulations 257/2010 and 198/2011. These regulations include notable differences related to deferred contributions. The basis for accounting and significant accounting policies applied in preparation of KPU’s audited consolidated financial statements for the year ended March 31, 2025, are detailed in Note 2 of the financial statements, with Note 2(a) providing an in-depth description of the applicable regulations and differences from PSAS.

Overview

This section provides a comprehensive overview of KPU’s financial results, including revenues, expenses, financial position and cash flows from multiple perspectives. In FY2024-25, KPU experienced a significant reduction in international student enrolments resulting in a \$28M (22%) decline in international tuition and student fees contributing to an overall 14% decline in KPU’s total revenues, which were down approximately \$49M, compared to the prior year.

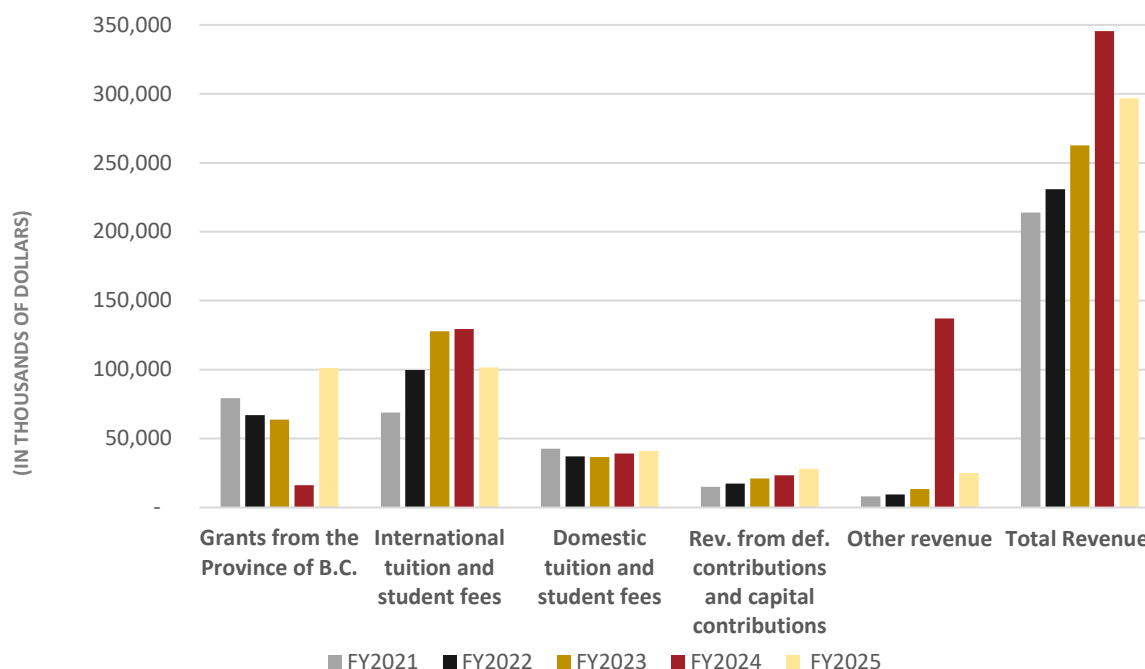
Revenues

Overall, revenues at the University have grown over the past five years, reflecting KPU’s continued expansion. As illustrated in the graph below, total revenues increased by 39% from \$214M in FY2020-21 to \$296.5M in FY2024-25. However, revenue decreased by 14% from FY2023-24 (\$345.6M) to FY2024-25 (\$296.7M). This decrease was primarily due to two main factors: In FY2023-24, KPU realized a \$116M gain on sale of land, leading to a deferral of \$83M of its base operating grant and a surplus of \$66M. If FY2023-24 total revenues were normalized - excluding these two factors, the total revenues would have been \$312.2M rather than \$345.6M representing a \$16M decrease or 5% overall. This \$16M decrease was caused by the decreased international student tuition and fees of \$28M (described above) offset by increased recognition of deferred operating and capital contributions of \$4.6M, base operating grant of \$2.0M investment income increase of \$2.1M and other revenues increase of \$3.3M.



Revenues by source

The following graph illustrates the five-year trend in revenues by source, highlighting changes in the composition and growth of the University's funding streams:



The sections below provide an overview of each revenue source and explain the changes observed between FY2023-24 to FY2024-25.

Grants from the province of B.C.

Grants from the Province primarily consist of the provincial operating grant, which serves as KPU's core funding. This category also includes targeted provincial funding for specific initiatives and projects. Overall, reported grants from the Province increased by 523% in FY2024-25 as compared to the prior year, primarily due to the deferral of an \$83M operating grant from FY2023-24, offset by a \$5M deferral of the FY2024-25 operating grant. When adjusting for operating grant deferrals, the effective funding for FY2024-25 was \$106M compared to \$99M in FY2023-24 resulting in a net increase of \$7M or 7% overall.

Operating grant deferrals

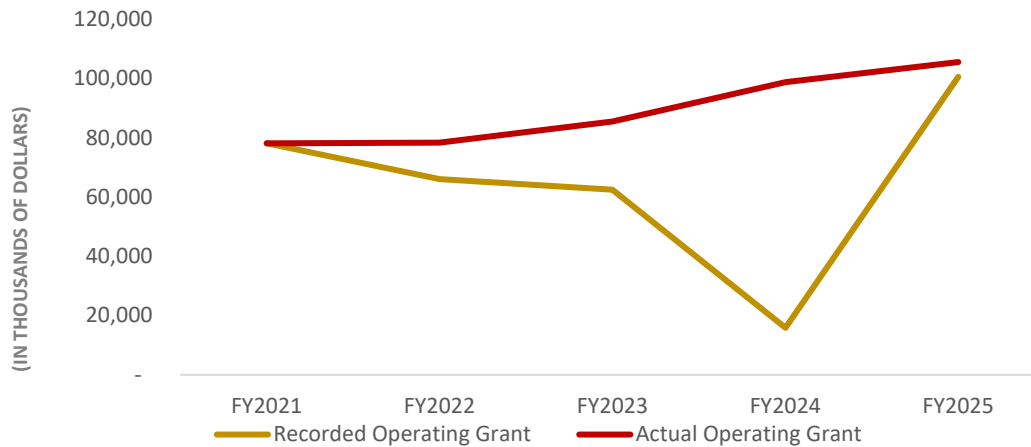
KPU has recorded operating grant deferrals totaling \$106.2M, which includes the deferral of \$5.0M from the FY2024-25 operating grant. The remaining \$101.2M was received and recognized in revenue. The increase from the prior year primarily reflects additional funding received under the Province's Shared Recovery Mandate ("SRM") to support salary increases for FY2022-23 and FY2023-24. The SRM provides funding for increases to salaries and benefits for unionized public sector employees, including BCGEU and KFA members, as part of the Province's commitment to fair compensation and inflation protection while maintaining fiscal sustainability.

Beginning in FY2021-22, the Ministry allowed PSIs to request a deferral of their operating grants as long as it did not put the University into deficit. The following summarizes KPU's deferrals by fiscal year:

- FY2021-22 Deferral \$12.4M, Operating grant recorded \$67M
- FY2022-23 Deferral \$22.9M, Operating grant recorded \$63.9M
- FY2023-24 Deferral \$83.0M, Operating grant recorded \$16.2M

- FY2024-25 Deferral \$5.0M, Operating grant recorded \$101.2M

KPU was approved to defer these operating grants for operating and capital purposes. By the end of FY2024-25, KPU has \$11.5M in deferred capital funding and \$83M in deferred operating funding available, with plans to utilize \$9.5M in capital and \$25.8M in operating in FY202526. The operating deferral focuses on long-term planning goals, support for equity, diversity and inclusion, student supports, indigeneity, and technology projects and services. Due to these deferrals, the operating grants recorded in KPU's audited consolidated financial statements differ from actual grants received. The graph below shows that operating grants have been increasing over the past five years.

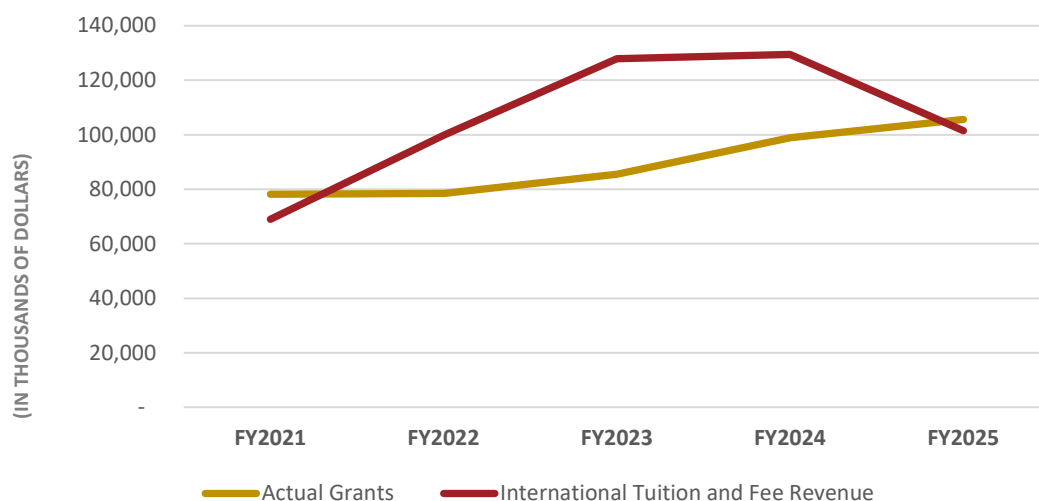


International and domestic tuition and student fees

Tuition and student fees represent all fees incurred by students to attend KPU for credential programs. International tuition and student fees are the University's largest revenue source, decreasing by \$28M (22%) to \$101.5M in FY2024-25 from \$129.5M in FY2023-24. Domestic tuition and student fees rose by \$1.8M to \$41M (5%) (FY2023-24: \$39.2M), a 5% increase from FY2023-24. This increase aligns with the 4% rise in domestic student FTEs of 362.

The decrease is due to the drop in international student enrolments as a result of limitations implemented in the federal government's international student policies as discussed previously. The of 25% year-over-year decrease in international student FTEs is minimally offset by a 2% rise in fees. As tuition for international students is approximately four times that of domestic students, these decreases in international FTE have a greater financial impact than declining domestic students. International tuition rates are set to recover the full costs of the programming where as domestic rates are subsidized by the base operating grant.

Historically, recognized grants from the Province have been comparable to revenue from international student tuition and fees. However, beginning in FY2021-22, a notable shift occurred with international student tuition and fee revenue surpassing the grants recognized from the Province, becoming KPU's primary revenue source. The trend continues until FY2024-25, when revenues from these two sources realign, reflecting a return to a more balanced distribution of funding.



Revenue from deferred contributions

Revenue from deferred contributions, which represent the spending of externally restricted grants as specified by the contributor, has increased by 29% to \$14.8M in FY2024-25 (FY2023-24: \$11.5M). A significant factor in this change was the increase in revenue recognized from sources other than provincial and federal contributions. These contributions are predominately for research grant activities, which continues to recover after being suppressed throughout the pandemic.

