

The Michener Institute of Education at UHN

Financial statements
March 31, 2026



Shape the future
with confidence

Independent auditor's report

To the Board of Governors of
The Michener Institute of Education at UHN

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **The Michener Institute of Education at UHN** ["Michener"], which comprise the statement of financial position as at March 31, 2026, and the statement of operations, statement of changes in net assets, statement of cash flows and statement of remeasurement gains for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Michener as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 report. We are independent of Michener in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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 Michener'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 Michener or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Michener'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 these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Michener'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 Michener'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 Michener to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

Report on other legal and regulatory requirements

As required by the *Not-for-Profit Corporations Act* (Ontario), we report that, in our opinion, Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Ernst & Young LLP

Toronto, Canada
June 11, 2026

Chartered Professional Accountants
Licensed Public Accountants



The Michener Institute of Education at UHN

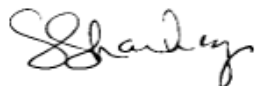
Statement of financial position

As at March 31

	2026	2025
	\$	\$
Assets		
Current		
Cash and cash equivalents	17,886,407	10,098,652
Short-term investments <i>[note 3]</i>	1,239,017	540,182
Accounts receivable <i>[notes 6 and 10[a]]</i>	8,337,292	8,295,523
Prepaid expenses	1,341,833	985,729
Total current assets	28,804,549	19,920,086
Long-term investments <i>[note 3]</i>	11,978,655	12,064,134
Capital assets, net <i>[note 4]</i>	29,179,000	27,447,096
	69,962,204	59,431,316
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities <i>[notes 6 and 10[a]]</i>	12,160,945	8,299,583
Deferred revenue	4,997,748	4,092,258
Deferred contributions <i>[note 6]</i>	314,134	1,062,001
Total current liabilities	17,472,827	13,453,842
Deferred capital contributions <i>[note 7]</i>	19,726,109	22,034,893
Asset retirement obligation <i>[note 8]</i>	1,671,968	1,467,359
Total liabilities	38,870,904	36,956,094
Commitments and contingencies <i>[note 12]</i>		
Net assets		
Unrestricted	10,817,178	4,049,687
Internally restricted – Education Development Fund ["EDF"] <i>[note 9]</i>	5,000,000	13,972,354
Internally restricted – Building Reserve Fund <i>[note 9]</i>	10,550,270	—
Endowed <i>[note 9]</i>	4,205,504	4,060,460
	30,572,952	22,082,501
Accumulated remeasurement gains	518,348	392,721
Total net assets	31,091,300	22,475,222
	69,962,204	59,431,316

See accompanying notes

Approved on behalf of the Board:



Shirlee Sharkey
Chair, Board of Trustees



Stu Kedwell
Chair, Finance and Audit Committee

The Michener Institute of Education at UHN

Statement of operations

Year ended March 31

	2026	2025
	\$	\$
Revenue		
Ontario Ministry of Health	24,480,870	23,256,206
Tuition	15,308,331	12,894,760
Grants	1,889,834	2,116,370
Ancillary operations	1,227,284	1,046,592
Rental income	790,801	614,632
Investment income	775,252	514,202
Scholarships and bursary fund contributions	375,832	356,872
Other	113,287	33,146
Amortization of deferred capital contributions <i>[note 7]</i>	3,128,518	2,746,532
	48,090,009	43,579,312
Expenses		
Compensation <i>[notes 10[a], 10[b] and 11]</i>	25,114,330	25,065,798
Other operating	3,701,073	3,715,607
Building occupancy costs	3,191,806	3,034,635
Educational support	2,295,409	2,048,865
Education program	1,839,077	1,033,606
Scholarship and bursary awards	406,335	440,390
Amortization of capital assets <i>[note 4]</i>	3,869,829	3,579,997
	40,417,859	38,918,898
Excess of revenue over expenses for the year	7,672,150	4,660,414

