

ANALYSIS OF UNIVERSITY FINANCES

3/31/2026

Are the Administration's financial decisions best serving the University's mission?

The UGFA Financial Advisory Committee presents an analysis of the University's audited Financial Statements from 2025 contextualized in terms of prior years.

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ANALYSIS OF UNIVERSITY FINANCES

ARE THE ADMINISTRATION'S FINANCIAL DECISIONS BEST SERVING THE UNIVERSITY'S MISSION?

BRIEF SUMMARY (FOR THE YEAR 2025)

THIRD CONSECUTIVE SURPLUS!

The pandemic years are in the rearview mirror, as the (growing) surpluses continue:

SURPLUSES = \$19M in 2023, \$29M in 2024, and \$37M in 2025.

By now you know the act: The Administration frames finances in terms of “Operating revenue”—essentially, transfer grants and tuition—which combined account for around ~55% of revenues, ignoring additional significant and stable student-related revenue (from residence, meal plans, and other fees) among other things. When this “Operating revenue” does not cover a much higher than 55% share of total expenses, including salaries, which are by themselves ~50% of the University’s expenses, they cry “Operating deficit.” They even send out emails trying to explain how a \$37M surplus turns into a \$24M (“Operating”) deficit.



Fortunately, UGFA members see through this attempted magic trick.

STUDENTS = ~~MISSION MONEY~~

Student tuition revenue increased by over 10% in fiscal year 2025, from \$249M to \$275M, with domestic undergraduate student numbers in Fall 2025 being **double** the number from four years earlier. The University does not receive a corresponding increase in the transfer payment/grant from the government, as the number of students far exceeds our “funding corridor” cap. Despite not being able to house more students in campus residences, there is still a significant increase in other student-related revenue, with “student fees and contracts” growing from \$67M to \$75M in fiscal year 2025. Put another way, this year’s \$350M revenue directly from students (and their parents) significantly exceeds government revenue.

THREE NEW BIG CAPITAL PROJECTS

In fiscal year 2025, the Administration began work on three large capital projects, spending the first \$4M of a combined Board-approved multi-year cost of \$126M. These projects often balloon in cost, so we will be tracking both the yearly spending and any growth in overall cost.

Keep in mind that the money for these projects may include \$30M in new borrowing last year but will otherwise come fully from the Operating Fund, which will also have to repay the borrowing plus interest. Remember this when the Administration talks about an “Operating deficit” in the current or next years.

INTRODUCTION

This document presents the UGFA Financial Advisory Committee's analysis of the University's audited financial statements, running from 2020 to 2025. As in past analyses, when suitable, we include additional information obtained from other sources.

Readers seeking information back to 2006 are referred to [our earlier analyses](#).

Besides giving some clear insight into the financial health of the institution and the inferred priorities of the Administration, the report also suggests an answer to the question of whether the financial decisions of the Administration are best serving the University's mission.

Are the financial decisions of the Administration best serving the University's mission?

Analyses in This Report

We look at four key parts of the past years' financial statements, one per section: the

1. Statement of Financial Position
2. Statement of Operations
3. Statement of Cash Flows
4. Statement of Changes in Net Assets

Colour Legend for all Tables

- | | |
|---------------|---|
| BROWN | Numbers that should attract your attention |
| GREEN | Numbers that have changed from previous reports |
| ORANGE | Interesting percentages |

In each section, we present

- i. a table of numbers from the statements, sometimes also with information from additional sources, with some metrics, ratios, or percentages that highlight trends; and
- ii. a brief written analysis of the table and surrounding factors.

As always, the UGFA believes that it is important to connect this financial analysis to the University's primary missions, teaching and research/scholarship. UGFA members are the guardians of these twin missions.

All of the financial statements are presented as at April 30 of the ending year, the last day of the University's fiscal year. Those numbers become the input values for the subsequent year's financial statement. If something goes wrong (investment income not realized, government legislation, etc.), these input numbers may change by the time the next statement is produced. Any changes to past numbers are colored **green** in this report.

Our regular reminder: in our analysis, the label "Internally Restricted" refers to the money that the Administration identifies as such in its financial statements. This money is not in general (if at all) allocated with specified payment, contribution, or transfer plans. That is, at any moment, this money can be transferred back into the Operating Fund and used for any other purpose, including the primary missions of the University. One might argue that the size of these numbers should *increase* by including essentially all of the Ancillary Enterprises Fund or that this fund should receive separate intense scrutiny.

Following the sections on the four financial statements, we present a section with

- a Financial Scorecard, discussing why we are not presenting a detailed scoreboard this year (spoiler alert: half of the years in our six-year window were extremely abnormal due to the pandemic); and
- a summary and conclusions.

ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

This statement presents assets and liabilities, reporting that

$$\text{Assets} - \text{Liabilities} = \text{Net Assets}$$

Assets are broken into two types:

- current, which are usually consumed within one year, and
- long-term, which are used in operations for many years.

Liabilities are similarly broken into two types:

- current, which are usually payable within one year, and
- long-term, which are obligations due beyond one year.

Large amounts of long-term liabilities increase the financial risk of the University, which is why the Administration expresses concerns about pensions and benefits, not just mortgages.

The numbers going back to 2020 are presented in Table 1, at the end of this section. As a percentage of total assets, we see:

	<i>In 2020-2024</i>	<i>In 2025</i>
<i>Cash (& short-term investments)</i>	Between 8% and 12%	At 11%
<i>Capital assets</i>	Between 56% and 60%	At 54%
<i>Short-term liabilities</i>	Between 13% and 15%	At 15%
<i>Long-term liabilities</i>	Between 8% and 9%	At 8%
<i>Internally Restricted money</i>	Between 8% and 13%	At 9%

Total assets continued to grow in fiscal year 2025, by another 4% or \$100M, fast approaching \$2.5B, a level we should expect to cross in the current fiscal year. Similar to last year, capital assets grew by significantly less, by only \$14M or 1%. Once again, we see the big growth in assets occurred in investments. Recall that in fiscal year 2024, cash and short-term investments grew by \$100M to a record level of \$291M. Sometimes an increase in the amount of money in that pot signals a plan to spend, but in fiscal year 2025, we instead saw long-term investments grow by \$115M. And, of course, \$115M growth in long-term investments can signal that the Administration is very comfortable with yearly (“Operating”) revenues funding their planned spending.

Now, it is not as simple as “the same \$100M” being moved into long-term storage: cash was spent, new cash arrived, short-term investments did decrease by \$18M, both short- and long-term investments generated returns, and new investments were made. The result is that cash and short-term investments shrank by \$33M, and long-term investments grew by \$115M. Cash and short-term investments remain at the second-highest level in history, since there are three large capital projects to pay for. We should watch in the current fiscal year for any shift of money related to the UGFA member hiring commitment of 2025-2026.