Revenue from deferred capital contributions

Contributions restricted for acquiring capital are recorded by KPU as deferred capital contributions on the Consolidated Statement of Financial Position. This treatment ensures accurate matching of revenue and expenses in financial reporting. As capital projects are completed and assets are put into use, these contributions are recognized as revenue from deferred capital contributions in proportion to the amortization of the related tangible capital assets. In FY2024-25, there was a 10% increase to \$13.3M (FY2023-24: \$12.1M), primarily driven by capital assets placed into service during FY2024-25.

Other revenue

Other revenue is composed of ancillary services revenue, investment income, and miscellaneous income.

Ancillary services revenue, which includes revenue from the bookstore, parking and food services increased by \$0.2M to \$3.5M in FY2024-25 (FY2023-24 - \$3.3M). The University's ancillary revenue, despite increased student and employee activity on campus post-pandemic, has not returned to pre-pandemic levels due to a continued overall reduction in on-campus activities as compared to FY2017-18 where ancillary revenues were as high as \$7M.

Investment income includes interest revenue, dividends, and realized gains and losses on the sale of investments. Investment income has increased by \$2.1M (18%) to \$15.3M in FY2024-25 (FY2023-24 - \$13.2M). This increase is largely attributed to higher interest earnings on increased cash balances due to land sale in FY2023-24 and elevated average interest rates, with the prime rate holding steady at 6.7% for most of the year.

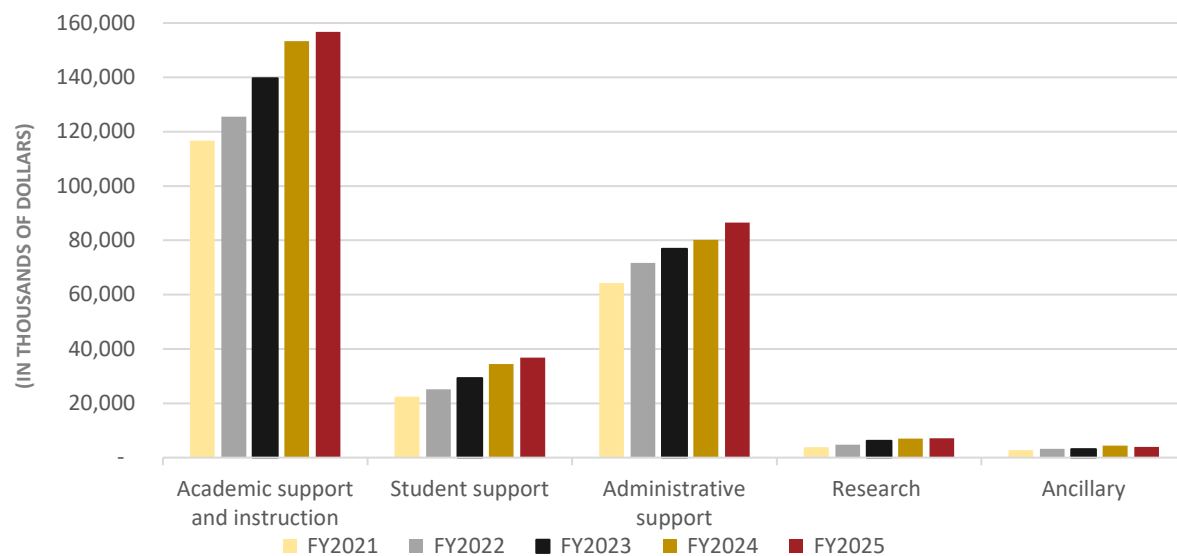
The remainder of other revenue consists of miscellaneous income, including space rentals, donations, trades shop income, product sales, and contract revenue. This increased by 39% to \$6.0M in FY2024-25 (FY2023-24: \$4.3M).

Expenses

Overall, expenses have grown by 39%—from \$210M to \$291M—matching the 39% growth in revenues over the same period.

Expenses by functional area

Functional areas represent broad categories of services provided by the University. KPU allocates the majority of its budget to ensuring the delivery of quality education. This includes significant investments in academic support, instruction, and administrative support for core academic activities. The remaining budget is dedicated to supporting students' wellbeing and success through non-academic areas, research initiatives, and providing ancillary services. The graph below illustrates expenses by function over the past five fiscal years.



Academic support and instruction

This functional area encompasses all academic programs, courses, and activities related to teaching and learning including undergraduate and graduate programs, curriculum development, academic advising, student support services, faculty development, and instructional technology. These components are essential to delivering high-quality education and academic excellence.

Over the past couple of years, KPU has expanded its focus from maintaining core academic activities to increasingly furthering academic innovation and teaching excellence. Academic support and instruction increased by 2.2% to \$156.8M in FY2024-25 (FY2023-24: \$153.3M). The majority of this increase is attributed to faculty salaries and benefits increases for existing programs, increases to the Entertainment Arts program, and targeted investments in academic strategic initiatives and institutional and faculty development.

Student support

This functional area includes the Office of the Registrar, Student Affairs and KPU International:

- The Office of the Registrar supports students with admission, registration, academic records, graduation or transcripts.
- Student Affairs provides services and programs related to accessibility, academic advising, assessment and testing, campus recreation, career services, counseling, student-focused equity, diversity and inclusion initiatives, orientation and transition, student awards, and financial assistance, student health and wellness, and

student rights and responsibilities. The aim is to enhance the overall student experience and support student success and well-being.

- KPU International offers services to international students, including admissions support services, and study abroad opportunities.

Student support increased by 7% to \$36.8M in FY2024-25 (FY2023-24: \$34.4M). Previously initiated enhancements such as increasing funding for student awards, and the introduction of a new KPU food security grant, have shown a strong impact on students' educational experience.

Administrative support

This functional area encompasses the operational and administrative facets that support KPU's day-to-day functioning:

- | | |
|------------------------------------|-------------------------------|
| • Campus and Community Planning | • Governance |
| • Campus Safety and Security | • Human Resources |
| • Communications | • Indigenous Leadership |
| • Equity and Inclusive Communities | • Innovation and Partnerships |
| • External Affairs | • Information Technology |
| • Facilities | • Marketing |
| • Finance | • Office of the President |
| • General Counsel | • Planning & Accountability |

Administrative support expenses increased by 8% to \$86.5M in FY2024-25 (FY2023-24: \$80.1M). The increase is primarily driven by higher costs within the Campus and Community Planning ("CCP") department related to planning with KPU Communities Trust ("KPUCT"), multiple new studies of existing sites and advancing student housing and childcare projects. Labour adjustments—including severance costs and other miscellaneous items—also contributed to the increase. These increases were partially offset by a \$4.7M year-over-year decrease in international education agent commissions, as payments decreased due to the sharp decrease in new international student enrolment.

Research

This functional area focuses on advancing knowledge and innovation through research activities conducted by faculty, students, and staff. Research funding, laboratories and facilities, collaboration with industry partners, publication and dissemination of research findings, and support for research ethics and compliance are components of the Research function. The aim is to promote a vibrant research environment and facilitate interdisciplinary collaboration and discovery.

Research expenses increased by 1.6% to \$7.1M in FY2024-25 (FY2023-24: \$7.0M) driven by heightened activity on short-term research grants which was funded by the increase in revenue from deferred contributions of \$14.8M from \$11.5M in FY2023-24. Since FY2020-21, research spending has increased by 82% from \$3.9M. This significant growth is driven by internal and external grant activities, which reflect the University's commitment to enriching experiential learning opportunities through robust research support.

Ancillary services

This functional area includes non-academic services that enhance the student experience, such as bookstores, food services, and parking. Ancillary expenses decreased by 11.5% to \$3.9M in FY2024-25 (FY2023-24: \$4.4M) primarily as a result of food services contract obligations and termination payments of \$0.5M related to the transition to a new service provider; additional repairs and maintenance of the Langley, Richmond, Surrey and Cloverdale campus

parking lots of \$0.2M. Revenues from ancillary services have increased resulting an improvement of net contribution of \$0.6M.

Expenses by object

Expenses are categorized by object, referring to the nature of the expenditure. The table below shows the expenses by object for FY2023-24 and FY2024-25. Overall, expenses increased 4.2% from the prior year.

Expenses by object (in \$'000s)	FY2024-25	FY2023-24	Change
Salaries and benefits	207,935	194,744	13,191
Fees and services	22,546	27,255	(4,709)
Amortization of tangible capital assets	21,518	20,789	729
Facilities	16,402	15,834	568
Student awards, bursaries, and donations	10,310	8,685	1,625
Supplies	5,181	4,971	210
Travel and professional development	4,809	4,159	650
Cost of sales	1,803	2,184	(381)
Leases, property taxes, and insurance	524	616	(92)
Accretion	48	54	(6)
Total expenses by object	291,076	279,291	11,785

Salaries and benefits

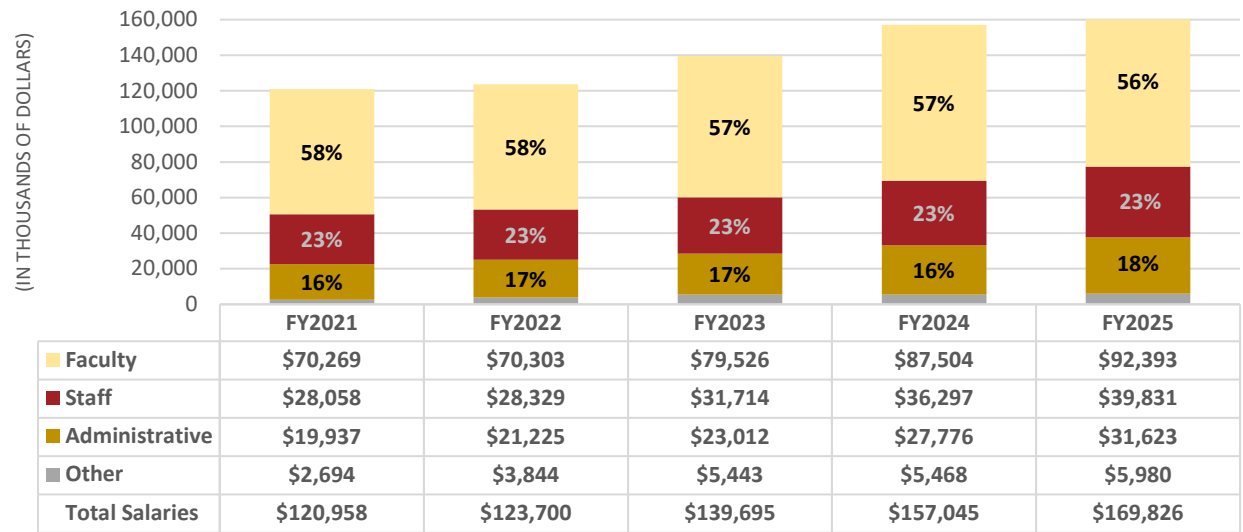
There are three main employee groups at KPU:

1. Faculty - members of the KFA
2. Staff - staff are members of the BCGEU,
3. Administration - Administration staff are non-union.