See accompanying notes

The Michener Institute of Education at UHN

Statement of changes in net assets

Year ended March 31

	2026				2025	
	Unrestricted	Internally restricted		Endowed	Total	Total
	\$	EDF	Building	\$	\$	\$
Balance, beginning of year	4,049,687	13,972,354	—	4,060,460	22,082,501	17,328,055
Excess of revenue over expenses for the year	7,672,150	—	—	—	7,672,150	4,660,414
Interfund transfers <i>[note 9]</i>	(1,605,998)	(8,972,354)	10,550,270	28,082	—	—
Contributed land <i>[note 7]</i>	701,339	—	—	—	701,339	—
Donations received	—	—	—	3,400	3,400	10,000
Reinvested investment income, externally endowed funds <i>[notes 6 and 9]</i>	—	—	—	111,556	111,556	82,638
Reinvested investment income, internally endowed income restricted funds <i>[notes 6 and 9]</i>	—	—	—	2,006	2,006	1,394
Balance, end of year	10,817,178	5,000,000	10,550,270	4,205,504	30,572,952	22,082,501

See accompanying notes

The Michener Institute of Education at UHN

Statement of cash flows

Year ended March 31

	2026	2025
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	7,672,150	4,660,414
Add (deduct) items not involving cash		
Net unrealized gains and reinvested investment income	(374,167)	(305,741)
Amortization of capital assets	3,869,829	3,573,352
Amortization of deferred capital contributions	(3,128,518)	(2,746,532)
Accretion expense and change in estimates on asset retirement obligation	204,609	39,532
Loss on disposal of capital assets	—	6,645
	8,243,903	5,227,670
Changes in non-cash working capital balances related to operations		
Accounts receivable	(41,769)	18,005
Prepaid expenses	(356,104)	(316,539)
Accounts payable and accrued liabilities <i>[note 13]</i>	3,428,598	(2,660,152)
Deferred revenue	905,490	(154,316)
Deferred contributions	(747,867)	955,310
Cash provided by operating activities	11,432,251	3,069,978
Capital activities		
Purchase of capital assets <i>[note 13]</i>	(5,168,969)	(2,153,065)
Proceeds from the sale of capital assets	—	16,479
Cash used in capital activities	(5,168,969)	(2,136,586)
Financing activities		
Contributions for capital purposes	1,521,073	1,776,625
Endowment contributions	3,400	10,000
Cash provided by financing activities	1,524,473	1,786,625
Net increase in cash during the year	7,787,755	2,720,017
Cash and cash equivalents, beginning of year	10,098,652	7,378,635
Cash and cash equivalents, end of year	17,886,407	10,098,652
Cash and cash equivalents represented by		
Cash	3,586,407	2,598,652
Cash equivalents	14,300,000	7,500,000
	17,886,407	10,098,652

See accompanying notes

The Michener Institute of Education at UHN

Statement of remeasurement gains

Year ended March 31

	2026	2025
	\$	\$
Accumulated remeasurement gains, beginning of year	392,721	40,519
Net realized gains attributable to investments, reclassified to statement of operations	(220,139)	(444,837)
Unrealized gains attributable to investments, net	345,766	797,039
Accumulated remeasurement gains, end of year	518,348	392,721

See accompanying notes

The Michener Institute of Education at UHN

Notes to financial statements

March 31, 2026

1. Description of the organization

The vision of the Michener Institute of Education at UHN ["Michener"] is to be the leader in applied health science education through excellence and innovation. Michener is dedicated to the education of pre-eminent applied health science practitioners capable of providing transformational leadership, performance and evidence-based best practice.

Michener is a registered charitable organization incorporated under the laws of the Province of Ontario as a corporation without share capital and, as such, is generally exempt from income taxes.

The University Health Network ["UHN"] exercises control over Michener, and the business relationship between Michener and UHN is governed by service agreements.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with the *Public Sector Accounting Handbook*, which sets out generally accepted accounting principles for government not-for-profit organizations in Canada. Michener applies the standards for government not-for-profit organizations that include Sections PS 4200 to PS 4270.

Revenue recognition

Michener follows the deferral method of accounting for contributions. Contributions are recorded in the accounts when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations are recorded when received since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the period in which the related expenses are incurred. Donations restricted for the purchase of capital assets are recorded as deferred capital contributions and amortized to income at the same rate as the capital assets funded by the contributions. Donations where the donor requires that the principal must be maintained permanently are recorded as direct increases of endowed net assets in the year in which they are received.