Of course, the endowment fund plays a dominant role in long-term investments. One might anticipate that the great majority of this money is externally restricted, meaning that a benefactor has donated the money to the University for a particular purpose that they specify. That leaves open the question of whether the benefactor

\$115M growth in long-term investments can signal that the Administration has no grand short-term spending plans.

has also restricted any investment returns generated from their donation; sometimes they do, sometimes they don't.

Endowments grew by \$75M in fiscal year 2025.

It is important to remind you that the University of Guelph Heritage Fund is a sizeable part of the endowment fund, approaching \$200M. The Heritage Fund is a trust overseen on behalf of the Board of Governors by a board of trustees. The BoG web page describes this board of trustees as “a unique standing committee of the BoG with its own membership and specialized mandate.” The adjective “unique” surely arises from the fact that no other Canadian university has such a trust. The web page description goes on to say,

“The Trust was created as an endowment fund that is enhanced over time through revenue generated by leased lands owned by the University. [...] In all cases, the leased lands have been designated as surplus to U of G’s core academic needs for the next few decades, and they can be reclaimed at each lease maturity if the University needs the land.

“[...] As of April 30, 2013, the value of the Heritage Trust Fund was approximately \$81.7 million and with [an average of about] \$3 million annually from long-term leases of the various properties to [sic] added to its financial base annually.

Aside: yes, the web page is *that* out of date, referencing 2013. Continuing with a few more dated references, the web page adds the following.

“In addition to the endowment created to date and future growth from further funds generated by lease transactions—and from the prudent investment of the fund in marketable securities—the University of Guelph has received about \$20 million in dividends from the Heritage Trust for strategic initiatives. Projects include the support of student learning in the Learning Commons, the development of the tri-university library system TRELIS and enhanced student information and financial systems, as well as classroom improvements and renovations. The most recent project is the Voice Over Internet Protocol phone and computer system.

“Proceeds from the Heritage Trust cannot be used to fund ongoing operating expenses, including making up for funding gaps that have resulted from inadequate government support.”

The Administration hosted a presentation of the Audited Statements on November 24, 2025. The Statements were presented by the AVP Finance, Dave Hargreaves, who gave an excellent talk. It was not broadly advertised so UGFA member attendance was very low, but the chair of the Financial Advisory Committee, Herb Kunze, was there and asked questions. Herb noted that likely all employee groups believe that all of the revenues generated by the University, except for those with true restrictions, should be directed toward the mission of the University; that is, the Administration separates money into different funds and accounts for them separately, labels some as Internally Restricted and tucks some into other funds, but that construction is theirs not ours. The construction is what allows them to move from talking about a **huge surplus** for full University operations as reported in the Audited Financial Statements to instead recommending austerity in light of a **really large deficit** in the Operating Fund. At this presentation, the AVP Finance raised the curtain a

*The construction [of assorted separated funds by the Administration] is what allows them to move from talking about a **huge surplus** for full University operations as reported in the Audited Financial Statements to instead recommending austerity in light of a **really large deficit** in the Operating Fund.*

little bit, reporting that a \$24M Operating Fund deficit was \$5M in “real shortfall” and \$19M in not-on-paper deficit due to Employee Future Benefits. Long-time readers will recall that “Employee Future Benefits” is an actuarial calculation that gets reported as a current liability, and the AVP Finance reported it casually as something that they have to account for but that isn’t an object of real concern. Our financial analyses have noted that for years, but this is perhaps the first time in history that the Administration has made such a statement. When considering the earlier numbers, keep in mind that in fiscal year 2025, the University had a \$37M surplus.

The final sentence quoted above from the Heritage Fund web page says that the Real Estate Division’s revenues cannot be used for operating expense. Why? Because they said so. And perhaps because it hardcodes this aspect of their financial construction. And, again, this is unique to the University of Guelph.

In the question period following the AVP Finance’s presentation, with regards to the Real Estate Division and the Heritage Fund, Herb noted that the Audited Statements have no details on the Real Estate Division. According to its mandate, the Division is tasked with “maximizing revenue,” but looking far and wide one finds no description or metrics of what success for the Division looks like. Budget reports say that the Division has had around \$6M in revenues, plus or minus \$500K, for many years and that around \$4M, plus or minus \$200K, is transferred into the Heritage Fund each year. Presumably, the difference covers the expenses of the Division, which in fact runs with a debt. The AVP Finance said yes, that’s correct, and he also acknowledged that we are the only university that has the Heritage Fund structure, but the comment about success metrics for the Division was not addressed.

Herb said, okay, so a stable \$4M in net revenue, which one hopes would increase yearly or at least over time if the Real Estate Division is successful, sits in the Heritage Fund, unique to Guelph, and is only released from there for “strategic projects,” instead of being fed into the Operating Fund, as is the case at all other universities. In other words, the \$5M “real shortfall” in the Operating Fund as determined by the Administration’s construction would essentially vanish if the revenues from the Real Estate Division were not set aside in the Heritage Fund. The VP Finance, Sharmilla Rasheed, responded to these statements by noting that in “all of the [five] years” she has been at UoG, the money that goes into the Heritage Fund “has been redirected to the mission of the University. Money from the Heritage Fund paid for [the Human Resources Management System] HRMS.” Given that employees refer, um, lovingly to the system as “HRMess,” the \$22M+ system may not be the best shiny example of a lot of money well spent. As a point of reference, the “University of Guelph Careers” webpage reports that the University has approximately 3,800 employees; rounding up to 4,000 to be safe, the Administration spent over \$5,500 per employee to buy the HRMS system, and who knows what the ongoing costs are? The VP Finance and AVP Finance also cited Internationalization as a strategic initiative funded by the Heritage Fund.

As a final point on this thread of discussion, Herb asked whether money from the Heritage Fund would pay for building the proposed new residence on the empty lot on College Avenue? The AVP Finance said no, that

money would come from the Operating Fund. The VP Finance interjected to say that the residence project is

[T]he Administration spent over \$5,500 per employee to buy the [\$22M] HRMS system, and who knows what the ongoing costs are?

not even approved yet, and money may come out of the Heritage Fund to support it.