Salaries and benefits are KPU's largest expenditures, representing 71.4% of total expenses in FY2024-25 (FY2023-24 – 69.7%). There was an overall increase in salaries and benefits of \$12.8M (8.1%) year-over-year. The graph below provides additional details of salaries by employee group.

The relative proportion of salary expense by employee group has remained stable over time. However, the recent growth in the Administrative functional area targeted new positions to increase student recruitment and retention. The largest increases are seen in the Academic and Student Services areas, primarily due to targeted academic and student support initiatives. New units, including, the Office of Equity and Inclusive Communities, Indigenous Leadership, and the Office of Communications under the President's functional area, and the Human Resources functional area also experience continued growth.

Both the BCGEU and the KFA collective agreements are scheduled for negotiation in FY2025-26. The increase in faculty and staff salaries reflect the cumulative impact of wage increases and retrospective payments from the previous ratification's wage increases. Staff salaries also increased due to filling previously approved vacancies over the past couple of fiscal years. Faculty salaries were further impacted by the ongoing rollout of the Entertainment Arts programs and expansions to the Health program.



Non-salary expenses

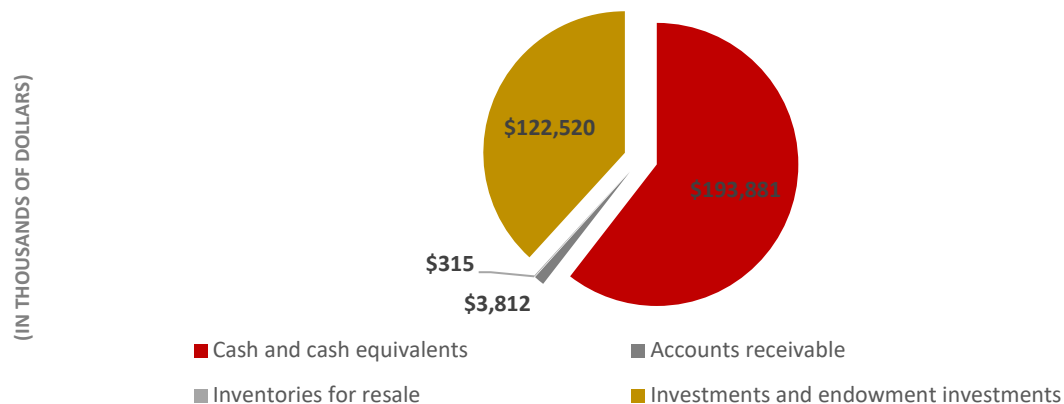
Non-salary expenses, including amortization, increased by \$5.8M (6.9%) to \$90.4M in FY2024-25 (FY2023-24 – \$84.5M). This increase is mainly attributed to inflationary pressures and an increased amortization from new capital asset additions. Significant capital additions are discussed in the Non-Financial Assets section later in the report. These increases were partially offset by a \$4.7M year-over-year decrease in international education agent commissions, as payments decreased due to the sharp decrease in new international student enrolment.

Financial Position

The University is in a strong financial position marked by significant increases in financial assets and reductions in net debt. This robust position provides greater flexibility for long-term strategic decision-making, enabling the University to invest in future growth and innovation.

Financial assets

Financial assets represent resources that can be converted to cash to meet obligations or fund future operations. During FY2024-25, financial assets decreased by \$23.1M (6.7%) to \$320.5M (FY2023-24: \$343.6M). The graph below provides a breakdown of financial assets as of the year ended March 31, 2025:



Cash and cash equivalents are the most significant component of financial assets amounting to \$193.9M or 60.5% of all financial assets (FY2023-24: \$301.1M). This represents a \$107.2M year-over-year decline (FY2023-24 – \$140.9M increase), primarily due to transfer of excess cash from the prior year—generated from the sale of land—into investment funds.

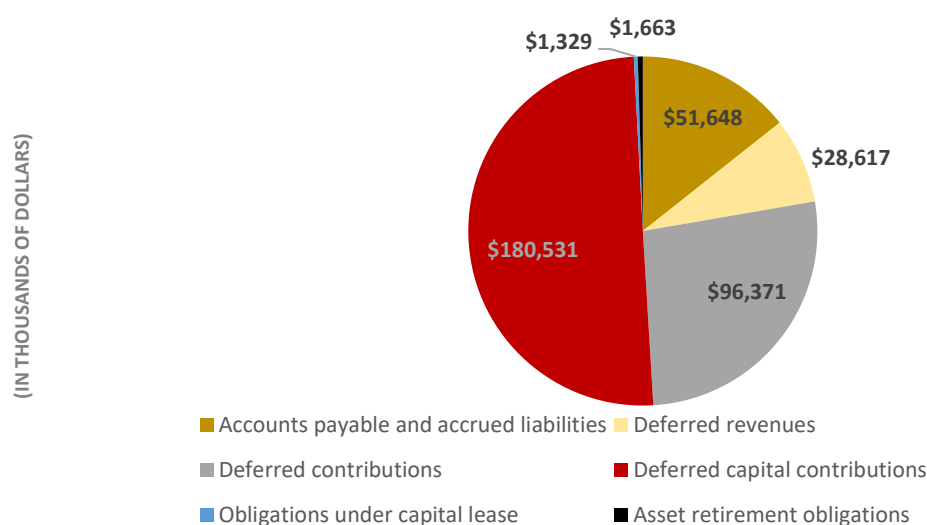
Investments and endowments are the next largest component of financial assets totaling \$122.5M (38.2%) of financial assets (FY2023-24 – \$37.0M). The year-over-year change was again, mainly due to the investment of excess cash generated from the land sale.

Accounts receivable represents \$3.8M (1.2%) of the financial asset balance (FY2023-24: \$5.1M), reflecting a year-over-year decrease of \$1.3M (25.8%). This decrease was primarily due to the receipt of Ministry payments, largely related to capital projects of \$0.6M, as well as a \$1.1M reduction in interest receivable resulting from the decline in interest rates over the year. The prime rate decreased from 7.2 percent at the end of fiscal 2024 to 4.95 percent at the end of fiscal 2025.

Inventories for resale, which include various products held for resale in KPU's bookstores, remained relatively stable from FY2023-24 to FY2024-25.

Liabilities

Liabilities represent the University's obligations to external parties resulting from past transactions or events. Liabilities reduced by \$27.7M (7.2%) to \$360.2M in FY2024-25 (FY2023-24: \$387.9M). The graph below provides a breakdown of liabilities at the year ended March 31, 2025:



Accounts payable and accrued liabilities represent amounts owed to vendors and other parties for goods and services received by year-end, including estimates where invoices have not yet been received. These balances accounted for 14.3% of total liabilities. The total decreased by \$11.2M (17.7%) to \$51.6M in FY2024-25 (FY2023-24: \$62.8M). This decrease is primarily attributed to lower salary accruals due to payroll cut-off and timing of payroll remittances of \$7.9M, and amounts related owing to students' association for medical plan, tuitions, club fees etc. which decreased by \$2.8M, a general decrease in amounts due to vendors for goods and services of \$3.5M offset by the outstanding transfer due to the KPU Foundation of \$3.0M committed at year end.

Deferred revenues represent tuition payments received in advance for future courses and are recognized as revenue when the courses are delivered. Deferred revenues, representing 7.9% of total liabilities, decreased by \$19.1M (40%) to \$28.6M in FY2024-25 (FY2023-24: \$47.7M). This decline is primarily driven by reduced advance payments from international students for both the summer term and future terms, reflecting a decline in international enrolment.

Deferred contributions represent unspent externally restricted grants and contributions that must be used in accordance with the stipulations of the contributor in future periods. Deferred contributions, representing 26.8% of total liabilities, increased by \$8.9M to a total \$96.4M in FY2024-25 from \$87.4M in FY2023-24, the majority of this increase relates to two components: a \$5M deferral of the FY2024–25 provincial operating grant for general operating purposes, and a separate \$4.7M deferral related to provincial Nursing grants, not previously received.

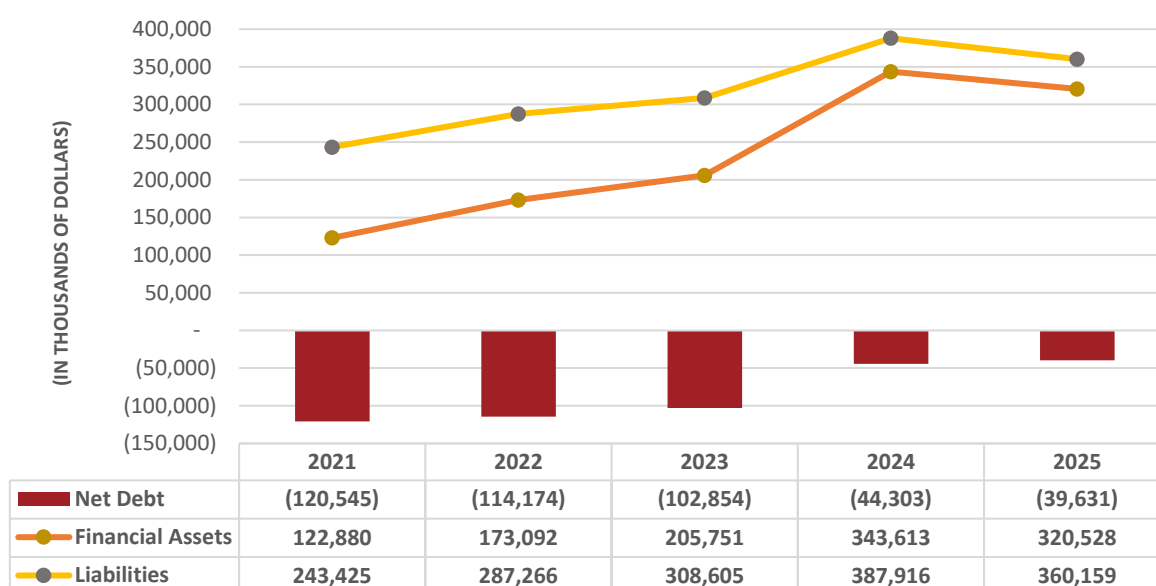
Deferred capital contributions, which are externally restricted contributions for acquiring capital assets, are the largest component of liabilities at 50.1% of total liabilities. This category decreased by \$5.7M (3.0%) to \$180.5M in FY2024-25 (FY2023-24: \$186.2M), mainly due to routine capital investments in general infrastructure (\$1.4M) and IT (\$1M) as well as completion of capital projects such as the electrical vault (\$1.2M) and exterior lighting upgrades (\$1.1M).

As discussed in the deferred contributions and deferred capital contributions sections, the University requested deferrals to fund future initiatives that could not be addressed within the current fiscal year. These capital initiatives will focus on deferred maintenance of aging infrastructure, modernization of information technology and furniture, and delivery of planned capital projects. This approach aligns with KPU's long-term financial planning strategy. The FY2024-25 operating deferral requests were guided by the University's broader strategic priorities, including long-term planning, equity, diversity, and inclusion, enhanced student supports, advancement of Indigeneity, and investment in critical technology projects and services.