Tuition revenue is recognized when courses and seminars are held.

Rental and other income are recognized when the goods have been sold or when the services have been provided.

Investment income, which consists of interest, dividends, and realized gains and losses, net of related fees is recorded as investment income in the statement of operations, except to the extent that it is reinvested in endowments for capital preservation, in which case it is added to or deducted from endowment net assets [note 9]. Unrealized gains and losses are recorded in the statement of remeasurement gains.

Contributed goods and services

Donated goods and services are not recorded in the accounts of Michener, except when such goods and services are valued by a qualified appraiser, a valuation report is provided to Michener, and when such goods and services are used in the normal course of operations.

The Michener Institute of Education at UHN

Notes to financial statements

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Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid term deposits, which have maturities of less than 90 days from the date of purchase or are readily convertible to cash with no penalty, unless they are held for investment purposes in which case they are classified as investments.

Capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair market value at the date of contribution. Capital assets are amortized on a straight-line basis at annual rates based on the estimated useful lives of the assets as follows:

Building	50 years
Building	10–15 years
Furniture and fixtures	5–10 years
Teaching equipment	5–10 years

Construction in progress comprises construction and development costs. No amortization is recorded until construction is substantially complete and the assets are ready for productive use.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate the asset no longer contributes to Michener's ability to provide goods and services, or the value of future economic benefits associated with the asset is less than its book value. The impairment loss is measured based on the extent to which the carrying value exceeds the fair value, if any.

Asset retirement obligations

Asset retirement obligations are recorded in the period during which a legal obligation associated with the retirement of a capital asset is incurred and when a reasonable estimate of this amount can be made. The asset retirement obligation is initially measured at the best estimate of the amount required to retire a capital asset at the financial statement date. A corresponding amount is added to the carrying amount of the related capital asset and is then amortized over its remaining useful life. Changes in the liability due to the passage of time are recognized as an accretion expense in the statement of operations, with a corresponding increase in the liability.

The estimated amounts of future costs to retire the assets are reviewed annually and adjusted to reflect the then current best estimate of the liability. Adjustments may result from changes in the assumptions used to estimate the undiscounted cash flows required to settle the obligation, including changes in estimated probabilities, amounts and timing of settlement, as well as changes in the legal requirements of the obligation and in the discount rate. These changes are recognized as an increase or decrease in the carrying amount of the asset retirement obligation, with a corresponding adjustment to the carrying amount of the related asset. If the related capital asset is no longer in productive use, all subsequent changes in the estimate of the liability for asset retirement obligations are recognized as an expense in the period incurred.

A liability continues to be recognized until it is settled or otherwise extinguished.

The Michener Institute of Education at UHN

Notes to financial statements

March 31, 2026

Employee benefit plan

Defined contribution accounting is applied for the Healthcare of Ontario Pension Plan ["HOOPP"], a multi-employer pension plan, whereby contributions are expensed on an accrual basis, as Michener has insufficient information to apply defined benefit plan accounting.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Accounts requiring significant estimates include accounts receivable and the collectibility thereof, useful lives of capital assets, accrued liabilities and asset retirement obligations.

The amount of revenue recognized from the Ontario Ministry of Health [the "Ministry"] requires a number of estimates based on the application of the funding agreement. Michener has a multi-year funding agreement with the Ministry whereby the Ministry will fund certain post-secondary programs relating to applied health sciences, subject to various terms and conditions agreed to by the parties. Michener and the Ministry entered into a three-year transfer payment agreement effective April 1, 2018 for a three-year period ending on March 31, 2021, and through subsequent amending agreements, this was extended through to March 31, 2027. Michener's educational programs are funded by grants from the Ministry in accordance with Michener's requirements based on an approved operating budget. Funding is also provided for capital assets, subject to Ministry pre-approval above certain dollar thresholds. The operating grants shown in the statement of operations represent total funding for the period. The Ministry requires any deficit incurred on funded operations to be absorbed by Michener, while any excess of revenue over expenses on funded operations is to be refunded to the Ministry.