Returning to the Statement of Financial Position, recall that in the previous fiscal year, the Administration began reporting money “invested in Capital Assets” as part of the Internally Restricted funds. This amount grew by the earlier reported \$30M to \$734M. The Capital Sinking Fund also grew by \$4.4M to \$37.4M; this pot of set-aside money is notionally allocated to repaying the debt arising from borrowing for capital projects. Be prepared for them to grow this amount to \$100M, the debenture principal amount that must be repaid on October 10, 2042. In the 17 fiscal years following fiscal year 2025, they will on average shift \$3.7M to this pot. Curiously, this average amount is a bit less than the recent yearly transfer from the Real Estate Division into the Heritage Fund. Instead of using money generated by land and buildings to pay for more buildings, they will surely transfer money out of the Operating Fund. It will be interesting to see whether they uniformly shift this average amount or, instead, pick and choose some years for larger transfers, to fuel austerity measures.

Here is the detail on the “reserves” that we always track.

FUND NAME	2021	2022	2023	2024	2025
Division Reserves	\$95.3M	\$93.8M -2%	\$93.5M -0%	\$99.9M +7%	\$106.1M +6%
Central Operating Reserves	\$66.1M	\$45.0M -32%	\$34.3M -24%	\$21.9M -36%	\$11.6M -47%
Employee Benefits Reserves	\$25.8M	\$15.8M -39%	\$10.6M -33%	\$11.2M +7%	\$10.5M -7%

The Division Reserves continue to grow, and the Audited Statements provide no breakdown of them. Up until the 2019-2020 budget, the yearly budget report was accompanied by “supplementary appendices” that showed a breakdown of the reserves, albeit unaudited. These old appendices were (and still are) posted online. In 2019-2020, we noted that OpenEd had had a carry-forward (or reserve) of \$10M every year for a few years. This fact was raised at a budget town hall meeting, with the observation that it seemed like a large amount of money was just being stored there, and the Provost at that time giving a flustered (non-)response. The real response came afterward: beginning with 2020-2021, the appendices have no longer been posted, although they are still referred to in the main report. At the Audited Statements presentation on November 24, 2025, Herb asked that absent and future supplementary appendices be posted. The AVP Finance responded that he would “take that request away.” The current Provost noted that he did not want an academic department to see a carry-forward / reserve balance and think that they could spend it however they want. Herb responded that it cuts both ways, as right now, based on past experience, we naturally wonder if these reserves include money sitting in odd places.

Interestingly, in the past when we did see balances for academic departments, we posited that this money could include things like Professional Development Reimbursement (PDR), General Purpose Research (GPR) money, and, included in GPR, faculty member Scholarship startup money. During his presentation, the AVP Finance noted that GPR funds for faculty are stored in the Research Fund. When asked whether PDR is stored

in the Division Reserves, he said no, that money is stored in the Central Operating Reserves, but the VP Finance jumped in to say yes, it is stored in Division Reserves. We can perform a simple back-of-the-envelope calculation to determine the maximum value of the PDR portion of the Division Reserves. Members can carry forward two years of PDR, so in the extreme case, a member may have entered fiscal year 2025, with two years of (full) carry-forward, \$4,300, plus that year's allotment, \$2,200, for a total of \$6,500. The maximum amount would be smaller for members on reduced workload or those who started in the three-year window ending on April 30, 2025. Multiplying by around 840 members brings us to a maximum PDR carry-forward amount of \$5.5M. Since members spend their PDR money, the amount of PDR in the Division Reserves is much lower, that is, much less than 5% of the total Division Reserves. We have no further rigorous insight into the other 95+% of the Division Reserves.

Moving on to liabilities, we find that short-term debt increased \$22.5M in 2025, increasing slightly as a percentage of total assets. This change is due to an increase in "Deferred Contributions," which in our case are research funds received but not immediately recognized as revenue until they are spent.

On the other hand, long-term debt decreased by \$13M in 2025, a 6% decrease, as the Administration pays down debt through borrowing without adding any new borrowing. Since they borrowed an additional \$30M in fiscal year 2024, bringing long-term liabilities to their highest level since 2015, one might expect no new additional borrowing in the near future and, therefore, for long-term debt to continue to decrease.

[T]he amount of PDR in the Division Reserves is much lower [than our \$5.5M rough estimate of the maximum possible amount], that is, much less than 5% of the total Division Reserves. We have no further rigorous insight into the other 95+% of the Division Reserves.

TABLE 1. ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION (DOLLAR VALUES IN THOUSANDS OF DOLLARS)

as at April 30	2020	2021	2022	2023	2024	2025
Total Assets	2,130,280	2,209,442	2,161,727	2,245,545	2,349,456	2,445,027
year-to-year % change	-4.81	3.72	-2.16	3.88	4.63	4.07
Cash (& short-term investments)	216,188	188,652	166,164	193,801	291,267	258,668
year-to-year % change	-11.00	-12.74	-11.92	16.63	50.29	-11.19
cash/total assets	10.15	8.54	7.70	8.63	12.40	10.58
Capital Assets	1,277,897	1,297,026	1,306,870	1,298,779	1,314,910	1,328,852
year-to-year % change (capital assets)/(total assets)	1.97	1.50	0.76	-0.62	1.24	1.06
	59.99	58.70	60.45	57.84	55.97	54.35
Short-Term Debt						
(Current Liabilities)	275,029	325,774	317,182	337,263	350,760	373,369
year-to-year % change (short-term debt)	-8.68	18.45	-2.64	6.33	4.00	6.45
/(total assets)	12.82	14.74	14.70	15.02	14.93	15.27
Long-Term Debt (Long-Term Liabilities)	192,079	180,142	167,404	184,459	209,903	106,864
year-to-year % change (long-term debt)	-6.01	-6.52	-7.07	10.19	13.79	-6.21
/(total assets)	9.05	8.15	7.74	8.21	8.93	8.93
Internally Restricted	272,925	222,919	172,341	196,829	223,754	227,343
year-to-year % change (internally restricted)	-1.43	-18.32	-22.69	14.21	13.68	1.60
/(total assets)	12.81	10.09	7.99	8.77	9.52	9.30

Colour Legend for all Tables

- BROWN** Numbers that should attract our attention
- GREEN** Numbers that have changed from previous reports
- ORANGE** Interesting percentages

ANALYSIS OF THE STATEMENT OF OPERATIONS

The statement of operations reports all revenues, all expenses, and their difference (the surplus or deficit).

Key revenue items are government grants from MTCU and OMAFA (the Ministry of Agriculture, Food and Agribusiness, formerly OMAFRA, the Ministry of Agriculture, Food, and Rural Affairs) and student tuition. Key expense items are salaries, benefits, and interest (on debt).

At the end of this section, Table 2 presents the numbers.

Ideally, we hope to see increases or at least stability for each of the revenue items. We find the following behaviour.