Obligations under capital lease of \$1.3M (FY2023-24 \$2.2M) represent a lease agreement entered into by the University on September 1, 2023, to finance IT infrastructure for the Entertainment Arts program. The lease carries an estimated borrowing cost of 7.36% per annum (FY2022-23 – 7.36%). Included in liabilities is an asset retirement obligation related to the future removal of hazardous materials from certain University buildings. The balance of asset retirement obligations at March 31, 2025 was \$1.7M (FY2023-24: \$1.6M).

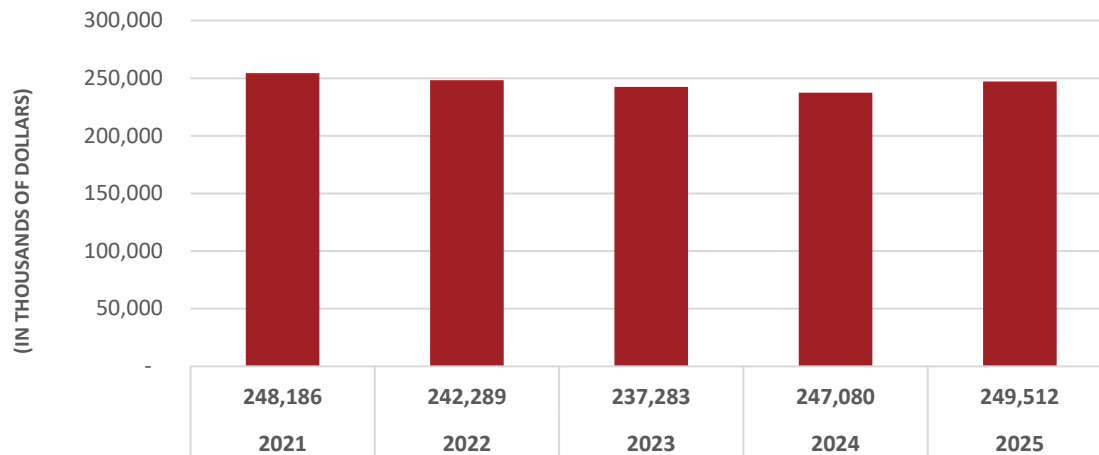
Net debt

Net debt, the excess of liabilities over financial assets, was \$39.6M FY2024-25, a decrease of \$4.7M from the prior year. This reduction was primarily driven by an annual surplus of \$5.4M and \$1.7M in net remeasurement gains on investments partially offset by a \$2.1M change in net assets where the cost of acquisition of capital assets exceeded amortization and an increase in prepaid expenses and deposits of \$0.3M. As shown in the following graph, net debt has been steadily decreasing over the past five years, reflecting ongoing improvements in the University's liquidity and overall financial position.



Non-financial assets

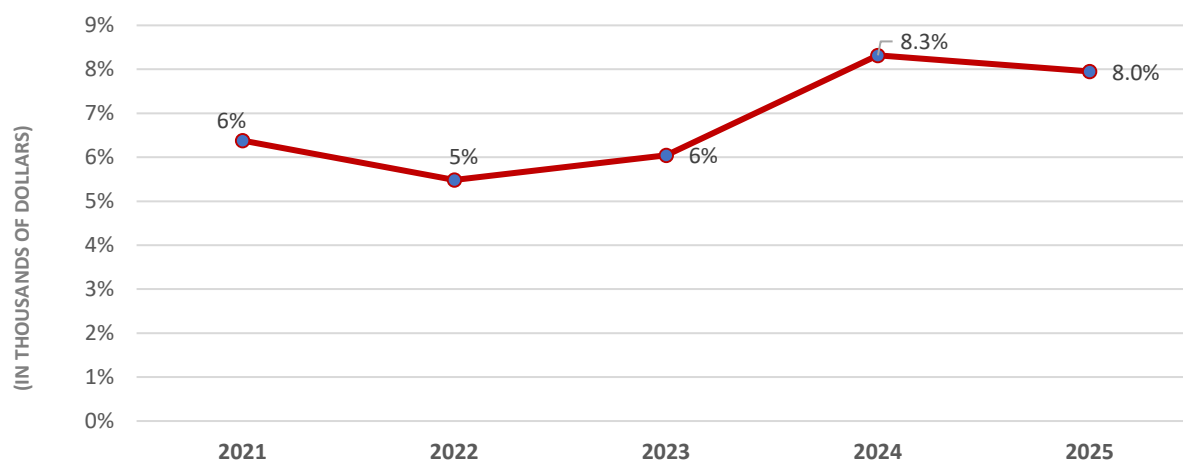
Non-financial assets are not available to settle existing liabilities and are held for the ongoing delivery of services. These assets have useful lives extending beyond the current fiscal year and are not intended for sale in the ordinary course of operations. The following chart presents the total non-financial assets by fiscal year.



The following table provides a breakdown of non-financial assets held by KPU for the last two fiscal years. Total non-financial assets increased by 1% in FY2024-25.

Non-financial assets (in \$000's)	FY2023-24	FY2024-25	Change
Tangible capital assets	240,411	242,503	2,092
Investments and endowment investments	2,817	2,817	--
Prepaid expenses and deposits	3,852	4,192	340
Total non-financial assets	247,080	249,512	2,432

Tangible capital assets include those purchased or constructed by the University, as well as assets contributed fully or partially by the provincial government. These assets comprise land, buildings, major site improvements, major equipment, library holdings, technology infrastructure, furniture and equipment, computing equipment, and leased capital assets. The graph below illustrates tangible capital asset additions as a percentage of total revenue—a metric that reflects the University's level of investment in long-term infrastructure. This ratio provides insight into resource allocation, strategic capital investment decisions, and the overall financial and operational health of the institution.



Between FY2020-21 and FY2022-23, tangible capital acquisitions averaged approximately 6% of total revenues, primarily consisting of routine purchases of furniture and equipment and computing equipment. In FY2023-24 and FY2024-25, this ratio increased to 8% due to significant additions related to renovations at the Richmond campus to support programs targeting technology relevant skills, continued information technology and furniture and equipment refreshes and a new capital lease to support information technology infrastructure for the Entertainment Arts program.

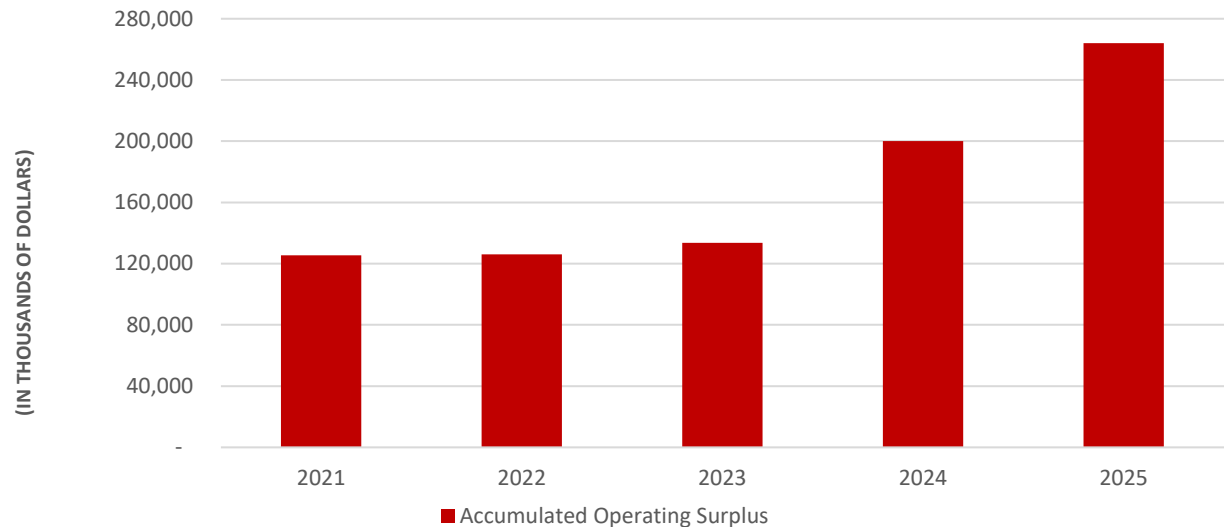
Investments and endowment investments reflect funds designated to generate income for specific purposes, such as student bursaries and scholarships. The establishment and management of the endowment fund, including the distribution of endowment earnings, are governed by policies set by KPU’s Board. The balance of investments and endowment investments remained stable from FY2023-24 to FY2024-25 at \$2.8M.

Prepaid expenses and deposits represent payments made for goods or services that will be received or consumed in subsequent fiscal years. These expenses, representing \$4.2M or 1.7% of total non-financial assets (FY2023-24–\$3.9M or 1.6%), increased by \$0.3M (8.8% from FY2023-24); primarily due to new prepaid balances related to the transition to the cloud for the Enterprise Resource Planning (“ERP”) system.

Accumulated surplus

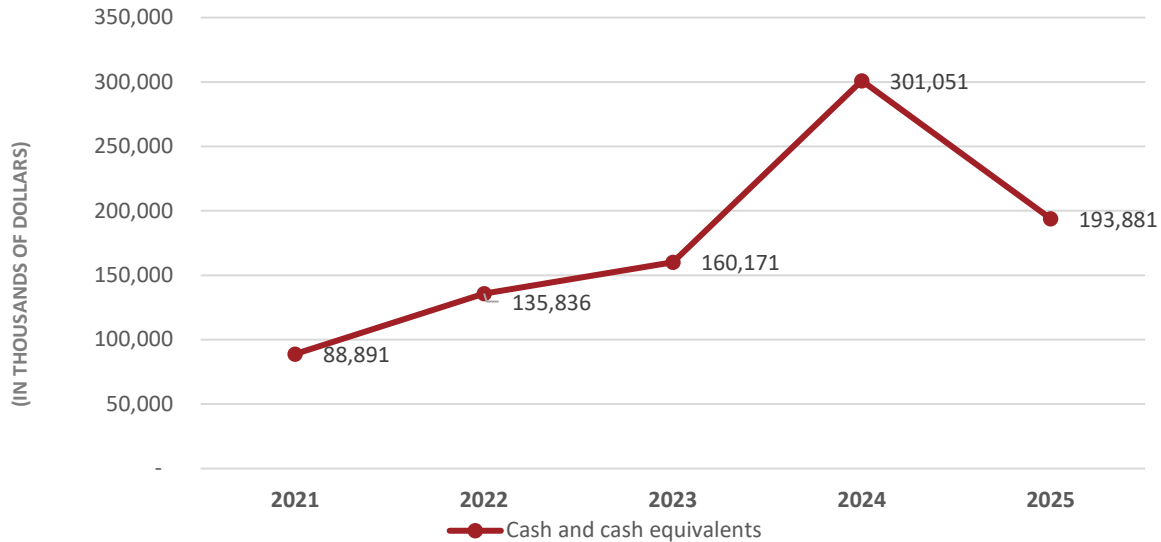
The University is in an accumulated surplus position, reflecting net positive resources of \$209.9M that, subject to direction of the Province and Board of Governors, may be used to support future services. A significant portion of the accumulated surplus is either invested in capital assets \$85.3M or is reserved for specific purposes, as determined by the Board of Governors or restricted by external funding requirements of \$70.9M. The University’s FY2024-25 accumulated surplus includes \$49.3M in unrestricted reserves (FY2023-24: \$44.6M) available to fund capital assets or other strategic initiatives. The balance of the accumulated surplus \$4.4M which is an amount recorded to recognize unrealized profits that come from changes in the value of KPU’s investments. These gains happen when the market value of the investments increase but they have not yet been sold.