Financial instruments

Financial instruments are classified in one of the following categories: [i] fair value, or [ii] cost or amortized cost. Michener determines the classification of its financial instruments at initial recognition.

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the data used to perform each valuation. The fair value hierarchy is made up of the following levels:

- Level 1 – Valuation based on quoted prices [unadjusted] in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Valuation techniques using inputs for the asset or liability that are not based on observable market data [unobservable inputs].

Investments reported at fair value consist of equity instruments that are quoted in an active market, as well as investments in pooled funds, derivative contracts and any other investments where the investments are managed on a fair value basis and the fair value option is elected. Transaction costs are recognized in the statement of operations in the period during which they are incurred. Investments at fair value are remeasured at their fair value at the end of each reporting period. Any revaluation gains and losses are recognized in the statement of remeasurement gains and are cumulatively reclassified to the statement of operations upon disposal or settlement.

The Michener Institute of Education at UHN

Notes to financial statements

March 31, 2026

Investments in securities not designated to be measured at fair value are initially recorded at fair value plus transaction costs and are subsequently measured at amortized cost using the effective interest rate method, less any provision for impairment.

All investment transactions are recorded on a trade date basis.

A write-down is recognized in the statement of operations for a portfolio investment in either category when there has been a loss in the value of the investment considered as an other than temporary loss. Subsequent changes to the remeasurement of portfolio investments in the fair value category are reported in the statement of remeasurement gains. If the loss in value of a portfolio investment subsequently reverses, the write-down to the statement of operations is not reversed until the investment is sold.

Other financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

3. Investments

Details of the investments are as follows:

	2026	2025
	\$	\$
Short-term investments		
Cash and cash equivalents	528,405	431,423
Short-term securities	710,612	108,759
	<u>1,239,017</u>	<u>540,182</u>
Long-term investments		
Corporate bonds	2,325,961	2,736,406
Government bonds	5,046,877	5,154,589
Equities	4,605,817	4,173,139
	<u>11,978,655</u>	<u>12,064,134</u>
	<u>13,217,672</u>	<u>12,604,316</u>

Investments in government and corporate bonds are reported at fair value and represent Level 2 investments in the fair value hierarchy. Investments in equities are reported at fair value and represent Level 1 investments in the fair value hierarchy.

During the years ended March 31, 2026 and 2025, there were no transfers between the fair value hierarchy levels.

The Michener Institute of Education at UHN

Notes to financial statements

March 31, 2026

4. Capital assets

Capital assets consist of the following:

	2026		
	Cost \$	Accumulated amortization \$	Net book value \$
Land	1,158,262	—	1,158,262
Building <i>[note 8]</i>	53,291,276	33,870,352	19,420,924
Furniture and fixtures	6,689,519	4,761,957	1,927,562
Teaching equipment	25,237,086	19,013,592	6,223,494
Construction in progress	448,758	—	448,758
	86,824,901	57,645,901	29,179,000

	2025		
	Cost \$	Accumulated amortization \$	Net book value \$
Land	1,158,262	—	1,158,262
Building <i>[note 8]</i>	52,627,090	31,631,328	20,995,762
Furniture and fixtures	4,956,050	4,179,422	776,628
Teaching equipment	22,001,881	17,965,322	4,036,559
Construction in progress	479,885	—	479,885
	81,223,168	53,776,072	27,447,096

During 2025, fully amortized assets of \$79,803 were written off as they were no longer in use. In addition, during 2025, assets with a cost of \$119,889 and accumulated amortization of \$96,765 were sold for proceeds of \$16,479, resulting in a loss on disposal of \$6,645, which is recorded in amortization of capital assets in the statement of operations. There were no fully amortized assets written off or sales of capital assets in 2026.

5. Credit facility

Michener has an operating line of credit to a maximum of \$3,500,000. Any advances on this line of credit incur interest at the bank's prime lending rate less 0.25% per annum. There were no advances against the line of credit as at March 31, 2026 and 2025. The operating line is collateralized by a general security agreement representing a first charge on Michener's personal property.