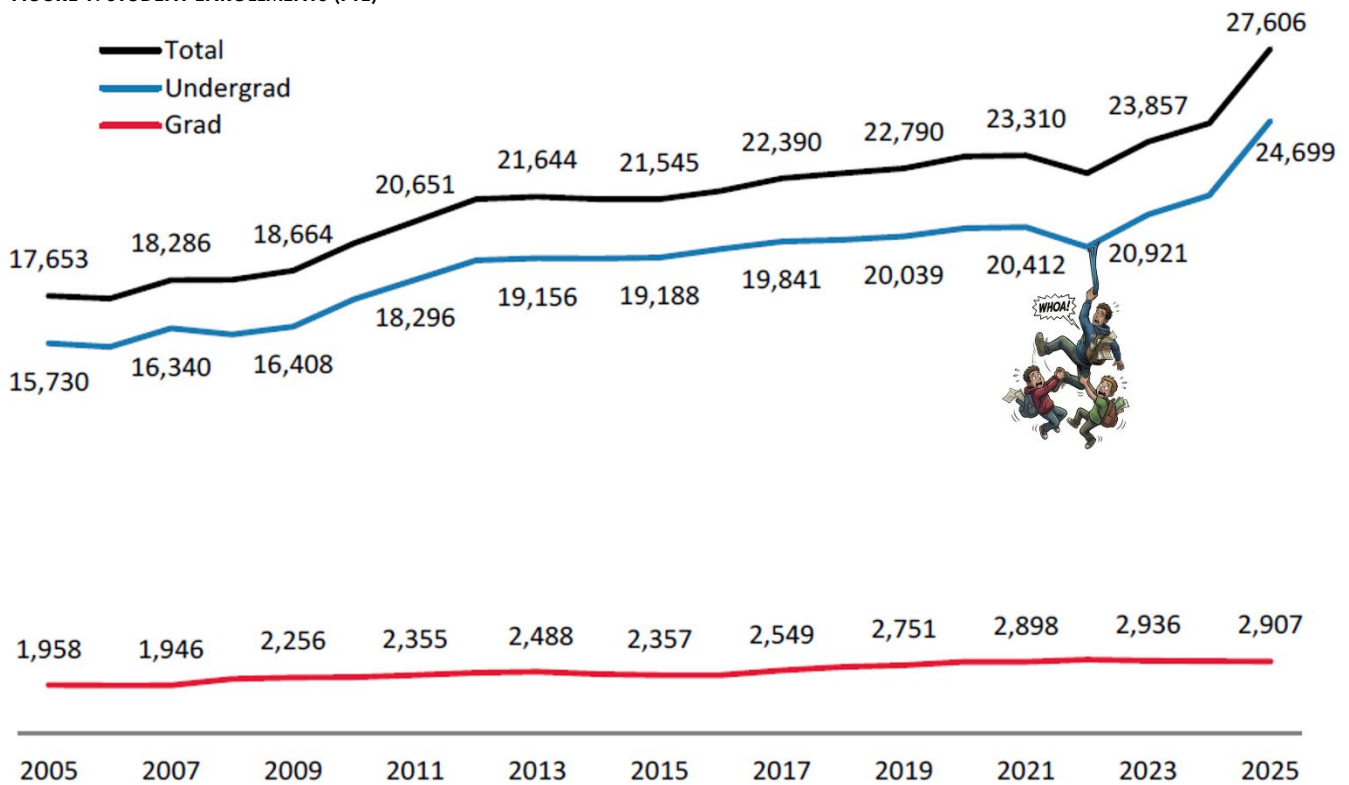
	<i>In 2020-2024</i>	<i>In 2025</i>
<i>Tuition</i>	Average increase of 1.5% per year; decreases of -5.3%, -1.9% in 2022, 2022; increases of 7.5%, 5.2% in 2023, 2024; 26-28% of revenue	Increased by 10.2%, 27% of revenue; record dollar value of \$275M
<i>Transfer Grants</i>	Small yearly changes; average increase of 0.7% per year; 30-34% of revenue	Increased by 1.24%; 27% of revenue; record dollar value of \$294M
<i>Total Revenue</i>	Average increase of 2.5% per year; decreases of -4.5%, -2.0% in 2020, 2021; increase of 10.4% in 2023	Increase by 6.5%; record dollar value of \$1B
<i>Salaries</i>	Average increase of 3.26% per year; decrease of -2% in 2021; 49-51% of expenses; 49-51% of revenue	Increased by 3.9%; 48% of revenue and 50% of expenses; record dollar value of \$494M
<i>Benefits</i>	Average increase of 4.2% per year; decreases of -3.3%, -0.9% in 2020, 2022; 6.1-6.8% of expenses	Increased by 14.2%; 7.3% of expenses; record dollar value of \$73M
<i>Total Expenses</i>	Average increase of 2.9% per year; marginal decrease in 2021	Increased by 5.7%; record dollar value of \$1B

The pattern of recent years continues: a nominal increase in MTCU grants and a large increase in tuition, as the domestic undergraduate student count reached a record high that doubles the number from four years ago. Indeed, tuition grew by over 10% in fiscal year 2025. This fiscal year is the third in a row where the growth in total revenues outpaced the growth in expenses. Total Revenues crossed the \$1B line in fiscal year 2025, increasing by \$63M!

With reference to Figure 1, the growth in the number of students has a huge impact on UGFA members. All over campus, there are faculty members who are routinely assigned only large lower-year courses, an assignment that has become even more unsustainable when all of the assigned courses/sections are now huge. Through some combination of the pandemic experience, the surge in capability of AI bots, the presence of Chegg and other such sites, the challenges of relationship building with students in a huge class and having manageable and gradable



FIGURE 1: STUDENT ENROLLMENTS (FTE)



assessments, among many other factors, it becomes an incredible challenge to maintain both the level and the integrity of a huge course. These challenges are left to be addressed by faculty members who are stretched so thin already. As documented in the 2025 Financial Analysis, the Administration’s response, through its Office of Teaching and Learning, is to run workshops telling faculty members that they need to identify things that they will no longer do in their courses.

At the presentation of the Audited Financial statements on November 24, 2025, Herb Kunze raised the impact of this admissions strategy on UGFA members. He noted that there were rumours that the provincial government would soon allow tuition increases and asked, if that turned out to be the case, whether the Administration would reduce student intake, even if just to the level that keeps tuition revenue at the same current record level. The answer was that the Administration cannot budget based on rumours, which of course was not the question. In the end, as this document is written, the rumours have become reality, and we shall see how the Administration reacts.

Keep in mind that the Administration announced their plans in 2024 to build a new residence building on College Avenue, which, if and when realized, will generate significant additional revenue.