The following graph illustrated the year-over-year trend in the accumulated operating surplus, which constitutes the majority of the total accumulated surplus balance. The significant increase in accumulated operating surplus in FY2024-25 is primarily due to the gain from a land sale.



Cash Flows

The Consolidated Statement of Cash Flows outlines the University's sources and uses of cash during the fiscal year, categorized by operating, capital, investing and financing activities. The University's overall cash position decreased by \$107.2M from \$301.2M in FY2023-24 to \$193.9M in FY2024-25.



KPU's primary sources of cash are operating activities, specifically cash received from student tuition and fees, as well as grants from the Province. In addition, contributions received for tangible capital assets represented a significant source of cash during the year. These funds are used to support operational expenses, reduce liabilities and invest in infrastructure. The main reason for the cash balance being decreased in FY2024-25 was the transfer of excess cash from the land sale into investments of \$83.8M and the continued investment in maintaining KPU's assets of \$23.9M. More details are available in the Consolidated Statement of Cash Flows within the audited consolidated financial statements.

FINANCIAL INDICATORS

Overall, the financial indicators below illustrate that KPU has maintained a strong financial position and consistently met its financial obligations over the past three years. Due to the significant impact of the land sale in FY2023-24 and the resulting impact on deferred operating grants, the following ratios have been also provided using normalized revenues which exclude these factors.

Key Financial Ratios	FY2024-25 Target	FY2024-25 Actual	FY2023-24 Actual	FY2022-23 Actual
Net debt to total revenue ratio	33%	13%	13%	39%
Net debt to total revenue ratio (normalized for operating grant deferrals)	33%	12%	35%	28%
Province of B.C. operating grant revenue to total revenue ratio	33%	34%	5%	24%
Province of B.C. operating grant revenue to total revenue ratio (Normalized for operating grant deferrals)	33%	35%	34%	30%
Own source revenue per student FTE (in \$'000s)	\$13.2	\$12.8	\$21.6	\$8.9
Own source revenue per student FTE (in \$'000s) (normalized for the land sale in FY2023-24)	\$13.2	\$12.8	\$13.4	\$12.4
Net debt per student FTE (in \$'000s)	\$7.3	\$3.0	\$3.1	\$7.1
Net debt per student FTE (in \$'000s) (normalized for operating grant deferrals)	\$7.3	\$2.8	\$7.2	\$5.5

Net Debt to Total Revenue Ratio

Net debt represents KPU's liabilities less its financial assets and reflects the University's capacity to meet its obligations at a given point in time. The net debt-to-total revenue ratio indicates the proportion of revenue required to cover KPU's net debt. Year-over-year declines in this ratio are a positive indicator, as they reflect stronger revenue relative to debt levels. When adjusting for the impact of the operating grant deferral, the normalized net debt-to-revenue ratio improves to 12%.

Province of B.C. Operating Grant Revenue to Total Revenue Ratio

Province of B.C. grant revenue to total revenue ratio increased significantly in FY2024-25 due to smaller operating grant deferral of \$5M in FY2024-25 versus \$83.0M in FY2023-24. The normalized ratio shows an increase in the operating grant as a proportion of total revenues reflecting the decreasing tuition and fee revenues from international students.

Own Source Revenue per Student Full-Time-Equivalent

Own source revenue per student FTE represents the revenue earned by the University from non-governmental sources, excluding provincial grants and other external contributions. The year-over-year decreases indicate reduced

per-student revenue generated from the University's own sources. The primary driver of this decline is the significant drop in international student enrolments in comparison to the previous years.

Net Debt per Student FTE

Net debt per student represents the University's debt attributable to each student. The year-over-year decreases indicate improved financial capacity and growth in institutional resources for the University. After normalizing net debt, the ratio remains favorably below KPU's target of \$7.3 per student FTE.

RISKS, UNCERTAINTIES, AND OPPORTUNITIES

KPU faces a range of challenges in its operational environment, including:

- **Financial risks** such as declining revenues, inflationary pressures, rising construction costs, and market volatility influenced by global trade tensions.
- **Regulatory risks** stemming from recent federal immigration policy changes that imposed caps on international study permits, leading to a significant drop in international student enrolment and associated revenues.
- **Geopolitical risks** stemming from external tensions and instances of foreign interference in research activities.
- **Cybersecurity threats** with growing concerns over data protection and system integrity.

In response to external challenges, such as global trade tensions and declining international student enrolment, KPU has developed a sophisticated enrolment and financial modeling tool to support informed decision-making. While the model is continuously refined with new data, early indications suggest that the University is well-positioned in the short-term to manage these external pressures. This initiative will also support a broader review of KPU's optimal size and scope. Moving forward, KPU will continue to:

- Mitigate financial and regulatory risks through advocacy with provincial and federal governments in relation to immigration, enrolment and tuition limits.
- Set an international student target at a sustainable level to 30% of total students, drawn from all corners of the world, with no heavy dependence on one market.
- Actively promote programming that is Post-Graduation Work Permit eligible to gain international students.
- Focus on both international and domestic recruitment and retention by enhancing student support services.
- Seek out partnerships with other post secondaries, industry and community partners.
- Employ flexible budgeting practices.
- Diversify revenue streams, including developing revenue-generating opportunities through the KPU Communities Trust.
- Complete program assessments to make informed decisions regarding the health of KPU programs
- Determine the right size and scope of the University's offering to ensure stability and sustainability.
- Align faculty levels with enrolment trends and student demand.
- Improve efficiency in operational and administrative areas of the University
- Carefully consider hiring decisions and spending discretionary spending in areas such as travel, hospitality, professional development and non-critical supplies. Invest in KPU's long-term success by strategically utilizing one-time deferred revenues to fund initiatives that will enhance future operations. These investments aim to strengthen the University's financial position, improve efficiency, and support innovative projects that align with its mission and vision for sustainable growth.
- Strengthen cybersecurity measures.

These measures aim to ensure KPU's resilience and ensure it remains well-positioned to fulfill its mission.

KPU operates in an increasingly complex environment facing challenges from competitive, financial, regulatory, research, scholarship, and innovation perspectives.

Revenue Stability and Diversity

KPU has three primary revenue sources:

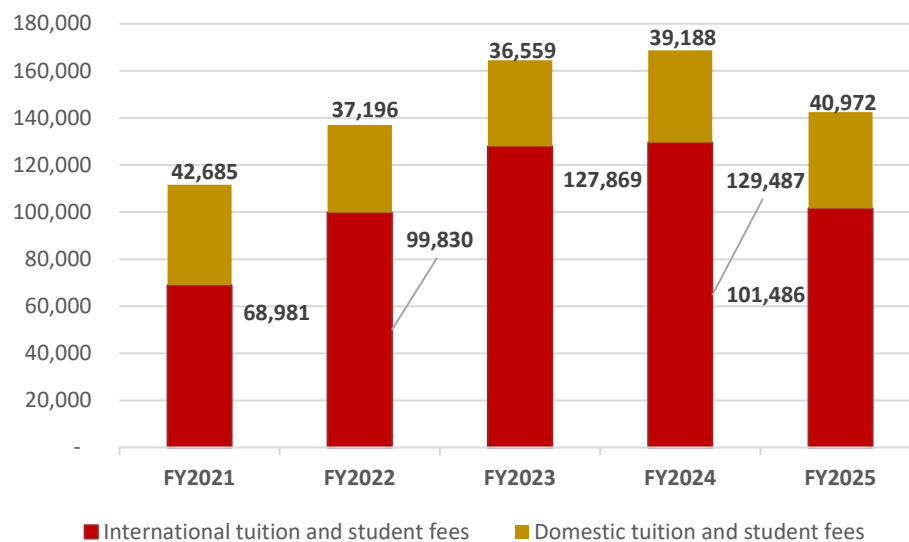
- Government grants
- Domestic tuition and fees
- International tuition and fees

Beginning in FY2021-22, international tuition and fees began surpassing government operating grants becoming KPU's largest single revenue source. The revenue from international tuition and fees peaked in FY2022-23 at 49% of KPU's total revenues whereas operating grants from the government were 29% in that year. The reliance on this revenue stream expose KPU and its revenue as the government, geo-political and immigration policies change. This was evident in early 2024 and 2025 following the federal government's announcement regarding immigration policies and tariff introductions for trades between Canada and the U.S which placed limits on the number of international students in Canada.

These immigration policy changes exacerbated the decline in international student enrollment observed throughout FY2024-25 and are expected into the future. KPU has established initiatives in response to the University's new allocation of study permits and has incorporated them into its long-term strategic planning and budgeting processes.

Domestic tuition and student fees have been traditionally a more stable revenue source for KPU. However, they are now facing increasing competition from other post-secondary institutions seeking to compensate for declines in international enrolments by attracting more domestic students. The provincial government caps the annual domestic tuition increases to two percent. The only viable way to increase this revenue stream further is to expand the domestic student base. However, since domestic tuition covers only a portion of the cost of program delivery, KPU would require an increase in operating grants from the provincial government to support additional students. As a result, KPU remains focused on maximizing existing course capacity rather than expanding beyond its current funding allocations.

The graph below highlights KPU's recent significant decline in international student tuition and fee revenues of \$28M (22%) from FY2023-24 to FY2024-25. While Domestic student tuition and fees, increased by \$1.8M (4.6%) from FY2023-24 to FY2024-25, reflecting a reversal of the previous trend. The University is optimistic that domestic enrolments will return to pre-pandemic levels in the coming years.



To remediate the decline in international student enrollments, KPU has implemented strategic enrolment management practices focused on stabilizing and diversifying its international student body. This approach aims to mitigate the risks associated with overreliance on any single country, where policy or geopolitical changes could impact student intake. In addition, KPU, has adjusted faculty staffing levels to better align with current enrolment trends.

Inflation

During FY2024-25, domestic and global inflation increased significantly, impacting the University economically and socially. Students and employees have faced rising costs for food, housing, and transportation, while the University has experienced significant pressures on construction and operating costs due to its multi-campus, asset-rich environment. To mitigate these risks, the University maintains a prudent financial approach, structuring its budget with ongoing and one-time components aligned with the nature of its revenues, and maintaining a financial reserve to respond to any unforeseen challenges.