The Michener Institute of Education at UHN

Notes to financial statements

March 31, 2026

6. Deferred contributions

Deferred contributions consist of the following:

	2026	2025
	\$	\$
Deferred contributions, beginning of year	1,062,001	106,691
Contributions received during the year	3,343,318	2,027,670
Amounts recorded in accounts receivable	5,360,513	6,927,260
Amount available for spending related to externally endowed funds <i>[note 9]</i>	156,356	127,938
Amount available for spending relating to internally endowed funds <i>[note 9]</i>	3,286	2,674
Amount recognized as revenue during the year	(9,487,778)	(8,046,200)
Investment income transferred to externally endowed funds <i>[note 9]</i>	(111,556)	(82,638)
Investment income transferred to internally endowed funds <i>[note 9]</i>	(2,006)	(1,394)
Amounts transferred to accounts payable and accrued liabilities	(10,000)	—
Deferred contributions, end of year	314,134	1,062,001

7. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets. The changes in the deferred capital contributions balance are as follows:

	2026	2025
	\$	\$
Deferred capital contributions, beginning of year	22,034,893	23,004,800
Contributions for capital purposes	1,521,073	1,776,625
Amortization of deferred capital contributions	(3,128,518)	(2,746,532)
Transfer of contributed land to net assets	(701,339)	—
Deferred capital contributions, end of year	19,726,109	22,034,893

8. Asset retirement obligation

The asset retirement obligation relates to Michener's building, and is based on internal expert assessments and/or third-party engineering reports that estimate the costs of remediating asbestos in the walls of the building. The building has no set retirement date; however, the remaining useful life is three years [2025 – four years] and the asset retirement obligation is amortized over a six-year [2025 – seven-year] period, on a straight-line basis.

The estimated total undiscounted expenditures are \$1,873,616 [2025 – \$1,533,816]. The liability is calculated using a discount rate of 4.26% [2025 – 4.53%] and an inflation rate of 2.3% [2025 – 2.24%]. No settlement amounts were paid during the years ended March 31, 2026 and 2025 towards the liability. Michener does not anticipate that it will be able to recover any asset retirement costs from a third party. In addition, it has no legal requirement to fund this obligation and, as such, has not set aside any assets designated for payment of this liability.

The Michener Institute of Education at UHN

Notes to financial statements

March 31, 2026

The changes in the asset retirement obligation are as follows:

	2026	2025
	\$	\$
Asset retirement obligation, beginning of year	1,467,359	1,427,827
Change in assumptions	142,100	(24,059)
Accretion expense	62,509	63,591
Asset retirement obligation, end of year	1,671,968	1,467,359

9. Net assets

Internally restricted net assets represent amounts set aside by the Board of Governors [the “Board”] for The Education Development Fund and the Building Reserve Fund, which are used to meet the educational objectives and the capital requirements of Michener, respectively. During the year, the Board transferred \$8,972,354 from the Education Development Fund to the Building Reserve Fund, \$1,577,916 from unrestricted net assets to the Building Reserve Fund, and \$28,082 from unrestricted net assets to internally endowed funds.

The endowed net assets represent funds whereby the donor or the Board has stipulated that the principal be maintained in perpetuity. Endowed funds totalling \$4,205,504 [2025 – \$4,060,460] are subject to externally imposed restrictions for income to be used for scholarships and bursaries.

	2026	2025
	\$	\$
Internally endowed	1,122,507	1,092,419
Externally endowed	3,082,997	2,968,041
	4,205,504	4,060,460

For externally endowed funds and internally endowed funds with external restrictions on spending, Michener transfers all investment income to deferred contributions and recognizes amounts to income, as investment income, equal to the amount of scholarships and bursaries made in the year. The excess of investment income earned over the disbursements made is reinvested in the endowed funds as preservation of capital. During the year, \$111,556 [2025 – \$82,638] was reinvested in externally endowed funds and \$2,006 [2025 – \$1,394] was reinvested in internally endowed funds.

The Michener Institute of Education at UHN

Notes to financial statements

March 31, 2026

10. Related party transactions

- [a] The business relationship between UHN and Michener is governed by service agreements pursuant to which UHN provides certain management services on a cost-recovery basis.