Often, when we comment on total revenues, the Administration will point out that a chunk of that increase—sometimes a large chunk—is due to investment returns, revenue that cannot be converted to cash quickly or is in some way restricted from free use. In 2025, investment income was \$9M. In this light, and with a new residence in mind, it is worth noting that revenue from student residence, meal plans, and fees grew by \$12M, so that the increase in total revenues due directly to students exceeded \$37M.

[T]he increase in total revenues due directly to students exceeded \$37M.

On the other hand, total expenses increased by \$54M. The largest expense item, salaries, grew by \$19M. The two other big increases were Other Employee Benefits and Utilities, each at around \$9M. On the latter item, the Audited Statements describe the increase as being due to “the impact of changes in the administration of carbon tax costs,” which suggests that there was a change in the accounting of such costs. In a different spot, the Statements mention “increases in carbon tax obligation estimates resulting from recent uncertainty in government program administration.”

The difference between total revenues and total expenses was a \$37M surplus. You may recall that the AVP Finance spoke of the \$24M Operating Fund deficit, described as \$5M in “real shortfall” and \$19M in not-on-paper deficit due to Employee Future Benefits. From the Audited Statements,

“The deficiency in revenue less expenses in the Operating fund of \$23.7 million is offset by excess revenue less expenses in all the other funds, primarily driven by investment gains recognized in the Trust and Endowment funds.”

Revenue Less Expenses by Fund			
\$ millions	2025	2024	Change
Operating	(23.7)	(33.3)	9.6
Capital	15.3	14.7	0.5
Ancillary Enterprises	13.7	11.9	1.8
Research	3.1	1.0	2.1
Trust	11.1	14.6	(3.5)
Endowment	18.0	20.5	(2.5)
Total	37.5	29.4	8.0

This is an interesting way of addressing the “fund accounting” approach of the Administration, sort of admitting that the Operating Fund results are of interest but can be “offset” by the full picture. Yes, Trust and Endowment Funds grew by \$29M, but we also observe that Ancillary Enterprises generated a \$13.7M surplus. A big part of the surplus in this fund, which is really treated as a separate business, often sits there to be carried forward or, at best, only some portion is transferred into the Operating Fund. The point is that this money, which includes the Real Estate Division revenue that disappears (uniquely-to-Guelph) into the Heritage Fund, more than covers the “real shortfall.”

Benefits expenses have grown over the past six years, on average by 4.2% per year, hitting a record value of \$73M in 2025, but remaining a very stable percentage of both total revenues and total expenses. Interest costs increased again this year, as a result of the new borrowing in 2024. This expense is back to its historic standard of ~\$11M per year. It is interesting to note how that dollar value has such a strong historic presence; remember that total expenses and total revenues have generally increased each year, so this dollar value for interest rates is a smaller percentage of either of these figures.

TABLE 2: ANALYSIS OF THE STATEMENT OF OPERATIONS (DOLLAR VALUES IN THOUSANDS OF DOLLARS)

	as at April 30	2020	2021	2022	2023	2024	2025
Revenues							
Total Revenues		826,590	809,769	841,883	929,233	972,411	1,035,090
year-to-year % change		-4.54	-2.03	3.97	10.38	4.65	6.45
Government Grants							
Min Training Colleges & Universities		205,336	206,708	212,506	208,215	210,943	216,483
Min Agriculture, Food, Agribusiness		69,417	67,015	73,334	72,162	79,080	77,145
Total		274,753	273,723	285,840	280,377	290,023	293,628
year-to-year % change		-1.91	-0.37	4.43	-1.91	3.44	1.24
(govt grants)/(total revenues)		33.24	33.80	33.95	30.17	29.83	28.37
Student Tuition							
Student Tuition		220,935	224,956	220,590	237,079	249,367	274,865
year-to-year % change		-5.30	1.82	-1.94	7.47	5.18	10.23
(student tuition)/(total revenues)		26.73	27.78	26.20	25.51	25.64	26.55
Expenses							
Total Expenses		833,212	828,319	875,962	911,633	943,218	997,139
year-to-year % change		1.72	-0.59	5.75	4.07	3.46	5.72
Salaries							
Salaries		421,739	413,701	429,467	450,871	475,954	494,406
year-to-year % change		3.87	-1.91	3.81	4.98	5.56	3.88
salaries/(total revenues)		51.02	51.09	51.01	48.52	48.95	47.76
salaries/(total expenses)		50.62	49.94	49.03	49.46	50.46	49.58
Benefits							
Benefits		50,835	56,441	55,955	59,145	63,968	73,049
year-to-year % change		-3.25	11.03	-0.86	5.70	8.15	14.20
benefits/(total revenue)		6.15	6.97	6.65	6.36	6.58	7.06
benefits/(total expenses)		6.10	6.81	6.39	6.49	6.78	7.33
Interest Cost							
Interest Cost		10,543	9,997	9,473	8,892	9,550	10,951
year-to-year % change		-4.84	-5.18	-5.24	-6.13	7.40	14.67
(interest cost)/(total revenues)		1.28	1.23	1.13	0.96	0.98	1.06
(interest cost)/(total expenses)		1.27	1.21	1.08	0.98	1.01	1.10
Adjustments							
Unrealized Gain/Loss or Interest Rate Swap		-1,251	2,692	3,722	1,174	222	-512
Surplus or Deficit							
All Funds Combined		-7,873	-15,858	-30,357	18,774	29,415	37,439
year-to-year % change		-116.94	-101.42	-91.43	161.84	56.68	27.28
(surplus or deficit)/(total revenues)		-0.95	-1.96	-3.61	2.02	3.02	3.62

ANALYSIS OF THE STATEMENT OF CASH FLOWS

This statement shows that

(starting cash) – (ending cash) = sum of cash provided or used by operations, financing, and investing.

The key items are cash flows from operations, increase/decrease in investments, and purchase/sale of capital assets.

The University should have a positive cash flow from operations to avoid risk. Otherwise, the University must be borrowing money to operate, which is risky behavior, particularly if it is a multi-year pattern.

At the end of this section, Table 3 presents the data.

Cash flows from operations in 2025 were a record \$145M, following two years at ~\$85M, reflecting a lot of financial activity post-pandemic.

As always, the Administration spent much on capital assets, \$76M, following the \$74M from last year. They spent \$20M on buildings, \$12M on “Main Campus Facilities Renewal,” \$9M on “Student Housing Facilities Renewal,” and \$36M on Equipment, following \$17M, \$11M, \$14M, and \$32M last year, respectively.