Employee Recruitment and Retention

KPU depends on its faculty, administrators, support, and operational staff to maintain its high standard of education. A skilled and diverse faculty is essential for delivering effective instruction, while dedicated staff members are critical in managing the broad spectrum of administrative and operational functions. Together, they form the backbone of a successful student experience. Recently, the University has downsized its faculty workforce in response to declining student enrolment. A lower student population also reduces demand across supporting divisions, leading KPU to implement a hiring review as the primary method for those adjustments. This comprehensive review aims to identify opportunities for cost savings while ensuring operational efficiency. Early retirement and voluntary separation initiatives are also underway to reduce salary and benefit costs. KPU takes a data-driven, strategic approach to these changes, balancing financial sustainability with its commitment to academic excellence. Despite workforce reductions, the University continues to face the ongoing challenge of recruiting and retaining experienced personnel, an issue that is critical to sustaining KPU's mission. To address this risk, KPU fosters a respectful and inclusive environment that values fairness and equity for all members of its diverse community. The University also invests in its people by offering opportunities for personal and professional development, offers flexible hybrid work arrangements, and a competitive benefits package.

Cybersecurity

Cybersecurity risks, including data breaches, ransomware attacks, and phishing scams, continue to pose a serious risk to the confidentiality, integrity, and availability of sensitive information. Such incidents can lead to data loss or exposure, disrupt academic and administrative operations, and compromise the integrity of research. Recent high-profile cyberattacks in the post-secondary sector underscore the urgent need for robust, proactive security strategies. To address these challenges, KPU is committed to protecting its digital infrastructure through regular security audits, comprehensive employee training, and the implementation of advanced threat detection technologies. Equally important is fostering a culture of cybersecurity awareness among faculty, staff, and students—an essential component in mitigating the impact of evolving cyber threats.

KPU LOOKING FORWARD

As KPU focuses on its long-term viability, strategic enrolment management and revenue diversification remain essential for maintaining financial sustainability and operational effectiveness. Guided by *Fiscal 2026 and Beyond* and distinguished as Canada's only polytechnic university, KPU remains committed to prioritizing student learning by integrating theory, critical thinking, and hands-on practice. The University strives to uphold its financial strength while empowering students with the knowledge and skills necessary to become engaged, informed, and responsible citizens, prepared to pursue meaningful and fulfilling careers.

As KPU continues to evolve, strategic enrolment management will remain essential to navigating revenue and cost pressures and maintaining operational effectiveness. While global economic uncertainty and inflationary trends pose financial risks, KPU remains committed to educational innovation, student success, and institutional excellence for its students, employees, and broader learning community.

The federal government's two-year cap on international student study permits has restructured KPU's share of the provincial allocation to approximately 3,500 international study permit applicants for FY2024-25. However, actual application volumes remain below this cap, largely due to confusion surrounding the federal announcement—leading some prospective students to mistakenly believe Canada is no longer accepting international students. In addition, the federal government is approving a far smaller number of eligible students than the 3,500 student allocation. In response, KPU is actively correcting these misconceptions and strengthening its international recruitment efforts. Additionally, to manage the revenue impacts of declining international enrolment, KPU has realigned faculty staffing levels with updated enrolment forecasts and continues to refine its resource planning.

Domestic enrolment, by contrast, has shown positive momentum. FTE counts for domestic students increased by 4.6% between FY2023–24 and FY2024–25, and the University remains cautiously optimistic that this trend will continue.

The COVID-19 pandemic fundamentally altered the mode of instructional delivery, accelerating the shift toward online and hybrid learning as the new reality. KPU has embraced this evolution by sustaining a blended delivery model across many programs. These efforts have been supported by strong faculty engagement and continued investment in teaching technologies, digital infrastructure, and pedagogical development.

KPU's financial reporting, budgeting, and planning processes remain aligned with its *Fiscal 2026 and Beyond* mandate, which articulates the University's mission, values, and long-term objectives. This framework supports sustainable growth, institutional accountability, and responsiveness to change. The current presidential search presents a timely opportunity to engage in reflection and consultation as KPU prepares for future leadership and strategic direction.

KPUCT was established to generate revenue that supports academic priorities and enhances the student experience. Work is underway to define the Trust's governance framework, operational policies, and funding priorities to support its long-term success.

Looking ahead to FY2025-26, KPU remains focused on integrated planning, prudent financial management, and innovative approaches to ensure long-term sustainability and continued success in an evolving post-secondary environment.

A photograph of a modern building at night. The building features a large, overhanging roof with a corrugated metal finish, illuminated from below. Several decorative columns with intricate, glowing patterns are visible. The entrance area is lit with warm, yellow light, and the overall scene is set against a dark night sky.

Consolidated Financial Statements

Management's Statement of Responsibility

To the Board of Governors of Kwantlen Polytechnic University

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements for the year ended March 31, 2025, including responsibility for significant accounting judgments and estimates in compliance with the accounting requirements of Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The Board of Governors (the "Board") and the Finance and Audit Committee (the "Committee") are composed primarily of those who are neither management nor employees of the University. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities and for approving the consolidated financial statements. The Committee has the responsibility of meeting with management and external auditors to discuss the financial reporting process, auditing matters, financial reporting issues, and recommends approval of the consolidated financial statements to the Board. The Committee is also responsible for recommending the appointment of the University's external auditor.

KPMG LLP, an independent firm of Chartered Professional Accountants, is appointed by the Board to audit the consolidated financial statements and report directly to them through the Committee. The external auditor has full and free access to, and meets periodically and separately with, both the Committee and management to discuss their audit findings.

On behalf of Kwantlen Polytechnic University



Dr. Alan Davis
President and Vice-Chancellor



Peter Smailes
Acting Chief Financial Officer



KPMG LLP

777 Dunsmuir Street, 11th floor
Vancouver, BC V7Y 1K3
Canada
Tel 604-691-3000
Fax 604-691-3031

INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Kwantlen Polytechnic University, and to the Ministry of Post-Secondary Education and Future Skills, Province of British Columbia

Opinion

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

- the consolidated statement of financial position as at March 31, 2025
- 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
- the consolidated statement of remeasurement gains and losses for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2025 of the 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.



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

Emphasis of Matter - Financial Reporting Framework

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

Our opinion is not modified in respect of this matter.

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

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

In preparing the financial statements, management is responsible for assessing the 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.



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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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Vancouver, Canada

May 28, 2025

KWANTLEN POLYTECHNIC UNIVERSITY

Consolidated Statement of Financial Position

As at March 31, 2025

(In thousands of dollars)

		2025 \$	2024 \$
Financial assets			
Cash and cash equivalents	(Note 3)	193,881	301,051
Accounts receivable	(Note 4, 20)	3,812	5,137
Inventories for resale		315	396
Investments and endowment investments	(Note 5)	122,520	37,029
		320,528	343,613
Liabilities			
Accounts payable and accrued liabilities	(Note 7)	51,648	62,759
Deferred revenue		28,617	47,715
Deferred contributions	(Note 9)	96,371	87,438
Deferred capital contributions	(Note 10)	180,531	186,202
Obligations under capital lease	(Note 11)	1,329	2,187
Asset retirement obligations	(Note 12)	1,663	1,615
		360,159	387,916
Net debt		(39,631)	(44,303)
Non-financial assets			
Tangible capital assets	(Note 14)	242,503	240,411
Investments and endowment investments	(Note 5)	2,817	2,817
Prepaid expenses and deposits		4,192	3,852
		249,512	247,080
Accumulated surplus		209,881	202,777
Accumulated surplus is comprised of:			
Accumulated operating surplus		205,446	200,015
Accumulated remeasurement gains		4,435	2,762
	(Note 15)	209,881	202,777

Contractual obligations (Note 17)

Contingent liabilities (Note 18)

Contractual rights (Note 19)



Ivy Chen
Chair, Board of Governors



Peter Smailes
Acting Chief Financial Officer

See accompanying notes to consolidated financial statements.

KWANTLEN POLYTECHNIC UNIVERSITY

Consolidated Statement of Operations and Accumulated Operating Surplus

Year ended March 31, 2025

(In thousands of dollars)

		Budget \$ (Note 2(n))	2025 \$	2024 \$
Revenue:				
Grants from the Province of British Columbia	(Note 20)	103,393	101,219	16,238
Revenue from deferred contributions	(Notes 9, 20)	7,777	14,807	11,455
International tuition and student fees		128,699	101,486	129,487
Domestic tuition and student fees		40,714	40,972	39,188
Ancillary services		3,273	3,461	3,343
Investment income		11,030	15,286	13,155
Gain on sale of land	(Note 6)	-	-	116,394
Other revenue		3,415	5,965	4,296
Revenue from deferred capital contributions	(Notes 10, 20)	14,711	13,311	12,052
		313,012	296,507	345,608
Expenses:				
Academic support and instruction	(Notes 20, 21, 22)	172,209	156,750	153,319
Student support		34,157	36,846	34,443
Administrative support		97,446	86,493	80,149
Research		5,963	7,071	6,957
Ancillary services		3,237	3,916	4,423
		313,012	291,076	279,291
Annual surplus		-	5,431	66,317
Accumulated operating surplus, beginning of year		200,015	200,015	133,698
Accumulated operating surplus, end of year		200,015	205,446	200,015

See accompanying notes to consolidated financial statements.

KWANTLEN POLYTECHNIC UNIVERSITY

Consolidated Statement of Changes in Net Debt

Year ended March 31, 2025

(In thousands of dollars)

	Budget \$ (Note 2(n))	2025 \$	2024 \$
Annual surplus	-	5,431	66,317
Acquisition of tangible capital assets, net of write-offs	(31,495)	(23,610)	(28,750)
Amortization of tangible capital assets	22,992	21,518	20,789
	(8,503)	(2,092)	(7,961)
Acquisition of prepaid expenses and deposits	-	(340)	(1,836)
Net remeasurement gains	-	1,673	2,031
Change in net debt	(8,503)	4,672	58,551
Net debt, beginning of year	(44,303)	(44,303)	(102,854)
Net debt, end of year	(52,806)	(39,631)	(44,303)

See accompanying notes to consolidated financial statements.

KWANTLEN POLYTECHNIC UNIVERSITY

Consolidated Statement of Cash Flows

Year ended March 31, 2025

(In thousands of dollars)

	2025 \$	2024 \$
Operating activities:		
Cash received from:		
Student tuition and fees	125,260	150,593
Grants and contributions	126,194	110,555
Sale of goods and rendering of services	4,868	4,720
Interest and investment income	16,248	12,494
User fees, fines, penalties and other fees	3,084	1,900
	275,654	280,262
Less cash for:		
Employee payments	(177,941)	(152,616)
Supplier payments	(95,142)	(84,413)
Interest paid	(126)	(102)
Student awards	(7,163)	(5,596)
Transfers to the KPU Foundation	(1,218)	(2,029)
	(281,590)	(244,756)
Cash (used in) provided by operating activities	(5,936)	35,506
Capital activities:		
Cash used to acquire tangible capital assets	(23,610)	(28,750)
Proceeds on sale of land	-	117,600
Cash (used in) provided by capital activities	(23,610)	88,850
Financing activities:		
Contributions received for tangible capital assets	7,052	18,139
Principal payments on capital lease obligations	(858)	(473)
Cash provided by financing activities	6,194	17,666
Investing activities:		
Increase in investments	(83,818)	(1,142)
Cash used in investing	(83,818)	(1,142)
Net change in cash and cash equivalents	(107,170)	140,880
Cash and cash equivalents, beginning of year	301,051	160,171
Cash and cash equivalents, end of year	193,881	301,051

See accompanying notes to consolidated financial statements.