For the year ended March 31, 2026, services totalling \$2,625,871 [2025 – \$3,828,542] were provided by UHN for senior management and other services and are recorded in compensation expense in the statement of operations. As at March 31, 2026, Michener has \$786,911 [2025 – \$777,842] recorded in accounts payable and accrued liabilities relating to amounts owing to UHN. As at March 31, 2026, Michener has \$412,224 [2025 – \$392,842] recorded in accounts receivable relating to amounts owing from UHN.

- [b] UHN and Michener entered into a management agreement for The Institute for Education Research at UHN [“TIER”] in which Michener will provide management services on a cost-recovery basis.

For the year ended March 31, 2026, services totalling \$222,959 [2025 – \$310,843] were provided by Michener for the management of TIER and are recorded in compensation expense in the statement of operations.

These transactions occur in the normal course of operations and are recorded at the exchange amount, which is the amount agreed upon by both parties.

11. Pension plan

Substantially all of the employees of Michener are members of HOOPP, which is a multi-employer, defined benefit, final average earnings and contributory pension plan. HOOPP is accounted for as a defined contribution plan. Michener’s contributions to HOOPP during the year amounted to \$1,514,820 [2025 – \$1,554,701]. These amounts are included in compensation expense in the statement of operations. The most recent valuation for financial reporting purposes completed by HOOPP as at December 31, 2025 discloses net assets available for benefits of \$131.9 billion with pension obligations of \$120.8 billion, resulting in a surplus of \$11.1 billion.

12. Commitments and contingencies

- [a] Michener is committed to future annual rental payments under leases for office equipment as follows:

	\$
2027	87,092
2028	87,092
2029	87,092
2030	50,803

- [b] Michener is subject to various claims and potential claims in connection with operations. Where the potential liability is able to be estimated, management believes that the ultimate disposition of the matters will not materially exceed the amounts recorded in the accounts. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional losses related to claims will be recorded in the year during which the liability is able to be estimated or adjustments to the amount recorded are determined to be required.

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13. Statement of cash flows

Other information related to cash flows is as follows:

	2026	2025
	\$	\$
Changes in capital asset purchases funded by accounts payable and accrued liabilities	<u>432,764</u>	<u>(762,947)</u>

14. Financial instruments and risk management

Michener is exposed to various financial risks through its transactions in financial instruments. Michener's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Credit risk

Michener's principal financial assets are cash and cash equivalents, accounts receivable and investments. The carrying amounts of financial assets on the statement of financial position represent Michener's maximum credit exposure as at the statement of financial position date.

Michener is exposed to credit risk in connection with its accounts receivable and investments. Michener is exposed to credit risk in the event of non-payment by students for registered courses. Management assesses collection risk based on previous experience and its assessment of the current economic environment. The risk is mitigated by the fact that fees are normally paid in advance and the balance is made up of small individual balances.

With respect to credit risk arising from investment activities, Michener manages this risk through its investment policy that has established criteria for the selection of investments that include benchmarks.

Liquidity risk

Liquidity risk is the risk Michener will not be able to meet its financial obligations when they come due. Michener manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities, and maintaining credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

Interest rate risk

Michener is exposed to interest rate risk with respect to its investments in fixed income investments because the fair value will fluctuate due to changes in market interest rates. Michener manages this risk through its investment policy that has established criteria for the selection of investments that include benchmarks.

In addition, Michener is exposed to interest rate risk with respect to advances on its demand credit facility because cash flows will fluctuate as the interest rate is linked to the bank's prime rate, which changes from time to time.

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Other price risk

Michener is exposed to other price risk through changes in market prices [other than changes arising from interest rate risk or currency risk] in connection with its investments in equity securities and pooled funds. Michener manages this risk through its investment policy that has established criteria for the selection of investments that include benchmarks.

A 10% change in the market prices of these investments, with all other variables held constant, would have a \$460,582 [2025 – \$417,314] impact on accumulated remeasurement gains.

15. Comparative financial statements

The comparative financial statements have been reclassified from financial statements previously presented to conform to the presentation of the 2026 financial statements.