The Audited Financial Statements each year report the five biggest ticket items for capital spending. We summarize the capital spending in 2024 and 2025, and in some cases we infer the amount spent in 2024. Remember that some of these projects have run for a number of earlier years.

Project	2024	2025	Total Spent (Over All Years)	Total Approved
Honey Bee Institute	\$5.8M	\$9.2M	\$16.6M	\$17.1M
East Residence	\$5.7M	\$6.4M	\$12.8M	\$21.5M
Tunnels – DCRM repairs	\$2.6M	\$2.6M	\$2.7M	\$5.9M
JD MacLachlan Building	\$0.3M	\$3.2M	\$3.5M	\$48M
Bedrock Aquifer Field Facility	\$4.3M	\$2.1M	\$6.4M	\$6.7M
Day Hall	\$0.2M	\$0.5M	\$0.7M	\$33.5M
OVC Medical Surgical Training Facility		\$0.5M	\$0.5M	\$44.5M

In fiscal year 2024, the Administration finished the renovations on the South Residence, with a total of \$37.1M spent. This year, they have come close to finishing the Honey Bee Research Centre and crossed the halfway mark with the East Residence renovations. In additions they continued with or started three other big-ticket items. Of course, this level of spending can be seen as being due to need and serving the University’s mission. But when so much money is spent and a number of very expensive multi-year projects are initiated, the Administration believes that it will have the money over the next few years to pay for all of these things. Remember this whenever austerity measures are suggested.

In our 2024 Financial Analysis, we mentioned the \$35M that the (former) Administration had set aside for the “strategic transformation,” money that included \$8M or so spent on voluntary retirement incentives for UGFA members. The following sentence appears in the 2024 Audited Statements.

During the year the [strategic transformation] initiative was reevaluated [sic], and the decision was made to continue to pursue specific objectives to modernize and streamline operations to the extent feasible, but no further debt was incurred.

It is worth observing that net purchase of investments was \$103M, reflected by the increase in long-term investments.

TABLE 3. ANALYSIS OF STATEMENT OF CASH FLOWS (DOLLAR VALUES IN THOUSANDS OF DOLLARS)

	as at April 30	2020	2021	2022	2023	2024	2025
Total Revenues		826,590	809,769	841,883	929,233	972,411	1,035,090
Cash Flows From Operations		37,685	70,759	10,106	85,148	83,414	145,134
year-to-year % change		-49.18	87.76	-85.72	742.55	-2.04	73.99
(cash from operations)/(total revenues)		4.56	8.74	1.20	9.16	8.58	14.02
Increase or Decrease of Investments		-26,685	-43,568	-13,703	77,970	36,744	102,520
year-to-year % change		-249.68	-63.27	68.55	669.00	-52.87	179.01
increase/(total revenues)		-3.23	-5.38	-1.63	8.39	3.78	3.78
Purchase or Sale of Capital Assets		74,960	71,216	63,134	45,139	74,094	76,281
year-to-year % change		-15.33	-4.99	-11.35	-28.50	64.15	2.95
purchase/(total revenues)		9.07	8.79	7.50	4.86	7.62	7.37
Cash Supplied By Borrowing		23,958	7,236	9,640	37,268	51,337	18,845
year-to-year % change		-29.67	-69.80	33.22	286.60	37.75	-63.29
borrowing/(total revenues)		2.90	0.89	1.15	4.01	5.28	1.82

ANALYSIS OF THE STATEMENT OF CHANGES IN NET ASSETS

This statement shows the changes in the net asset balances of each Fund and the transfers between the Funds. For each Fund,

Net Assets at beginning of year	+	(surplus or deficit)	+	(interfund transfer)	=	Net Assets at end of year
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If we add up all of the interfund transfers, we get \$0, since this is just moving money around a fixed number of Funds, not adding or removing money from the system.

Over time, we have become particularly interested in transfers into, and the size of, the Internally Restricted funds, and we must repeat the following statement from past updates.

It is worth reminding readers that the distinction between the (Unrestricted) Operating Fund and the five Internally Restricted Funds is artificial from our perspective. All of these funds contain money that could be directed towards the teaching and scholarship missions of the University. Money set aside for other purposes should have clear payment or contribution plans attached in order to justify the amounts. Instead, we have now seen these set-aside amounts grow from year to year for at least the past handful of years, while UGFA members work their hardest to deliver on the University's teaching and research missions, sub-optimally supported, amidst morale, workload, and health issues. The Senior Administration may say that the Board of Governors has mandated the creation of these Internally Restricted Funds, but we can't distinguish between the Senior Administration and the BoG in this regard: we can only monitor their combined actions. Remember that in the tale of the University of Guelph, involving UGFA members, the Senior Administration, and the BoG, by and large UGFA members form the only set of actors committed to the University of Guelph for a career-long period. We are the guardians of the University's twin missions and also of the University itself.

At the end of this section, Table 4 presents the data.

We see the third year in a row of the usual behaviour of the Administration: net transfers out of the (Unrestricted) Operating Fund into the Internally Restricted pots, this time a smaller amount of \$3.6M.

Another usual behaviour returned as well: a huge \$72M transfer out of Operating into the Capital Fund.

In the six-year window of our analysis, there has been a total net transfer from Internally Restricted funds into the Operating Fund of \$50M and a net transfer from the Operating Fund into the Capital Fund of \$302M.

Going back to 2006, over the 20-year window of our analyses, there has been a total net transfer from the Operating Fund into Internally Restricted funds of \$166M and a total net transfer from the Operating Fund into the Capital Fund of \$882M.

Combining the previous numbers, the total net transfers out of the Operating Fund were \$252M in the six-year analysis window and \$1.03B in the 20-year period back to 2006 for which we have Audited Financial Statements.

We close the section with a repeated refrain: The Capital Fund is **always** in deficit, and money is transferred into the fund continuously. Building projects can have value, of course, but one can question both the nature and the amount of building that occurs at a university. Serious financial strain can result from over-spending on capital projects, despite Administrators justifying plans by talking about buildings "paying for themselves" in

one way or another. We have to remember that Administrators are transient animals. They come to Guelph (or rise internally) and, when thinking about where they will go next (or where they will climb further internally), want to create a resume over a handful of years filled with sexy things like new buildings, growth, and innovation (as they define it). When they leave, UGFA members—in the great majority, career-long dedicated contributors to the University, and the protectors of the University mission—are stuck with the Administrator’s decisions (and mistakes) and, most typically, a new Administrator that may create yet new strains.

[The] total net transfers out of the Operating Fund were \$252M in the six-year analysis window and \$1.03B in the 20-year period back to 2006 for which we have Audited Financial Statements.