KWANTLEN POLYTECHNIC UNIVERSITY

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2025

(In thousands of dollars)

	2025 \$	2024 \$
Accumulated remeasurement gains, beginning of year	2,762	731
Unrealized gains generated during the year from:		
Fixed income pooled investments	2,081	677
Pooled equity and real estate investments	107	1,406
Foreign currency translation	38	1
Remeasurement (gains) losses realized and reclassified to the Statement of Operations and Accumulated Surplus from:		
Pooled investments	(556)	(50)
Foreign currency translation	3	(3)
Net remeasurement gains for the year	1,673	2,031
Accumulated remeasurement gains, end of year	4,435	2,762

See accompanying notes to consolidated financial statements.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Consolidated Financial Statements

Year ended March 31, 2025

(All figures in thousands of dollars)

1. Authority and purpose

Kwantlen Polytechnic University (the "University") operates under the authority of the *University Act* of British Columbia. The University is a not-for-profit entity governed by a Board of Governors, the majority of which are appointed by the Province of British Columbia. The University is a registered charity and is exempt from income taxes under section 149 of the *Income Tax Act*.

The University offers career, vocational, developmental and academic programs from its Richmond, Langley and three Surrey campuses located in southwestern British Columbia. The academic governance of the University is vested in the Senate.

2. Summary of significant accounting policies

(a) Basis of accounting

These consolidated financial statements are prepared in accordance with the *Budget Transparency and Accountability Act* ("BTAA"), which requires application of generally accepted accounting principles for senior governments in Canada, supplemented by the following Province of British Columbia Treasury Board regulations ("Regulations"):

- Regulation 257/2010 requires that all taxpayer supported organizations adhere to the Public Sector Accounting Standards ("PSAS") without any PSAS 4200 elections.
- Regulation 198/2011 requires that:
 - restricted contributions received or receivable for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are to be deferred and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded.
 - contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the period when the stipulation or restriction on the contributions have been met.

The Regulations result in revenue being recognized in the Consolidated Statement of Operations and Accumulated Operating Surplus and certain related deferred capital contributions being recorded in the Consolidated Statement of Financial Position differently than with application of the PSAS alone:

- PSAS requires unrestricted government transfers to be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with PS 3410. The BTAA / Regulations allow government transfers to be recognized as revenue when received or receivable.
- In contrast to Regulation 198/2011, PSAS requires externally restricted contributions to be recognized in revenue in the period when the resources are used for the purpose specified in accordance with PS 3100.

2. Summary of significant accounting policies (continued)

(a) Basis of accounting (continued)

- PSAS requires government transfers with stipulations that give rise to an obligation to be recognized as revenue as the liability is settled. The BTAA / Regulations allow for restricted contributions received for depreciable tangible capital assets to be recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded.

(b) Basis of consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of organizations which are controlled by the University. On May 22, 2022, KPU Communities Corporation (the "Corporation"), a wholly-owned subsidiary of the University, was incorporated under the *Business Corporations Act* of British Columbia and on June 1, 2022, a trust deed was executed and appointed the Corporation as sole trustee of KPU Communities Trust (the "Trust"). The purpose of the Trust is to create revenue generating opportunities to support academic endeavors and enhance student experience and well-being for the University. The Corporation and the Trust are fully consolidated into these statements and all inter-entity balances and transactions are eliminated on consolidation.

(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. They are subject to insignificant risk of change in value.

(d) Financial instruments

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

- (i) Fair value category: The University manages and reports performance for groups of financial assets on a fair-value basis. Investments, including endowment investments, are reflected at fair value as at the reporting date. The carrying amounts are shown at fair value based on quoted prices (unadjusted) in active markets. 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 except for those related to restricted endowments are recognized in the Consolidated Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Operating Surplus and related balances reversed from the Consolidated Statement of Remeasurement Gains and Losses. Unrealized gains and losses on endowment investment assets, where earnings are restricted as to use, are recorded as deferred contributions and recognized in revenue when disposed of or when the related expenses are incurred.

2. Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

- (ii) Cost category: For accounts receivable, accounts payable and accrued liabilities, the carrying amount generally approximates fair value because of the short maturity of these instruments. Valuation allowances are made when collection is in doubt.

(e) Inventories for resale

Inventories for resale, including new and used textbooks, course manuals, stationery, art supplies, clothing, and crested and non-crested giftware, 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 on sale less any costs 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.

(f) Contaminated sites

A liability for contaminated sites is recognized when 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 costs directly attributable to remediation activities, including the cost of post-remediation operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(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 asset acquisitions are recorded at cost, which includes amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less the residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as shown below. Land is not amortized as it is deemed to have a permanent value. Work in progress is not amortized until the asset is available for productive use.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Consolidated Financial Statements

Year ended March 31, 2025

(All figures in thousands of dollars)

2. Summary of significant accounting policies (continued)

(g) Non-financial assets (continued)

(i) Tangible capital assets (continued)

	Term
Buildings	40 years
Major site improvements	10 years
Major equipment	10 - 20 years
Library holdings	10 years
Technology infrastructure	8 years
Furniture and equipment	5 years
Computing equipment	4 years
Leased capital assets	lesser of 5 years or lease term

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.

(ii) Leased tangible capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as obligations under capital lease and are reflected as part of tangible capital assets in the financial statements. All other leases are accounted for as operating leases and the related payments are expensed as incurred.

(h) Employee future benefits

The University and its employees make contributions to the College Pension Plan and Municipal Pension Plan, which are multi-year employer joint trustee pension plans. These plans are defined benefit plans, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years.

As the assets and liabilities of the plans are not segregated by institution, the plans are accounted for as defined contribution plans and any contributions of the University to the plans are expensed as incurred.

The University's sick leave benefits do not vest or accumulate and related costs are expensed as incurred. The University accrues vacation for employees as earned. The University accrues a supplemental employment benefit for maternity and parental leave upon commencement of the related leave. Retirement allowances, where applicable, are accrued upon approval.

2. Summary of significant accounting policies (continued)

(i) Asset retirement obligations

The University recognizes an asset retirement obligation, as at the financial reporting date, when there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

The 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 asset. 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 re-evaluated 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.

(j) Revenue recognition

Tuition and student fees, ancillary revenues, and sales of other goods and services are reported as revenue when (or as) KPU satisfies a performance obligation by providing the promised goods or services to a payor. A performance obligation is an enforceable promise made by a public sector entity.

Unrestricted donations and grants are recorded as revenue 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.

2. Summary of significant accounting policies (continued)

(j) Revenue recognition (continued)

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 contributions and recognized in revenue in the year in which the stipulation or restriction on the contribution have been met.
- (iii) Contributions restricted to be retained in perpetuity, allowing only the investment income earned thereon to be spent are recorded as endowment donations and as deferred contributions for any unspent restricted investment income earned thereon.

Investment income includes interest recorded on an accrual basis, dividends recorded as declared, and realized gains and losses on the sale of investments.

2. Summary of significant accounting policies (continued)

(k) Functional classification of expenses

The University has identified the following functions and associated groups of activities based upon the functional areas of service provided by various departments:

(i) Academic support and instruction

Academic support and instruction includes the activities related to the support and delivery of education including cost of instructors, academic management, support staff and related support costs.

(ii) Student support

Student support includes direct supports for students including Student Affairs, Alumni Relations, International Education, The Learning Centre, Library Resources and the Office of the Registrar.

(iii) Administrative support

Administrative support includes expenses that relate to the activities that support the University, consisting of Campus and Community Planning, Campus Safety and Security, Office of Equity and Inclusive Communities, External Affairs, Facilities, Financial Services, General Counsel, Human Resources, Indigenous Leadership, Innovation and Partnerships, Information Technology, Marketing and Communications, Office of the President, Governance, and Planning & Accountability.

(iv) Research

Research consists of the Office of Research Services which assists researchers with proposal preparation, administration of sponsored projects and active research activities.

(v) Ancillary services

Ancillary services represent the business activities that support the University's campus life. It consists of the bookstore, food services and parking and transit services.

2. Summary of significant accounting policies (continued)

(l) Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related disclosures, and the disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Areas where management has made estimates and assumptions include those related to the determination of useful lives of tangible capital assets for amortization and the amortization of related deferred capital contributions, accrued liabilities, valuation of accounts receivable, provisions for contingencies, and discount rate and future cash flows associated with asset retirement obligations. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(m) 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 are 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 gains or losses resulting from a change in rates between the transaction date and the settlement date or Consolidated Statement of Financial Position date is recognized in the Consolidated Statement of Remeasurement Gains and Losses. In the period of settlement, the related cumulative remeasurement gain/loss is reversed in the Consolidated Statement of Remeasurement Gains and Losses and the exchange gains or losses 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 Operating Surplus.

(n) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the 2024-2025 University Budget approved by the Board of Governors on January 31, 2024. The budget is reflected in the Consolidated Statement of Operations and Accumulated Operating Surplus and the Consolidated Statement of Changes in Net Debt.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Consolidated Financial Statements

Year ended March 31, 2025

(All figures in thousands of dollars)

3. Cash and cash equivalents

	2025	2024
	\$	\$
Cash	119,828	297,978
Cash equivalents	74,053	3,073
	193,881	301,051

4. Accounts receivable

	2025	2024
	\$	\$
Student	3,453	2,987
Trade and other	1,994	3,719
Allowance for doubtful accounts	(1,635)	(1,569)
	3,812	5,137

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Consolidated Financial Statements

Year ended March 31, 2025

(All figures in thousands of dollars)

5. Investments and endowment investments

Investments and endowment investments recorded at fair value are comprised of the following:

	2025 \$	2024 \$
Designated to the fair value category (Level 2)		
Fixed income pooled investments	23,755	21,674
Canadian equities pooled investments	8,098	7,788
International equities pooled investments	8,678	7,796
Guaranteed investment certificate	83,181	1,049
Total Level 2 category investments	123,712	38,307
Designated to the fair value category (Level 3)		
Infrastructure pooled investments	-	26
Real estate pooled investments	1,625	1,513
Total Level 3 category investments	1,625	1,539
Total investments	125,337	39,846
Less endowment investments	(2,817)	(2,817)
Investments	122,520	37,029

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities (the University has no Level 1 investments)
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table reconciles the changes in the fair value of investments classified as Level 3 during the year.