TABLE 4. ANALYSIS OF STATEMENT OF CHANGES IN NET ASSETS (DOLLAR VALUES IN THOUSANDS OF DOLLARS)

as at April 30	2020	2021	2022	2023	2024	2025
Surplus or Deficit Operations						
Cash Flows From Operations	37,685	70,759	10,106	85,148	83,414	145,134
Unrestricted Fund	21,798	14,973	1,292	50,637	66,117	58,582
Internally Restricted Fund						
Capital Assets	-29,671	-30,831	-31,649	-31,863	-36,402	-39,648
Total	-7,873	-15,858	-30,357	18,774	29,715	18,934
Interfund Transfers						
unrestricted to internally restricted	0	0	0	24,488	26,925	3,589
internally restricted to unrestricted	3,957	50,006	50,578	0	0	0
unrestricted to capital fund	59,489	68,124	59,844	13,844	28,739	71,801
total transfers out of unrestricted per year not to capital fund	55,532	18,118	9,266	38,332	55,664	75,390
cumulative transfers out of unrestricted not to capital fund	852,483	870,601	879,867	918,199	973,863	1,049,253
(total transfers out of unrestricted per year) / (cash from operating activities)	147.36	25.61	91.69	45.02	66.73	51.95
(total transfers out of unrestricted per year) / (surplus or deficit in unrestricted fund)	-705.35	-114.25	-30.52	204.18	187.33	398.17

Colour Legend for all Tables

BROWN Numbers that should attract our attention

GREEN Numbers that have changed from previous reports

ORANGE Interesting percentages

SPECIAL SECTION: AUDITOR GENERAL'S FINANCIAL HEALTH METRICS

As readers will know, in the aftermath of the heartbreaking disaster at Laurentian University, the Auditor General (AG) of Ontario released a [special report on Laurentian University](#) in November 2022. The report was discussed briefly in our [2023 Analysis of University Finances](#) (pages 10-12), with a focus on the irresponsible growth in Senior Administration at Laurentian, action that was heavily criticized by the AG. In our 2023 analysis, we produced a graphic that highlighted the reason for concern of a perhaps briefly delayed yet similar trend in Administrative growth occurring at Guelph.

In our [2025 Analysis of University Finances](#), with thanks to our colleague Barbara Sainty from Brock University for the inspiration and her kindness, we presented a section on the “financial health metrics” used by the AG in ongoing “value for money” audits. We have updated the analysis, as we contemplate keeping this section as a regular feature.

Remember that the point of this section is to understand how the government sees the University of Guelph's performance in terms of the metrics that the government has chosen. It is perfectly reasonable to question the value or any of these metrics, but, regardless of any such criticisms, their use by the government means that they influence the thinking and action of the Administration, including the Board of Governors.

The AG's Financial Health Metrics

We list and describe the seven metrics, along with the health benchmark that the AG has set. As you will see, several of the metrics used by the AG are in fact ratios that we have consistently tracked in our Financial Analyses over the years.

Net Income (Loss) Ratio

Formula	Ministry Benchmark
$\frac{\text{Total Revenues} - \text{Total Expenses}}{\text{Total Revenues}}$	$\geq 1.5\%$

The Net Income (Loss) Ratio is the surplus or loss as a percentage of Revenues. It is the percentage in the last line of Table 2 in our analysis of the Statement of Operations. The number can be described as measuring the percentage of the university's revenues that contribute to Net Assets. A negative value indicates that Revenues are not covering Expenses, as the numerator in the fraction is negative.

Net Operating Revenues Ratio

Formula	Ministry Benchmark
$\frac{\text{Cash Flows from Operations}}{\text{Total Revenues}}$	$\geq 5.0\%$

The number can be described as measuring how well the university generates cash flow from its operations, and is viewed as a sustainability indicator (when cash flows are meaningfully positive). These numbers appear in the [orange](#) row in the first block of Table 3 in our analysis of the Statement of Cash Flows. Keep in mind that cash flows do not include any investment or financing activities.

Expendable Net Assets

Formula	Ministry Benchmark
$\begin{aligned} & \text{Unrestricted Funds} \\ & + \text{Internally Restricted Funds} \\ & + \text{Internally Restricted Endowment Funds} \\ & \text{Net of Employee Future Benefits Net Liabilities and} \\ & \text{Investments in Capital Assets.} \end{aligned}$	$\geq \$50\text{M}$

Expendable Net Assets are not defined in the Audited Financial Statements of any Ontario university. The government's Treasury Board says that they include Unrestricted funds (net of employee future benefits net liabilities), internally restricted funds (net of employee future benefits net liabilities and investments in capital assets), and internally restricted endowment funds. We can calculate/estimate the value by subtracting investments in capital assets, future employee benefits net liabilities, and endowment funds from Net Assets, then adding back the internally restricted endowment funds. For the sake of this discussion, just think of it as the total of all truly unrestricted funds (regardless of how the Administration labels them).

Primary Reserve Ratio

Formula	Ministry Benchmark
$\frac{\text{Expendable Net Assets}}{\text{Total Expense}} \times 365 \text{ days}$	$\geq 30 \text{ days}$

The number can be described as measuring the number of days that the university could run in the absence of revenues by using its expendable net assets (described above), the assets to which the Administration has true unrestricted access and can spend, even if they say it is internally restricted.

Interest Burden Ratio

Formula	Ministry Benchmark
$\frac{\text{Interest Expense}}{(\text{Total Expenses} - \text{Depreciation})}$	$\leq 3.0\%$

The number can be described as measuring the proportion of Total Expenses supporting the annual cost of "debt servicing." It reflects how easily the university can cover its interest expenses; it is a measure of the affordability of its debt. A related number appears in the final orange row of the second-last block of Table 2 in our analysis of the Statement of Operations. Since we do not take depreciation into account in Table 2, the numbers in the table are smaller than the corresponding Interest Burden Ratio.

Viability Ratio

Formula	Ministry Benchmark
$\frac{\text{Expendable Net Assets}}{(\text{Long-term Debt})}$	$\geq 30.0\%$

The number can be described as measuring the proportion of long-term debt that could be settled with (truly) unrestricted funds.

In-Year Surplus (Loss)

Formula	Ministry Benchmark
<i>Total Revenues – Total Expenses</i>	$\geq \$0$

The number is the bottom line in the Audited Financial Statements. The numbers appear in the first line of the last block of Table 2 in our analysis of the Statement of Operations.

Two Caveats

The AG uses numbers supplied by the Administration to which we have no access. We do have access to the numbers in the Audited Financial Statements, and, as mentioned earlier, have historically tracked some of the ratios/metrics that the AG uses. In addition, we can access data from the Canadian Association of University Business Officers (CAUBO). There appear to be some minor differences between the collected data and the data used by the AG in public reports, but we believe these differences have no major impact on what follows. We should note that we do not know whether we can trust any unaudited numbers, but our numbers largely come from the Audited Statements.

It is worth mentioning that the different health benchmarks are each pinned to a threshold number that we might view as a bit arbitrary. For example, is a Net Income Ratio of 1.4%, just below the 1.5% threshold, a disaster? Nonetheless, in what follows we will identify numbers that fall below an AG threshold by shading them **light red** and ones that are at or above the threshold **light green**.

Analysis

The results for the University of Guelph are presented in Table 5.

All seven metrics are strongly on the good side of the benchmark/threshold. Indeed, compared to last year five out of seven of the metrics have moved even further away from the benchmark, and the other two are a healthy distance from the benchmark.

In particular, observe that the Operating Revenues Ratio is almost three times the government benchmark. Remember that this metric tells us about the sustainability of the University.

There is no question that the University is in strong financial health, as measured by the Auditor General.

TABLE 5. ANALYSIS OF THE AUDITOR GENERAL'S FINANCIAL HEALTH METRICS (DOLLAR VALUES IN THOUSANDS OF DOLLARS)

Metric	Benchmark	2020	2021	2022	2023	2024	2025
Net Income (Loss) Ratio	≥ 1.5	-0.95	-1.96	-3.61	2.02	3.02	3.62
Net Operating Revenues Ratio	≥ 5.0	-4.56	8.74	-1.20	9.16	8.58	14.02
Expendable Net Assets	≥ 50	217,554	161,617	119,040	157,290	178,020	178,071
Primary Reserve Ratio	≥ 30	95.3	71.2	49.4	63.0	68.9	65.2
Interest Burden Ratio	≤ 3.0	1.35	1.29	1.15	1.04	1.08	1.17
Viability Ratio	≥ 30	112.89	89.72	71.11	55.27	84.81	90.45
In-Year Surplus	≥ 0	-7,873	-15,858	-30,357	18,774	29,415	37,951

SUMMARY & CONCLUSIONS

In fiscal year 2025, the financial state of the University only got stronger, with significant stability and/or good trends in key revenue and expense items.

Key Revenue Items

Total Revenues	Increased by 6.5%
Government Grants (MTCU, OMAFA)	Increased by 1.2%
Tuition	Increased by 10.2%

Key Expense Items

Total Expenses	Increased by 5.7%
Salaries	Increased by 3.9%
Interest Costs	Increased by 14.7% (due to new borrowing last year)

The University is certainly in strong financial health, running with a large \$37M surplus.

As always, the Administration's high priority on capital asset expenditures persisted.

The Administration spent \$76M on capital assets, the highest level (of high numbers) in the six-year period we consider.

APPENDIX A

In this appendix, we provide the University's mission statement and give a brief primer on University finances.

A.1 The University of Guelph's Mission

The University's Mission Statement, approved by Senate on November 21, 1995, focuses essentially upon teaching/learning and scholarship/research:

The University of Guelph is a research-intensive, learner-centred university. Its core value is the pursuit of truth. Its aim is to serve society and to enhance the quality of life through scholarship. Both in its research and in its teaching programs, the University is committed to a global perspective.

The University offers a wide range of excellent programs, both theoretical and applied, disciplinary and interdisciplinary, undergraduate and graduate, in the arts, humanities, social sciences, natural sciences, as well as professional fields. Among these, it recognizes agriculture and veterinary medicine as areas of special responsibility.

The University attracts students, faculty, and staff of the highest quality. It is animated by a spirit of free and open inquiry, collaboration, and mutual respect. It asserts the fundamental equality of all human beings and is committed to creating for all members of its community, an environment that is hospitable, safe, supportive, equitable, pleasurable, and above all, intellectually challenging.

The University of Guelph is determined to put the learner at the centre of all it does, recognizing that research and teaching are intimately linked and that learning is a life-long commitment. The University eagerly promotes collaboration among undergraduates, graduate students, faculty, staff, and alumni, as well as with our local and international community, other educational institutions, government and business.

The University of Guelph is committed to the highest standards of pedagogy, to the education and well-being of the whole person, to meeting the needs of all learners in a purposefully diverse community, to the pursuit of its articulated learning objectives, to rigorous self-assessment, and to a curriculum that fosters creativity, skill development, critical inquiry, and active learning. The University of Guelph educates students for life and work in a rapidly changing world.

The University of Guelph invites public scrutiny of the fulfillment of its mission, especially by the people of Ontario, to whom it is accountable.

A.2 Primer on University Finances

For the completeness of this document, we present with slight modifications the primer that first appeared in our January 2013 communication.

Formal reports on University finances come in two forms: audited financial statements and budgets. Both reports are prepared by the Administration, but they differ in many ways, including those captured in this table:

	Audited Financial Statement	Budget
Third-party (auditor) oversight?	Yes	No
Who decides the assumptions and definitions?	Accounting standards	The Administration
Detail?	Limited	Substantial

The key distinction reflected by these differences is that an audited *financial statement provides an accurate report* of the financial situation of the University while a *budget provides insight into the goals and priorities of the Administration*. It is the Financial Advisory Committee's opinion that framing things like the Program Prioritization Process (PPP) or the "structural deficit" in terms of a budget deficit obscures this distinction, for example.

Accounting measurements at Universities are made by collecting financial activity into separate areas of responsibility called "funds." Each fund tracks the assets, liabilities, revenues, and expenses in a particular area, and separate budgets are prepared for each fund. The University of Guelph currently reports on five different funds: Operating, Ancillary Enterprises, Capital, Research, and Trust and Endowment. Focusing on the first two,

- The Operating Fund is used to account for the main activities of the University, and the majority of the revenues and expenses of the University flow through this fund.
- The Ancillary Enterprises Fund is used to account for activities that support the main activities of the University. Examples are the bookstore, residence, and parking.

Money in these funds may be identified as *Unrestricted*, *Internally Restricted*, or *Externally Restricted*.

Unrestricted funds can be spent as the Administration desires. On the other hand, Externally Restricted funds cannot in general be spent freely; for example, government or donors may put restrictions on the use of such money. Internally Restricted funds include money that is declared as restricted by the Administration. The name should not fool you: there is *no restriction of any kind* in the use of internally restricted funds. Money with this designation can be used in any way the Administration desires or they can just store or set aside cash in this way. In the past, the Administration has responded to this description of Internally Restricted funds by noting that some external restrictions apply to ancillary operations. For example, there is a requirement to segregate funds for self-funded operations, such as Hospitality and Housing.