	2025 \$	2024 \$
Balance, beginning of year	1,539	1,215
Purchases	45	246
Unrealized gain	41	78
Balance, end of year	1,625	1,539

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Consolidated Financial Statements

Year ended March 31, 2025

(All figures in thousands of dollars)

6. Gain on sale of land

The Board of Governors previously approved the sale of a portion of land at the Cloverdale (Tech) campus to Fraser Health Authority. The sale was completed during fiscal 2024 for proceeds of \$117,600 and resulted in a gain on sale of land in the amount of \$116,394.

7. Accounts payable and accrued liabilities

	2025 \$	2024 \$
Accounts payable and accrued liabilities	22,839	27,830
Salaries, benefits and wages payable	14,035	20,298
Accrued vacation payable	14,774	14,631
	51,648	62,759

8. Employee future benefits

(a) Pension benefits

The University and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trusted pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the plans, including investment of assets and administration of benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at August 31, 2024, the College Pension Plan has about 18,000 active members, and approximately 11,200 retired members. As at December 31, 2023, the Municipal Pension Plan has about 256,000 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, 2021, indicated a \$202,000 surplus for basic pension benefits on a going concern basis.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Consolidated Financial Statements

Year ended March 31, 2025

(All figures in thousands of dollars)

8. Employee future benefits (continued)

(a) Pension benefits (continued)

The most recent valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761,000 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, 2024. The next valuation for the Municipal Pension Plan will be December 31, 2024.

The University paid \$11,218 for employer contributions to the plans in fiscal year 2025 (2024 – \$13,217).

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.

(b) Maternity or parental leave

The University provides supplemental employee benefits for faculty, staff and administration on maternity or parental leave. For the duration of the leave, employees on maternity or parental leave receive a supplemental payment added to employment insurance benefits. Employer-paid benefits also continue to be paid on the employees' behalf. The University has expensed \$1,144 in the current year (2024 – \$1,215). As at March 31, 2025, the University has an obligation of \$820 (2024 – \$977) which has been included in salaries, benefits and wages payable.

9. Deferred contributions

Deferred contributions represent the unspent externally restricted grants and contributions that will be used in future periods primarily for academic programming, as specified by the contributor.

	2024	Amounts received	Recognized as revenue	2025
	\$	\$	\$	\$
Provincial	82,833	18,280	(8,857)	92,256
Federal	1,907	1,527	(1,810)	1,624
Other sources	2,698	3,933	(4,140)	2,491
	87,438	23,740	(14,807)	96,371

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Consolidated Financial Statements

Year ended March 31, 2025

(All figures in thousands of dollars)

10. Deferred capital contributions

Contributions that are restricted for the purpose of acquiring capital are recorded as deferred capital contributions. Amounts are recognized into revenue at the same rate that amortization of the tangible capital asset is recorded.

Changes in deferred capital contributions balance are as follows:

	2024	Amounts received	Recognized as revenue	2025
	\$	\$	\$	\$
Provincial	164,520	7,580	(12,127)	159,973
Federal	7,682	10	(710)	6,982
Other sources	14,000	50	(474)	13,576
	186,202	7,640	(13,311)	180,531

11. Obligations under capital lease

The University entered into a capital lease on September 1, 2023 to finance technology infrastructure at an estimated cost of borrowing of 7.36% per annum (2024 - 7.36%). The principal and interest payments are as follows:

	2025	2024
	\$	\$
2025	-	984
2026	984	984
2027	411	411
Total minimum capital lease payments	1,395	2,379
Less amounts representing interest	(66)	(192)
Present value of net minimum capital lease payments	1,329	2,187

Total interest payment on capital leases for the year was \$126 (2024 - \$102).

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Consolidated Financial Statements

Year ended March 31, 2025

(All figures in thousands of dollars)

12. Asset retirement obligations

The University has recorded asset retirement obligations for the removal of hazardous material from some of the University's buildings.

The following is a reconciliation of the changes in the asset retirement obligations during the year:

	2025 \$	2024 \$
Balance, beginning of year	1,615	1,561
Accretion expense	48	54
Balance, end of year	1,663	1,615

The undiscounted estimated cash flows required to settle the obligations are approximately \$2,169 (2024 - \$2,169) to be paid during the fiscal years 2032 to 2034. The estimated cash flows were discounted using the credit-adjusted risk-free rate of 3.0% (2024 - 3.5%) per annum.

13. Line of credit

The University has the ability to draw on a line of credit with a commercial bank for \$7,500 (2024 - \$7,500). As at March 31, 2025, the University has not utilized the available line of credit.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Consolidated Financial Statements

Year ended March 31, 2025

(All figures in thousands of dollars)

14. Tangible capital assets

	Land	Buildings	Major site improve- ments	Major equipment	Library holdings	Technology infrastruc- ture	Furniture & equipment	Computing equipment	Leased capital assets	Work in progress (WIP)	2025	2024
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost												
Opening balance	20,428	267,414	62,728	19,554	10,164	5,141	94,093	18,275	2,660	11,399	511,856	483,106
Additions	-	-	936	1,768	241	(787)	4,073	1,456	-	15,923	23,610	28,750
Transfer to/(from) WIP	-	-	546	-	-	912	-	-	-	(1,458)	-	-
Closing balance	20,428	267,414	64,210	21,322	10,405	5,266	98,166	19,731	2,660	25,864	535,466	511,856
Accumulated amortization												
Opening balance	-	(122,956)	(34,563)	(5,671)	(8,687)	(3,621)	(81,099)	(14,331)	(517)	-	(271,445)	(250,656)
Amortization	-	(6,685)	(4,738)	(1,473)	(322)	(400)	(5,121)	(1,892)	(887)	-	(21,518)	(20,789)
Closing balance	-	(129,641)	(39,301)	(7,144)	(9,009)	(4,021)	(86,220)	(16,223)	(1,404)	-	(292,963)	(271,445)
Net book value	20,428	137,773	24,909	14,178	1,396	1,245	11,946	3,508	1,256	25,864	242,503	240,411

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Consolidated Financial Statements

Year ended March 31, 2025

(All figures in thousands of dollars)

15. Accumulated surplus

The accumulated surplus is comprised of the following:

	2025	2024
	\$	\$
Investment in tangible capital assets	85,291	84,479
Endowments (Note 5)	2,817	2,817
Internally restricted reserves	68,071	68,071
Unrestricted reserves	49,267	44,648
Accumulated remeasurement gains	4,435	2,762
	209,881	202,777

During the year ended March 31, 2025, the Board of Governors approved nil (2024 - \$61,901) in internal restrictions of the University's total accumulated surplus, for the Indigenous Fund of nil (2024 - \$16,901), Student Award Fund of nil (2024 - \$20,000) and Capital Reserve Fund of nil (2024 - \$25,000).

16. Financial risk management

The University has exposure to certain risks from its financial instruments.

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 customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise 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 a Canadian Chartered bank.

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.

16. Financial risk management (continued)

(b) Market risk and interest rate risk

Market risk is the risk that changes in the 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 for its investment management companies to follow in managing its investment portfolios. The guidelines limit investments to those with BBB- or greater credit rating. The University does not invest in any derivatives.

(c) Liquidity risk

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

The University manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation.

(d) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in foreign exchange rates. The University is exposed to foreign exchange risk on investments that are dominated in foreign currencies.

The functional currency of the University is the Canadian dollar. The University is also exposed to risk at it conducts some transactions in foreign currencies, particularly the U.S. dollar. The University maintains a U.S. dollar denominated bank account to minimize foreign exchange risk on these transactions.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Consolidated Financial Statements

Year ended March 31, 2025

(All figures in thousands of dollars)

17. 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:

	2026	2027	2028	2029	2030	There- after
	\$	\$	\$	\$	\$	\$
Capital commitments	10,773	-	-	-	-	-
Operational commitments	24,198	11,397	5,840	4,852	4,137	6,094
	34,971	11,397	5,840	4,852	4,137	6,094

18. 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.

There are several lawsuits pending in which the University is involved. It is considered that the potential claims against the University resulting from such litigation would not materially affect the financial statements of the University.

19. Contractual rights

The University may, from time to time, enter into contracts or agreements in its normal course of operations that will result in the realization of assets and revenues in future fiscal years.

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.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Consolidated Financial Statements

Year ended March 31, 2025

(All figures in thousands of dollars)

20. Related party transactions

The University has entered into certain transactions and agreements in the normal course of business with certain of its related parties. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Significant related party transactions not disclosed elsewhere in the consolidated financial statements, are as follows:

Revenue and expenses:

Included in revenue	2025 \$	2024 \$
Ministry of Post-Secondary Education and Future Skills grants	101,219	16,238
Other provincial government entities – grants and revenue recognized from deferred contributions (Note 9)	8,857	6,308
Other provincial government entities – grants and revenue recognized from deferred capital contributions (Note 10)	12,127	10,781
	122,203	33,327
Included in expenses	2025 \$	2024 \$
Ministry of Post-Secondary Education and Future Skills	353	347
Other provincial government entities	2,098	1,718
Other provincial universities	458	485
	2,909	2,550

Receivables and payables:

Included in accounts receivable	2025 \$	2024 \$
Ministry of Post-Secondary Education and Future Skills	151	798

Related party transactions with key management personnel:

During the year, key management personnel, comprised of the Board and the University's Executives, have nil (2024 – nil) related party transactions with the University.

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Notes to Consolidated Financial Statements

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(All figures in thousands of dollars)

21. Expense by object

The following is a summary of expenses by object:

	2025 \$	2024 \$
Salaries and benefits	207,935	194,744
Travel and professional development	4,809	4,159
Supplies	5,181	4,971
Student awards, bursaries and donations	10,310	8,685
Fees and services	22,546	27,255
Facilities	16,402	15,834
Cost of sales	1,803	2,184
Leases, property taxes, insurance	524	616
Accretion	48	54
Amortization of tangible capital assets	21,518	20,789
	291,076	279,291

22. Kwantlen Polytechnic University Foundation

The Kwantlen Polytechnic University Foundation (the "Foundation") was established on July 14, 2000 and is registered under the Societies Act (British Columbia). The Foundation is a registered charity under the Income Tax Act of Canada. The purpose of the Foundation, is the solicitation and management of donations and endowments for the purpose of providing awards and grants to students of the University and to advance the University's engagement with and within communities it serves. The Foundation is governed by an independent board of directors, the voting members of which can include employees and officers of the University. The University does not exercise control over the Foundation.

During the year, as part of its ordinary course of business, the University committed certain funds to the Foundation.

	2025 \$	2024 \$
KPU Research Endowment	-	2,000
KPU Financial Aid Endowment	2,000	1,000
KPU Financial Barrier Reduction Fund	1,000	60
KPU Other Transfers	135	29
	3,135	3,089

The University also provides administrative, management and staff resources to the Foundation at no charge. As at March 31, 2025 the University has a payable of \$3,000 (2024 – \$1,060) to the Foundation.



KPU CIVIC PLAZA
13485 Central Ave
Surrey, BC

KPU LANGLEY
20901 Langley Bypass
Langley, BC

KPU RICHMOND
8771 Lansdowne Rd
Richmond, BC

KPU SURREY
12666 72 Ave
Surrey, BC

KPU TECH
5500 180 St
Surrey, BC

kpu.ca